



Sacramento Regional Transit District Agenda

COMBINED SPECIAL MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

9:00 A.M., WEDNESDAY, MARCH 11, 2020

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, Land
IBEW Retirement Board:	Directors: Li, Kennedy, Ohlson, Bibbs Alternates: Jennings, McCleskey
AEA Retirement Board:	Directors: Li, Kennedy, Devorak, McGoldrick Alternates: Jennings, Santhanakrishnan
AFSCME Retirement Board:	Directors: Li, Kennedy, Guimond, Thompson Alternates: Jennings, Salva
MCEG Retirement Board:	Directors: Li, Kennedy, Ham, 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 11, 2019 Quarterly Retirement Board Meeting (AEA). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the December 11, 2019 Quarterly Retirement Board Meeting (ATU). (Weekly)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Approving the Minutes for the December 11, 2019 Quarterly Retirement Board Meeting (IBEW). (Weekly)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CONSENT CALENDAR (Continued)

		ATU	IBEW	AEA	AFSCME	MCEG
4. Motion:	Approving the Minutes for the December 11, 2019 Quarterly Retirement Board Meeting (MCEG). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2019 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2019 for the ATU Pension Plan (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2019 for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Motion	Approving the Minutes for the September 11, 2019 Quarterly Retirement Board Meeting (AFSCME). (Weekly)	<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 September 30, 2019 for the Salaried Pension Plan (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Receive and File Staff Roles and Responsibilities related to Pension Administration Quarter ended September 30, 2019 (AFSCME). (Weekly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Motion:	Receive and File Performance Review by Atlanta Capital for the ATU, IBEW and Salaried Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended September 30, 2019 (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Receive and File 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, 2019 (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Motion:	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for Quarter Ended September 30, 2019 (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Motion:	Receive and File Emerging Markets Analysis and Review of Dimensional Fund Advisors (DFA) Investment Manager Performance (AFSCME). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Motion:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2021, for the ATU Employees' Retirement Plan (ATU). (Weekly).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Motion:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2021, for the IBEW Employees' Retirement Plan (IBEW). (Weekly).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Accept the Actuarial Valuation and Approve the Actuarially Determined Contribution Rate for Fiscal Year 2021, 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"/>
18. Motion:	Receive and file the independent auditor's report for the twelve month period ended June 30, 2019 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

CONSENT CALENDAR (Continued)

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
19. Motion:	Receive and file the Fiscal Year 2019 State Controllers Report for the ATU Pension Plan (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Motion:	Receive and file the Fiscal Year 2019 State Controllers Report for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Motion:	Receive and file the Fiscal Year 2019 State Controllers Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
22. Motion:	Receive and File Update on Staff Roles and Responsibilities related to Pension Administration Quarter ended December 31, 2019 (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>
23. Information:	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2019 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
24. 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 30, 2019 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
25. Resolution:	Receive and File the Asset Allocation Review, Adjust Asset Allocations to Direct Funds to the Real Estate Asset Class, and Select Two Real Estate Asset Class Fund Managers (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
26. Resolution:	Authorizing the SacRT GM/CEO to Amend the Memorandum of Understanding with SACOG for Funding and Performance of Annual Audits (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

REPORTS FROM COMMITTEES

REPORTS, IDEAS AND COMMUNICATIONS

ADJOURN

NOTICE TO THE PUBLIC

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

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to 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
Combined Retirement Board Meeting
Wednesday, December 11, 2019
MEETING SUMMARY**

ROLL CALL

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards for employees of the AEA, MCEG, ATU and IBEW. The Sacramento Regional Transit District Retirement Boards for employees of AFSCME was unable to meet due to lack of a quorum.

MCEG

The Retirement Board was brought to order at 9:04 a.m. A quorum was present comprised as follows: Directors Li, Norman and Alternate Flores were present. Director Kennedy, Director Ham and Alternate Jennings were absent.

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards for employees of the AEA, MCEG, ATU and IBEW. The Sacramento Regional Transit District Retirement Boards for employees of AFSCME was unable to meet due to lack of a quorum.

By MCEG Resolution No. 18-12-203 for calendar year 2019, Common Vice Chair Li presided over this Retirement Board meeting.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

CONSENT CALENDAR

2. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2019 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

11. Motion: Receive and File Update on Staff Roles and Responsibilities Related to Pension Administration (ALL) (Weekly)

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9. Motion: Approving the Minutes for the September 11, 2019 Quarterly Retirement Board Meeting (MCEG). (Weekly)
10. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2019 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
11. Motion: Receive and File Update on Staff Roles and Responsibilities Related to Pension Administration (ALL) (Weekly)

Director Norman moved to adopt MCEG Retirement Board Items 9, 10 and 11. Alternate Flores seconded the motion. Items 9, 10 and 11 were carried unanimously by roll call vote: Ayes: Directors Li, Norman and Alternate Flores. Noes: None.

NEW BUSINESS

12. Information: Investment Performance Review by Atlanta Capital for the ATU, IBEW and Salaried Employee Retirement Funds for the Domestic Small Cap Equity Asset Class for the Quarter Ended September 30, 2019 (ALL). (Adelman)

Jamie Adelman introduced Michael Jaje with Atlanta Capital who provided the investment performance review for the Domestic Small Cap Equity Asset Class for the Quarter Ended September 30, 2019 and was available for questions.

13. 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, 2019 (ALL). (Adelman)

Jamie Adelman introduced Christy Nemethy with State Street, who provided the investment performance review for the S&P 500 Index and MSCI EAFE Funds by State Street Global Advisors (SSgA) for the Quarter Ended September 30, 2019 and was available for questions.

14. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for Quarter Ended September 30, 2019 (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy with Callan LLC, who provided the investment performance results for the Quarter Ended September 30, 2019 and was available for questions.

Ms. Adelman noted that, in the preceding quarter, the total portfolio for the three Retirement Plan funds exceeded \$300 million for the first time.

MCEG

Director Norman moved to adopt item 14. Alternate Flores seconded the motion. Item 14 was carried unanimously by roll call vote. Ayes: Directors Li, Norman and Alternate Flores. Noes: None.

15. Information: Emerging Markets Analysis and Review of Dimensional Fund Advisors (DFA) Investment Manager Performance (ALL). (Adelman)

Jamie Adelman introduced Anne Heaphy and Ho Hwang with Callan LLC, who reviewed Callan's presentation on Emerging Markets Analysis and Review of Dimensional Fund Advisors (DFA) investment manager performance and were available for questions.

Ms. Heaphy noted that DFA is very broadly diversified and holds approximately 4,700 stocks. In response to a question from AEA Retirement Board Alternate McGoldrick on whether that is a large number of stocks to monitor, Mr. Hwang responded that DFA's three-factor selection model allows the firm to monitor that number of stocks. Mr. Hwang reported that DFA had recently made changes to enhance its investment process, including, in October 2019, elimination of the 17.5% country cap for its emerging markets strategies.

Ms. Adelman asked whether Callan viewed that change as a positive move, and still considered DFA to be a good manager.

Mr. Hwang responded that, as a standalone manager, DFA is an optimal solution because: 1) it provides broad exposure in the asset class and 2) the tracking error of the strategy is around 2% in the range of performance. Despite the recent changes DFA has made in its investment process, especially the removal of the country cap, the tracking error (or risk/return profile) is not expected to meaningfully change. Callan will monitor whether removal of the country cap results in the strategy becoming more passive and less active.

Based on Callan's presentation, Ms. Adelman recommended that the Retirement Boards monitor DFA's performance on a quarterly basis, but not place the manager on the watch list at this time. AEA Retirement Board Director Devorak agreed, noting that, given the recent fundamental change of the elimination of the country cap, the Retirement Boards should monitor DFA's performance for changes over the next couple of quarters. Ms. Heaphy added that all managers are always being monitored by Callan.

Director Li noted that an allocation of 5% to emerging market investments may not be considered high, but with the trade wars and current uncertainty, the emerging market allocation will remain an area of focus for the Retirement Boards.

REPORTS FROM COMMITTEES

Update on Potential Real Estate Asset Class Fund Manager Search

Ms. Adelman reported that the Search Committee, comprised of members of the ATU, IBEW, MCEG and AEA (there was no representative from AFSCME) met last week. Anne Heaphy and Avery Robinson from Callan provided a detailed presentation and proposed four high quality managers in the Real Estate sector. The Committee unanimously voted to recommend that the Retirement Boards invite three of the managers to provide presentations to the Retirement Boards at their February 26, 2020 Special meeting. The recommendation from Callan is to select two managers, which would split a 10% investment allocation. Callan will present different scenarios at the February special meeting regarding changes in other asset class allocations to raise the 10% real estate asset class allocation.

REPORTS, IDEAS AND COMMUNICATIONS

Update on Custodial Services Transition

Ms. Adelman reported that the custodian service transition from State Street to Northern Trust went very smoothly and that all Plan assets are now with Northern Trust. The final reconciliation of all Plan assets will be completed towards the end of January. Northern Trust will be on site to work with Ms. Adelman, Lynda Volk and the SacRT Accounting team and will provide training on their online module, online cash movement, daily cash reporting and all the great features Northern Trust has to offer.

The meeting was adjourned at 10:19 a.m.



STAFF REPORT

DATE: March 11, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Jamie Adelman, AVP Finance and Treasury

SUBJ: RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED DECEMBER 31, 2019 FOR THE SALARIED PENSION PLAN (AEA/AFSCME/MCEG). (ADELMAN)

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2019 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, 2019

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	27.78%	24.73%	35.41%
Classic w/Contribution*	24.78%		
PEPRA**	20.53%	18.73%	30.16%

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

**PEPRA employee rates: ATU – 7.25%, IBEW 6.0% and Salary 5.75%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended December 31, 2019. 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, 2019 (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 AVP of Finance and Treasury. The AVP of Finance and Treasury 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, 2019. 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, 2019. The Salaried Plan reimbursed \$298,331.43 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of December 31, 2019. This statement shows the Salaried Plan's asset allocation as compared to

targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

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

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

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended December 31, 2019 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, 2019.

Sacto Regional Transit District Retirement Plan - Salaried
Statement of Fiduciary Net Position
As of December 31, 2019

Accrual Basis

	Dec 31, 19
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	105,732,167.13
Total Long-Term Investments	105,732,167.13
Total Checking/Savings	105,732,167.13
Other Current Assets	
1110120 · Prepaids	4,505.00
Total Other Current Assets	4,505.00
Total Current Assets	105,736,672.13
TOTAL ASSETS	105,736,672.13
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	34,005.98
3110110 · Other Pay - Due to RT	11,753.86
3110122 · MetWest	24,393.53
3110124 · Boston Partners	22,152.28
3110125 · Callan	3,487.55
3110126 · State Street	11,771.65
3110128 · Atlanta Capital	18,283.69
3110129 · S&P Index - SSgA	2,215.47
3110130 · EAFE - SSgA	997.02
3110131 · AQR	3,336.30
3110132 · Pyrford	16,676.95
3110133 · Northern Trust	2,666.67
Total Accounts Payable	151,740.95
Total Current Liabilities	151,740.95
Total Liabilities	151,740.95
Equity	
3340101 · Retained Earnings	99,186,092.24
Net Income	6,398,838.94
Total Equity	105,584,931.18
TOTAL LIABILITIES & EQUITY	105,736,672.13

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

October through December 2019

Accrual Basis

	Oct - Dec 19	% of Income
Income		
Interest, Dividend, & Other Inc	114,161.51	1.5%
Investment Income	5,282,679.28	69.0%
RT Required Contribution	2,177,420.99	28.5%
6630110 · Employee Contribution	78,098.57	1.0%
Total Income	7,652,360.35	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	838,272.18	11.0%
8531211 · AFSCME-Retirement Benefits Paid	612,401.11	8.0%
8531212 · MCEG - Retirement Benefits Paid	860,839.23	11.2%
8531213 · Employee Contribution Refunds	30,788.12	0.4%
8532004 · Invest Exp - MetropolitanWest	24,393.53	0.3%
8532013 · Invest Exp - Boston Partners	22,152.28	0.3%
8532020 · Invest Exp - Callan	10,455.36	0.1%
8532021 · Invest Exp - State Street	11,771.65	0.2%
8532024 · Invest Exp - Atlanta Capital	18,283.69	0.2%
8532025 · Invest Exp - S&P Index SSgA	2,215.47	0.0%
8532026 · Invest Exp - EAFE SSgA	997.02	0.0%
8532027 · Invest Exp - AQR	9,542.06	0.1%
8532028 · Invest Exp - Pyrford	16,676.95	0.2%
8532029 · Invest Exp - Northern Trust	2,666.67	0.0%
Total COGS	2,461,455.32	32.2%
Gross Profit	5,190,905.03	67.8%
Expense		
8533002 · Admin Exp - Actuary	10,905.93	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	0.00	0.0%
8533008 · Admin Exp - Accounting Software	29.99	0.0%
8533009 · Admin Exp - Shipping	16.27	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,378.75	0.0%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	21,372.39	0.3%
8533029 · Admin Exp - Administrator	20,454.91	0.3%
8533050 · Admin Exp - Misc Exp	7.24	0.0%
8533051 · Admin Exp - Audit	0.00	0.0%
Total Expense	56,165.48	0.7%
Net Income	5,134,739.55	67.1%

Sacto Regional Transit District Retirement Plan - Salaried
Statement of Changes in Fiduciary Net Position
 July through December 2019

Accrual Basis

	Jul - Dec 19	% of Income
Income		
Interest, Dividend, & Other Inc	869,354.40	7.6%
Investment Income	5,993,531.02	52.5%
RT Required Contribution	4,406,562.12	38.6%
6630110 · Employee Contribution	148,030.13	1.3%
Total Income	11,417,477.67	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	1,678,434.50	14.7%
8531211 · AFSCME-Retirement Benefits Paid	1,230,338.52	10.8%
8531212 · MCEG - Retirement Benefits Paid	1,686,176.08	14.8%
8531213 · Employee Contribution Refunds	53,258.22	0.5%
8532004 · Invest Exp - MetropolitanWest	48,994.03	0.4%
8532013 · Invest Exp - Boston Partners	43,288.94	0.4%
8532020 · Invest Exp - Callan	40,885.05	0.4%
8532021 · Invest Exp - State Street	23,600.30	0.2%
8532024 · Invest Exp - Atlanta Capital	35,752.90	0.3%
8532025 · Invest Exp - S&P Index SSgA	4,322.07	0.0%
8532026 · Invest Exp - EAFE SSgA	1,929.91	0.0%
8532027 · Invest Exp - AQR	18,705.21	0.2%
8532028 · Invest Exp - Pyrford	32,404.96	0.3%
8532029 · Invest Exp - Northern Trust	2,666.67	0.0%
Total COGS	4,900,757.36	42.9%
Gross Profit	6,516,720.31	57.1%
Expense		
8533002 · Admin Exp - Actuary	15,060.64	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	3,000.00	0.0%
8533008 · Admin Exp - Accounting Software	29.99	0.0%
8533009 · Admin Exp - Shipping	16.27	0.0%
8533010 · Admin Exp - Travel	850.88	0.0%
8533014 · Admin Exp - Fiduciary Insurance	6,757.50	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	41,922.78	0.4%
8533029 · Admin Exp - Administrator	48,909.60	0.4%
8533050 · Admin Exp - Misc Exp	60.39	0.0%
8533051 · Admin Exp - Audit	1,023.32	0.0%
Total Expense	117,881.37	1.0%
Net Income	6,398,838.94	56.0%

**Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended December 31, 2019**

	October 2019	November 2019	December 2019	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2019	74,353.18	189,348.00	108,983.43	74,353.18
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 29.66 to 35.41%	712,311.04	713,739.29	751,370.66	2,177,420.99
Employee Pension Contributions	25,310.63	24,834.40	27,953.54	78,098.57
Total Deposits	<u>737,621.67</u>	<u>738,573.69</u>	<u>779,324.20</u>	<u>2,255,519.56</u>
<u>Expenses</u>				
Payout to Retirees:				
AEA	(279,424.06)	(279,424.06)	(279,424.06)	(838,272.18)
AFSCME	(203,449.35)	(203,449.35)	(205,502.41)	(612,401.11)
MCEG	(275,834.69)	(298,058.13)	(286,946.41)	(860,839.23)
Employee Contribution Refunds	-	(26,555.76)	(4,232.36)	(30,788.12)
Payout to Retirees Subtotal	<u>(758,708.10)</u>	<u>(807,487.30)</u>	<u>(776,105.24)</u>	<u>(2,342,300.64)</u>
Fund Investment Management Expenses:				
Atlanta Capital	(17,469.21)	-	-	(17,469.21)
Boston Partners	(21,136.66)	-	-	(21,136.66)
SSgA S&P 500 Index	(2,106.60)	-	-	(2,106.60)
SSgA EAFE MSCI	(932.89)	-	-	(932.89)
Metropolitan West	(24,600.50)	-	-	(24,600.50)
Pyrford	-	(15,728.01)	-	(15,728.01)
State Street	-	(7,824.68)	-	(7,824.68)
Callan	(3,479.50)	(3,480.26)	(3,487.55)	(10,447.31)
Fund Invest. Mgmt Exp. Subtotal	<u>(69,725.36)</u>	<u>(27,032.95)</u>	<u>(3,487.55)</u>	<u>(100,245.86)</u>
Administrative Expenses				
Legal Services	(6,850.13)	-	(7,124.13)	(13,974.26)
Pension Administration	(8,395.66)	(7,744.37)	(4,314.88)	(20,454.91)
Actuarial Services	-	(5,292.50)	-	(5,292.50)
Shipping	-	-	(16.27)	(16.27)
Audit Fees	(8,930.00)	-	-	(8,930.00)
Accounting Software	-	-	(29.99)	(29.99)
Miscellaneous	(7.24)	-	-	(7.24)
Administrative Exp. Subtotal	<u>(24,183.03)</u>	<u>(13,036.87)</u>	<u>(11,485.27)</u>	<u>(48,705.17)</u>
Total Expenses	<u>(852,616.49)</u>	<u>(847,557.12)</u>	<u>(791,078.06)</u>	<u>(2,491,251.67)</u>
Monthly Net Owed from/(to) District	(114,994.82)	(108,983.43)	(11,753.86)	(235,732.11)
Payment from/(to) the District	<u>-</u>	<u>(189,348.00)</u>	<u>(108,983.43)</u>	<u>(298,331.43)</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>189,348.00</u>	<u>108,983.43</u>	<u>11,753.86</u>	<u>11,753.86</u>

RT Combined Pension Plans - ATU, IBEW and Salaried
 Asset Allocation *
 As of December 31, 2019

Asset Class	Net Asset Market Value 12/31/2019	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - ZB	\$ 50,857,608	16.12%	16.00%	0.12%	\$ 389,648	
Large Cap Growth - SSgA S&P 500 Index - XH	55,074,536	17.46%	16.00%	1.46%	4,606,576	
Total Large Cap Domestic Equity	105,932,144	33.58%	32.00%	1.58%	4,996,224	\$ 100,935,919
Small Cap - Atlanta Capital - XB	27,305,881	8.66%	8.00%	0.66%	2,071,902	25,233,980
International Equity:						
Large Cap Growth:						
Pyrford - ZD	29,924,887	9.49%	9.50%	-0.01%	(40,464)	
Large Cap Core:						
SSgA MSCI EAFE - XG	12,212,888	3.87%				
Total Core	12,212,888	3.87%	4.50%	-0.63%	(1,981,226)	
Small Cap:						
AQR - ZB	14,397,510	4.56%	5.00%	-0.44%	(1,373,727)	
Emerging Markets						
DFA - ZA	17,433,497	5.53%	6.00%	-0.47%	(1,491,988)	
Total International Equity	73,968,782	23.45%	25.00%	-1.55%	(4,887,405)	78,856,187
Fixed Income:						
Met West - XD	108,217,941	34.31%	35.00%	-0.69%	(2,180,721)	110,398,662
Total Combined Net Asset	\$ 315,424,748	100.00%	100.00%	0.00%	\$ -	\$ 315,424,748

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, 2019**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	145,877,514
IBEW Allocated Custodial Assets	63,815,067
Salaried Allocated Custodial Assets	<u>105,732,167</u>
Total Consolidated Net Asset	<u><u>315,424,748</u></u>
Per Callan Report:	
Total Investments	<u><u>315,424,749</u></u>
Net Difference	<u><u>(1) *</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, 2019**

Per Both Pension Fund Income Statements:	
ATU - Interest, Dividends, and Other Income	123,966 ***
ATU - Investment Income	6,970,280
IBEW - Interest, Dividends, and Other Income	57,447 ***
IBEW - Investment Income	3,073,530
Salaried - Interest, Dividends, and Other Income	107,956 ***
Salaried - Investment Income	<u>5,282,679</u>
Total Investment Income	<u><u>15,615,857</u></u>
Per Callan Report:	
Investment Returns	<u><u>15,620,158</u></u>
Net Difference	<u><u>(4,301) **</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.

*** In October State Street, our prior custodian, made a correction of an error that occurred when a MetWest investment was purchased in July. The balances for Interest, Dividends, and Other Income is lower due to the correction.

Reconciliation between Callan Report and Consolidated Schedule of Cash Activities For the Quarter Ended December 31, 2019				
	October	November	December	Total
Payments from/(to) the District				-
Boston Partners - ATU				-
Boston Partners - IBEW				-
Boston Partners - Salaried				-
S&P 500 Index - ATU			(275,649)	(275,649)
S&P 500 Index - IBEW			(80,610)	(80,610)
S&P 500 Index - Salaried			(108,983)	(108,983)
Atlanta Capital - ATU				-
Atlanta Capital - IBEW				-
Atlanta Capital - Salaried				-
Pyrford - ATU				-
Pyrford - IBEW				-
Pyrford - Salaried				-
EAFE - ATU				-
EAFE - IBEW				-
EAFE - Salaried				-
Brandes - ATU				-
Brandes - IBEW				-
Brandes - Salaried				-
AQR - ATU				-
AQR - IBEW				-
AQR - Salaried				-
DFA - ATU				-
DFA - IBEW				-
DFA - Salaried				-
Metropolitan West - ATU		(624,602)		(624,602)
Metropolitan West - IBEW		(199,847)		(199,847)
Metropolitan West - Salaried		(189,348)		(189,348)
Total Payments from/(to) the District	-	(1,013,797)	(465,242)	(1,479,039)
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	-	-
S&P 500 Index	-	-	(465,242)	(465,242)
Atlanta Capital	-	-	-	-
Pyrford	-	-	-	-
EAFE	-	-	-	-
Brandes	-	-	-	-
AQR	-	-	-	-
DFA	-	-	-	-
Metropolitan West	-	(1,013,797)	-	(1,013,797)
Total Transfers In/(Out) of Investment Funds	-	(1,013,797)	(465,242)	(1,479,039)
Variance between Payments and Transfers	-	-	-	-
Per Callan Report:				
Net New Investment/(Withdrawals)				(1,479,040)
Net Difference				<u>1</u>

Consolidated Schedule of Cash Activities For the 12-Months December 31, 2019					
	1Q19	2Q19	3Q19	4Q19	Total
Payments from/(to) the District					
Boston Partners - ATU	4	(54,258)	-	-	(54,254)
Boston Partners - IBEW	2	-	-	-	2
Boston Partners - Salaried	2	54,258	-	-	54,261
S&P 500 Index - ATU	-	(58,610)	(336,261)	(275,649)	(670,520)
S&P 500 Index - IBEW	-	-	(74,527)	(80,610)	(155,137)
S&P 500 Index - Salaried	-	58,610	6,616	(108,983)	(43,757)
Atlanta Capital - ATU	-	(30,314)	(609,201)	-	(639,515)
Atlanta Capital - IBEW	-	-	(186,668)	-	(186,668)
Atlanta Capital - Salaried	-	30,314	(122,140)	-	(91,826)
Pyrford - ATU	-	(31,780)	-	-	(31,780)
Pyrford - IBEW	-	-	-	-	-
Pyrford - Salaried	-	31,780	-	-	31,780
EAFE - ATU	-	(13,150)	-	-	(13,150)
EAFE - IBEW	-	-	-	-	-
EAFE - Salaried	-	13,150	-	-	13,150
Brandes - ATU	(4)	-	-	-	(4)
Brandes - IBEW	(2)	-	-	-	(2)
Brandes - Salaried	(2)	-	-	-	(2)
AQR - ATU	-	(15,314)	-	-	(15,314)
AQR - IBEW	-	-	-	-	-
AQR - Salaried	-	15,314	-	-	15,314
DFA - ATU	-	(19,252)	-	-	(19,252)
DFA - IBEW	-	-	-	-	-
DFA - Salaried	-	19,252	-	-	19,252
Metropolitan West - ATU	(800,166)	(999,082)	-	(624,602)	(2,423,850)
Metropolitan West - IBEW	(161,974)	(204,136)	-	(199,847)	(565,956)
Metropolitan West - Salaried	(59,788)	91,813	-	(189,348)	(157,323)
Total Payments from/(to) the District	<u>(1,021,928)</u>	<u>(1,111,404)</u>	<u>(1,322,181)</u>	<u>(1,479,039)</u>	<u>(4,934,553)</u>

Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
12/31/19

	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	9,812,880	100.00%				14,632,411	100.00%			
Investment Expense	(247,227)	2.52%				(744,167)	5.09%			
Net Gain/(Loss)	9,565,653	97.48%	23.30%	26.54%	(324.00)	13,888,244	94.91%	10.43%	9.68%	75.00
S&P 500										
Investment Returns	13,376,009	100.00%				20,496,628	100.00%			
Investment Expense	(24,686)	0.18%				(71,548)	0.35%			
Net Gain/(Loss)	13,351,323	99.82%	31.45%	31.49%	(4.00)	20,425,080	99.65%	15.23%	15.27%	(4.00)
Atlanta Capital										
Investment Returns	6,011,502	100.00%				10,125,046	100.00%			
Investment Expense	(206,990)	3.44%				(602,180)	5.95%			
Net Gain/(Loss)	5,804,512	96.56%	26.46%	25.52%	94.00	9,522,866	94.05%	13.37%	8.59%	478.00
Pyrford										
Investment Returns	5,455,924	100.00%				3,971,069	100.00%			
Investment Expense	(186,232)	3.41%				(445,915)	11.23%			
Net Gain/(Loss)	5,269,692	96.59%	21.53%	22.01%	(48.00)	3,525,154	88.77%	N/A	N/A	N/A
EAFE										
Investment Returns	2,242,671	100.00%				3,027,174	100.00%			
Investment Expense	(11,083)	0.49%				(32,846)	1.09%			
Net Gain/(Loss)	2,231,588	99.51%	22.37%	22.01%	36.00	2,994,328	98.91%	9.85%	9.56%	29.00
Brandes										
Investment Returns	(2,661)	100.00%				(2,346)	100.00%			
Investment Expense	-	0.00%				-	0.00%			
Net Gain/(Loss)	(2,661)	100.00%	N/A	N/A	N/A	(2,346)	100.00%	N/A	N/A	N/A
AQR										
Investment Returns	2,470,132	100.00%				3,212,582	100.00%			
Investment Expense	(108,778)	4.40%				(379,161)	11.80%			
Net Gain/(Loss)	2,361,354	95.60%	20.71%	24.96%	(425.00)	2,833,421	88.20%	8.25%	10.92%	(267.00)
DFA										
Investment Returns	2,409,492	100.00%				4,451,745	100.00%			
Investment Expense	(107,785)	4.47%				(323,604)	7.27%			
Net Gain/(Loss)	2,301,707	95.53%	16.04%	18.44%	(240.00)	4,128,141		10.33%	11.58%	(125.00)
Metropolitan West										
Investment Returns	9,469,335	100.00%				13,658,790	100.00%			
Investment Expense	(290,076)	3.06%				(811,116)	5.94%			
Net Gain/(Loss)	9,179,259	96.94%	9.29%	8.72%	57.00	12,847,674	94.06%	4.39%	4.03%	36.00
Total Fund										
Investment Returns	51,245,284	100.00%				76,878,185	100.00%			
Investment Expense	(1,182,856)	2.31%				(3,423,251)	4.45%			
Net Gain/(Loss)	50,062,428	97.69%	18.88%	20.58%	(170.00)	73,454,934	95.55%	9.16%	9.74%	(58.00)

**Sacramento Regional Transit District, Retirements and Deaths
For the Time Period: October 1, 2019 - December 31, 2019**

Retirement

Emp#	Previous Position	Pension Group	RetirementDate
447	Bus Operator	ATUL	12/17/19
2263	Light Rail Maintenance	IBEW	12/01/19
2678	Light Rail Maintenance	IBEW	10/01/19
4600	QDRO Receipiant	ATUL	12/17/19
2729	Facilities	AFST	12/01/19
1433	Civil Engineer	AEAS	10/01/19
1851	Information Technology	MCEG	10/01/19
1442	Information Technology	MCEG	10/01/19

Deaths

Emp#	Pension Group	Type	Date of Death
372	ATUL	Life Alone	12/03/19
515	ATUL	50% Joint & Survivor	10/09/19
1309	ATUL	Life Alone	10/24/19
1321	IBEW	Life Alone	11/13/19
1695	ATUL	Life Alone	11/12/19



STAFF REPORT

DATE: March 11, 2020

TO: Boards of Directors of Sacramento Regional Transit District Retirement Plans (AEA, AFSCME and MCEG)

FROM: Valerie Weekly, Manager, Pension and Retirement Services

SUBJ: **ACCEPT THE SALARIED RETIREMENT PLAN ACTUARIAL VALUATION AND APPROVE THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR FISCAL YEAR 2021**

RECOMMENDATION

Adopt Resolution No. 20-03___, Accept the Salaried Employees' Retirement Plan Actuarial Valuation and Approve the Actuarially Determined Contribution (ADC) rate for Fiscal Year 2021.

FISCAL IMPACT

No fiscal impact to the Retirement Plan.

The overall fiscal impact of this change to the Sacramento Regional Transit District Fiscal Year 2021 budget is estimated to be an increase in pension expense of approximately \$809,551.

DISCUSSION

Cheiron, Inc., the Retirement Plans' actuary, has completed the Actuarial Valuation for the Salaried Employees' Retirement Plan as of June 30, 2019 (Exhibit A). The purpose of the annual Actuarial Valuation is to compute the annual actuarially determined contribution rate required to fund the Plan according to actuarial principles and to present items required for disclosure under Statement No. 67 of the Governmental Accounting Standards Board (GASB).

At the Retirement Board's February 26, 2020 special meeting, Cheiron presented the preliminary actuarial valuation results to the Boards for review and discussion. If accepted, the Board can anticipate an increase in the SacRT contribution rate from 35.41% to 37.03% for Classic members. The SacRT contribution rate for PEPRA members is expected to increase to 31.28%, and the employee contribution rate for PEPRA members is expected to remain at 5.75%. The overall fiscal impact of this change to the SacRT Fiscal Year 2021 budget is estimated to be an increase in pension expense of approximately \$809,551.

Adopted by the Board of Directors for the Retirement Plan for AFSCME Employees on this date:

March 11, 2020

ACCEPT THE SALARIED RETIREMENT PLAN ACTUARIAL VALUATION AND APPROVE THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR FISCAL YEAR 2021

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR AFSCME EMPLOYEES AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Salaried Plan valuation report and approves the actuarially determined contribution rate for fiscal year 2021.

THAT, the Retirement Board hereby establishes the Actuarially Determined Employer Contribution Rate for the Salaried Employees' Retirement Plan at 37.03% of the payroll for eligible Salaried employees who are Classic members, and 31.28% for eligible Salaried employees who are PEPRA members, on a monthly basis, effective July 1, 2020.

Peter Guimond, Chair

A T T E S T:

Henry Li, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for AEA Employees on this date:

March 11, 2020

ACCEPT THE SALARIED RETIREMENT PLAN ACTUARIAL VALUATION AND APPROVE THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR FISCAL YEAR 2021

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR AEA EMPLOYEES AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Salaried Plan valuation report and approves the actuarially determined contribution rate for fiscal year 2021.

THAT, the Retirement Board hereby establishes the Actuarially Determined Employer Contribution Rate for the Salaried Employees' Retirement Plan at 37.03% of the payroll for eligible Salaried employees who are Classic members, and 31.28% for eligible Salaried employees who are PEPRA members, on a monthly basis, effective July 1, 2020.

Russell Devorak, Chair

A T T E S T:

Henry Li, Secretary

By: _____
Valerie Weekly, Assistant Secretary

Adopted by the Board of Directors for the Retirement Plan for Non-Represented Employees on this date:

March 11, 2020

ACCEPT THE SALARIED RETIREMENT PLAN ACTUARIAL VALUATION AND APPROVE THE ACTUARIALLY DETERMINED CONTRIBUTION RATE FOR FISCAL YEAR 2021

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR NON-REPRESENTED EMPLOYEES AS FOLLOWS:

THAT, the Retirement Board hereby accepts the Salaried Plan valuation report and approves the actuarially determined contribution rate for fiscal year 2021.

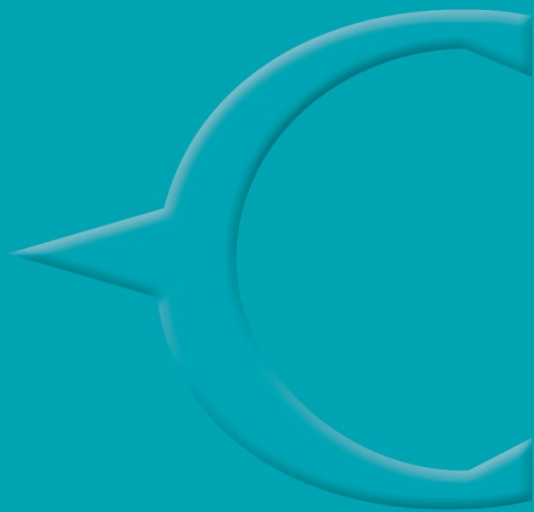
THAT, the Retirement Board hereby establishes the Actuarially Determined Employer Contribution Rate for the Salaried Employees' Retirement Plan at 37.03% of the payroll for eligible Salaried employees who are Classic members, and 31.28% for eligible Salaried employees who are PEPRA members, on a monthly basis, effective July 1, 2020.

Laura Ham, Chair

A T T E S T:

Henry Li, Secretary

By: _____
Valerie Weekly, Assistant Secretary



Retirement Plan for Sacramento Regional Transit District Salaried Employees

**Actuarial Valuation Report
as of July 1, 2019**

Produced by Cheiron

March 2020

TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
Letter of Transmittal	i
Foreword	ii
Section I Executive Summary	1
Section II Disclosures Related to Risk	12
Section III Assets	23
Section IV Liabilities	27
Section V Contributions.....	30
 <i>Appendices</i>	
Appendix A Membership Information	34
Appendix B Statement of Actuarial Assumptions and Methods.....	43
Appendix C Summary of Plan Provisions.....	48
Appendix D Glossary	53

March 4, 2020

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, 2019. 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. It is not intended to benefit any third party, 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, FCA, MAAA, EA
Consulting Actuary



Anne D. Harper, FSA, MAAA, EA
Principal Consulting Actuary

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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, 2019. 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.
- In Section II, **Disclosures Related to Risk**, we review the primary risks facing the District, and quantify these using various risk and maturity measures.
- The **Main Body** of the report presents details on the Plan's
 - Section III – Assets
 - Section IV – Liabilities
 - Section V – 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, 2019**

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,
- Employer and member contribution rates for Plan Year 2020-2021, and
- An assessment and disclosure of key risks.

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, 2019 provided to the Boards in September 2019.

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 no changes to assumptions or methods since the prior valuation.

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2019 actuarial valuation are as follows:

- The actuarially determined employer contribution rate increased from 35.41% of payroll last year to 37.03% of payroll for the current valuation. Last year's rate reflected 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. As of the July 1, 2019 valuation, the 2017 assumption changes are fully phased-in, increasing the rate by 0.57% from the prior year to 35.98%.
- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, remained level at 64.8% as of July 1, 2019. However, the unfunded liability increased as a dollar amount. As a point of comparison, a funding ratio of 60.5% 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 \$51,165,986 to \$54,167,658 as of July 1, 2019. This increase in the UAL was primarily due to losses on the actuarial value of assets and liabilities.
- During the year ended June 30, 2019, the return on Plan assets was 6.05% 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 \$1,117,558. 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 5.71% on the smoothed value of assets, an actuarial asset loss of \$1,451,131.
- The Actuarial Value of Assets is currently 100.7% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$0.7 million) that will be reflected in the smoothed value in future years.
- The Plan experienced a liability loss of \$2,611,134 due primarily to larger than expected salary increases for AFSC continuing actives. Combining the liability loss and the asset loss, the Plan experienced a total loss of \$4,062,265.
- There were 23 new hires and rehires since July 1, 2018 and the total active population increased by seven. Total projected payroll increased 4.82% from \$24,474,636 to \$25,654,432 for 2019-2020.
- During the year, \$343,707 of assets and \$474,438 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, 2019**

SECTION I – EXECUTIVE SUMMARY

- 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 do.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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.

Table I-1			
Summary of Principal Plan Results			
Valuation Date	July 1, 2018	July 1, 2019	% Change
<u>Participant Counts</u>			
Active Participants	226	233	3.10%
Participants Receiving a Benefit	293	319	8.87%
Terminated Vested Participants	53	51	-3.77%
Transferred Participants ¹	82	4	-95.12%
Total	654	607	-7.19%
Annual Pay of Active Members	\$ 24,474,636	\$ 25,654,432	4.82%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 145,254,307	\$ 154,047,881	6.05%
Actuarial Value of Assets (AVA)	94,088,321	99,880,223	6.16%
Unfunded Actuarial Liability (UAL)	\$ 51,165,986	\$ 54,167,658	5.87%
Funded Ratio (AVA)	64.8%	64.8%	0.06%
Market Value of Assets (MVA)	\$ 93,130,089	\$ 99,186,092	6.50%
Funded Ratio (MVA)	64.1%	64.4%	0.27%
Inactive Funded Ratio	55.9%	60.5%	4.62%
<u>Contributions</u>			
Employer Contribution (Beginning of Year)	\$ 8,382,720	\$ 9,055,640	8.03%
Employer Contribution Payable Monthly	\$ 8,681,278	\$ 9,378,163	8.03%
Employer Contribution as a Percentage of Payroll	35.98%	37.03%	1.05%

¹ Transferred participant count for 2018 includes 78 records who transferred from another Salaried plan.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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.

Table I-2 Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Employer Contribution Rate	35.41%			
Change due to phase-in	0.57%			
FYE 2020 Actuarial Contribution Rate	35.98%	14.88%	19.85%	1.25%
Change due to asset losses	0.58%	0.00%	0.58%	0.00%
Change due to PEPRAs	-0.56%	-0.56%	0.00%	0.00%
Change due to ATU Transfer	0.02%	-0.03%	0.05%	0.00%
Change due to demographic losses	1.34%	0.31%	1.03%	0.00%
Change due to amortization payroll	-0.39%	0.00%	-0.37%	-0.02%
Change due to contribution shortfall	<u>0.06%</u>	<u>0.00%</u>	<u>0.06%</u>	<u>0.00%</u>
FYE 2021 Employer Contribution Rate	37.03%	14.60%	21.20%	1.23%

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 July 1, 2017 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, with the remaining one-third (or 0.57% of pay) now fully reflected in the required contribution as shown above.

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

The actuarial return on assets was 5.71%, less than the assumed rate of 7.25%. This resulted in an increase in the contribution rate by 0.58% of payroll.

The Market Value of Assets is lower than the actuarial value; there are approximately \$0.7 million in deferred asset losses.

- 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 that increased the contribution rate by 1.34% of payroll. In particular, there were losses caused by larger salary increases than expected

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION I – EXECUTIVE SUMMARY

for returning members, specifically AFSC members whose average salaries increased by 12.8%.

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. The impact of PEPRA resulted in a decrease in the employer normal cost rate of 0.56% of payroll.

The net impact on the contribution rate from changes in demographics was an increase of 0.78% of payroll.

- Overall payroll growth was greater than expected.

Greater than expected growth in the projected payroll decreased the contribution rate by 0.39% 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 0.06%. This was primarily due to the 12-month delay in the implementation of the contribution rates and the impact of the phase-in of the assumption changes.

- 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. The transferred liabilities (\$474,438) exceeded the assets (\$343,707) transferred, partly due to the Salaried plan granting full service credit for part-time service. As a result the employer contribution rate increased by 0.02% of payroll.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

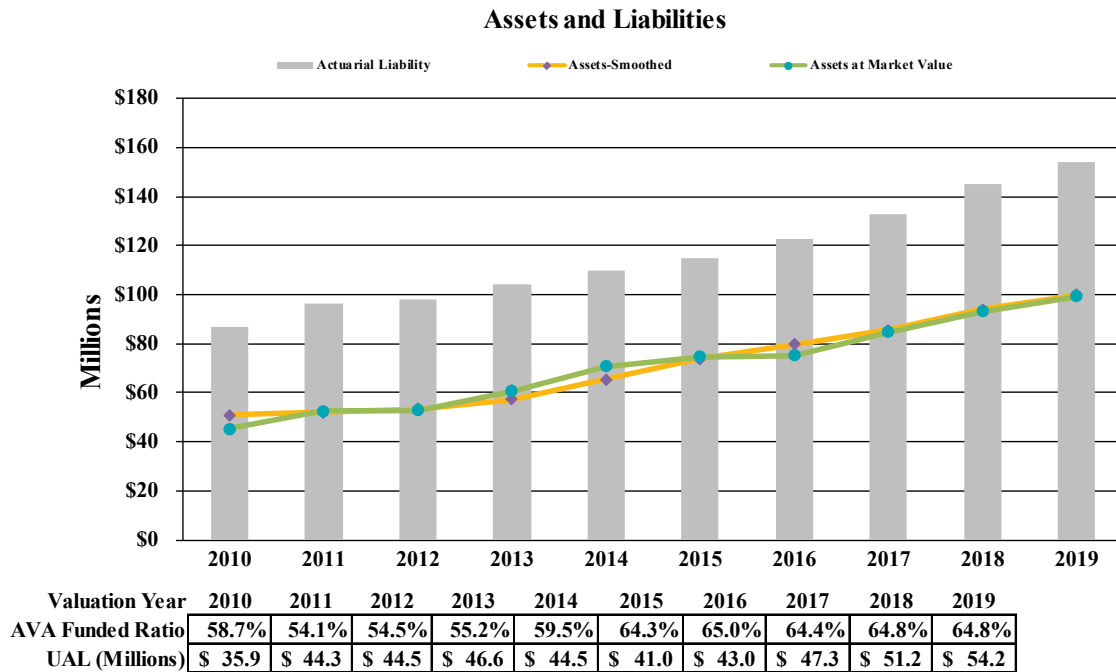
SECTION I – EXECUTIVE SUMMARY

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 58.7% in 2010 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 has remained relatively flat since that time.

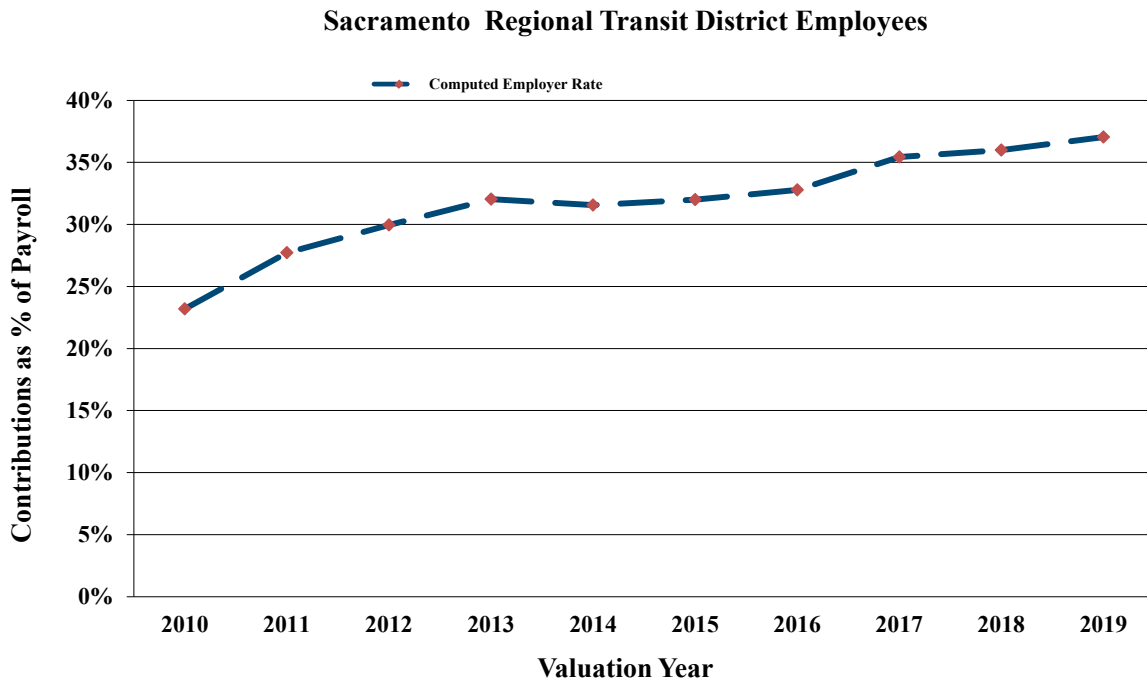


RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019

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 2010 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 a decrease in projected payroll. The contribution rate rose again in 2019 primarily due to larger than anticipated salary increases for continuing actives.



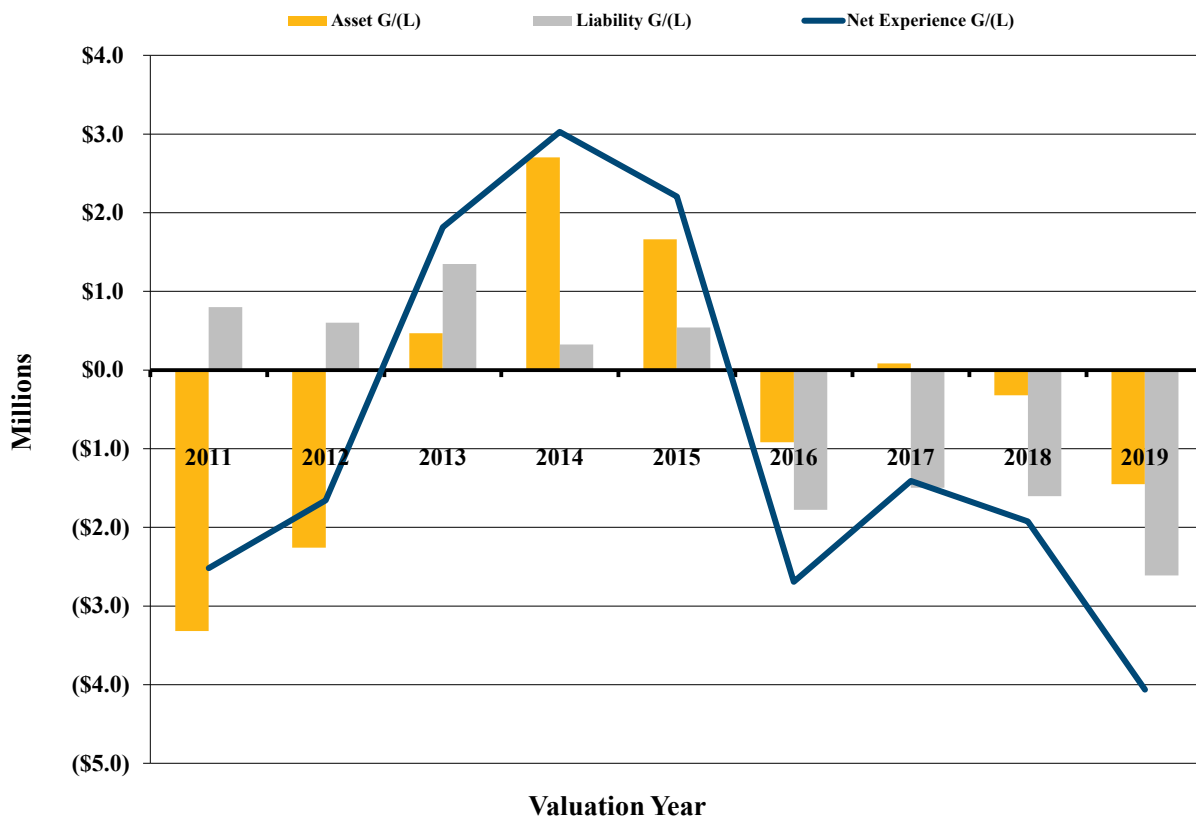
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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. The Plan has experienced demographic losses from 2016 through 2019 primarily due to lower mortality rates than expected among retirees, and larger salary increase than expected for returning members.

Experience Gains and Losses



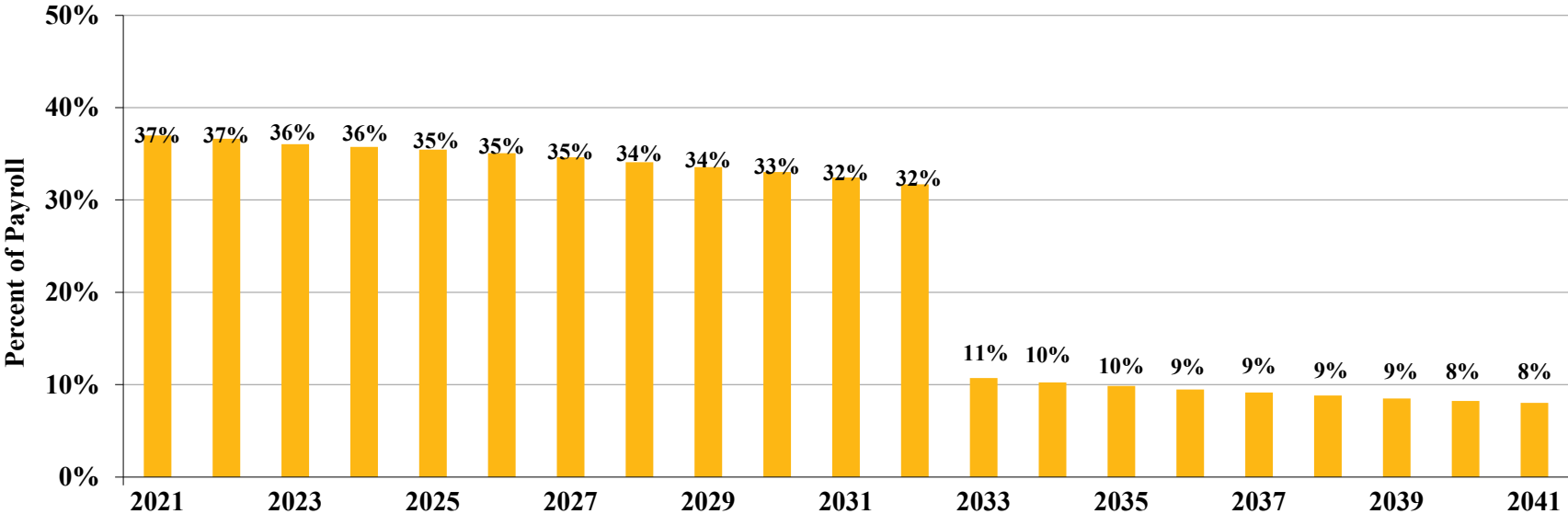
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION I – EXECUTIVE SUMMARY

D. 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, 2019 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 decrease slightly over the next eleven years since the employer-paid portion of the normal cost decreases as PEPR membership increases. The employer contribution rate is expected to decline substantially in FYE 2033, once the current unfunded liability is fully amortized.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

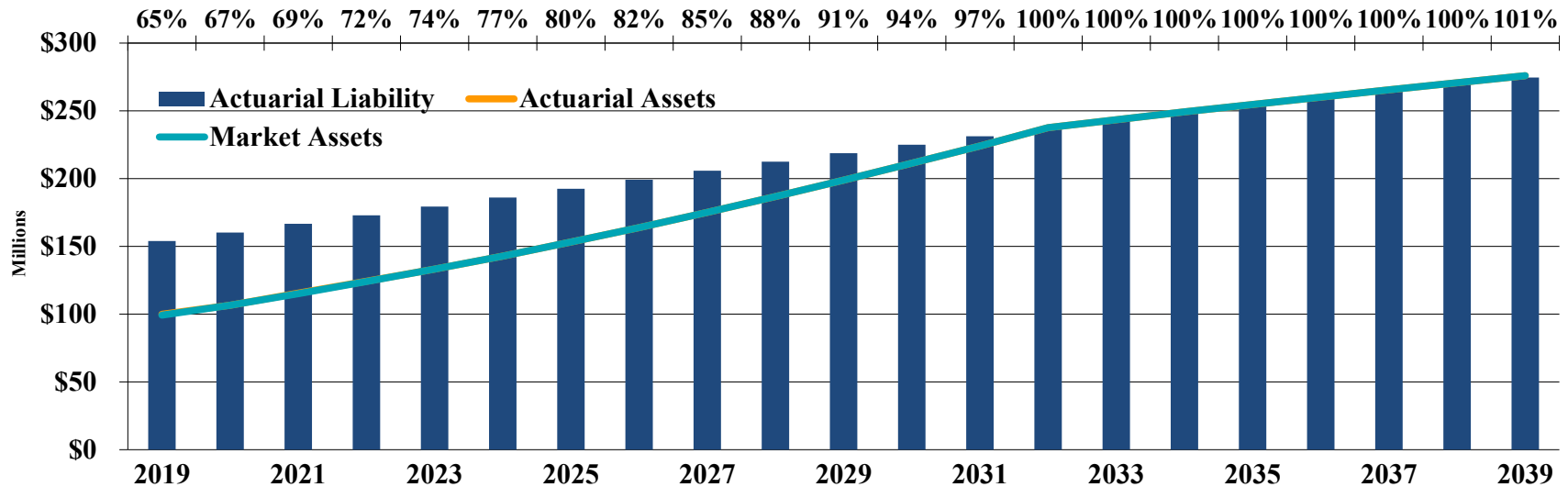
SECTION I – EXECUTIVE SUMMARY

The dollar actuarial cost is expected to be approximately \$9.8 million in 2020-2021, growing as pay increases to around \$11.6 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 five to 10 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 13 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



SECTION II – DISCLOSURES RELATED TO RISK

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may vary significantly.

A new Actuarial Standard of Practice (ASOP 51) has been issued which requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition.” This section of the report is intended to identify the primary risks to the Plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. Even in the case that the Plan remains affordable, the contributions needed to support the Plan may differ significantly from expectations. While there are a number of factors that could lead to contribution amounts deviating from expectations, we believe the primary risks are:

- Investment risk,
- Assumption change risk,
- Longevity and other demographic risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. The potential volatility of future investment returns is determined by the Plan’s asset allocation and the affordability of the investment risk is determined by the amount of assets invested relative to the size of the plan sponsor or other contribution base.

Assumption change risk is the potential for the environment to change such that future valuation assumptions are different than the current assumptions. For example, declines in interest rates over the last three decades resulted in higher investment returns for fixed-income investments, but lower expected future returns necessitating either a change in investment policy, a reduction in discount rate, or some combination of the two. Assumption change risk is an extension of the other risks identified, but rather than capturing the risk as it is experienced, it captures the cost of recognizing a change in environment when the current assumption is no longer reasonable.

Longevity and other demographic risks are the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time and are often dwarfed by other changes, particularly those due to investment returns. However, for this plan there have been substantial liability losses over the

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

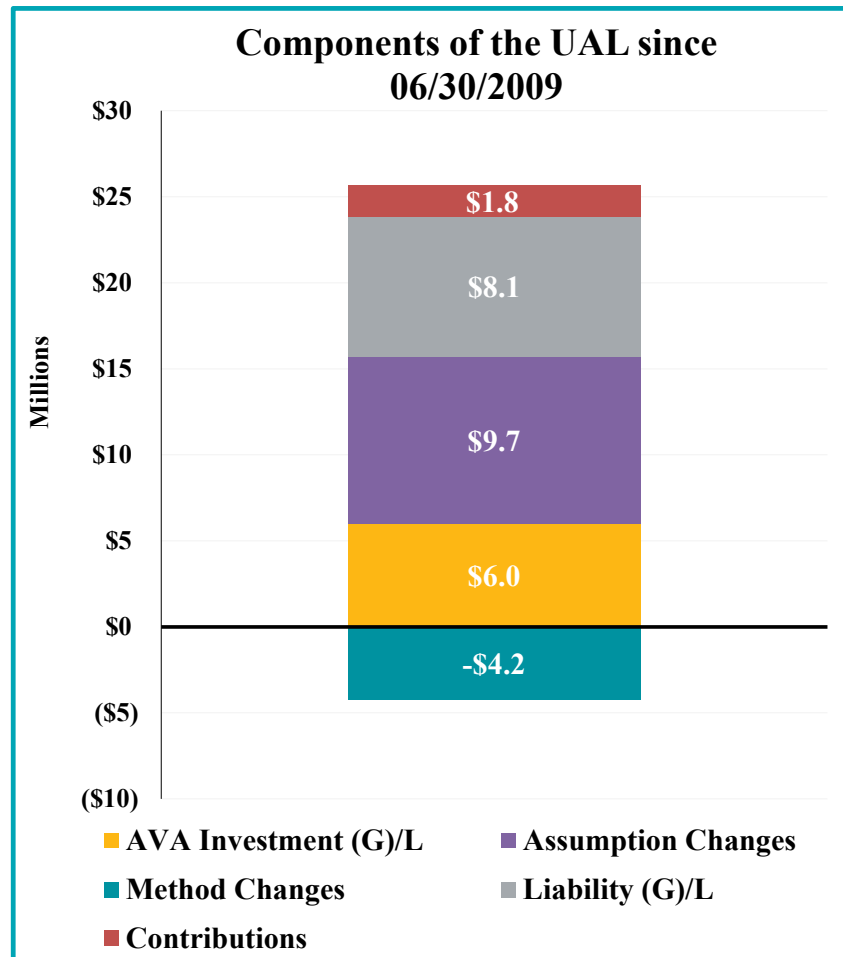
SECTION II – DISCLOSURES RELATED TO RISK

last four years, driven by lower than expected mortality rates and higher than expected pay increases for continuing active members.

Contribution risk is the potential for actual future contributions to deviate from expected future contributions. There are different sources of contribution risk ranging from the sponsor choosing to not make contributions in accordance with the funding policy to material changes in the contribution base (e.g., covered employees, covered payroll, sponsor revenue) that affect the amount of contributions the Plan can collect.

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from June 30, 2009 through June 30, 2019. Over the last 10 years, the UAL has increased by approximately \$21.4 million. The assumption changes (purple bar) resulting in a total UAL increase of \$9.7 million is the largest source of UAL growth, followed closely by liability losses (\$8.1 million, gray bar) and net investment losses (\$6.0 million, gold bar). Contributions below the “tread-water” level (red bar) have also increased the UAL by \$1.8 million. Method changes (teal bar) have decreased the UAL by \$4.2 million since June 30, 2009.

Chart II-1

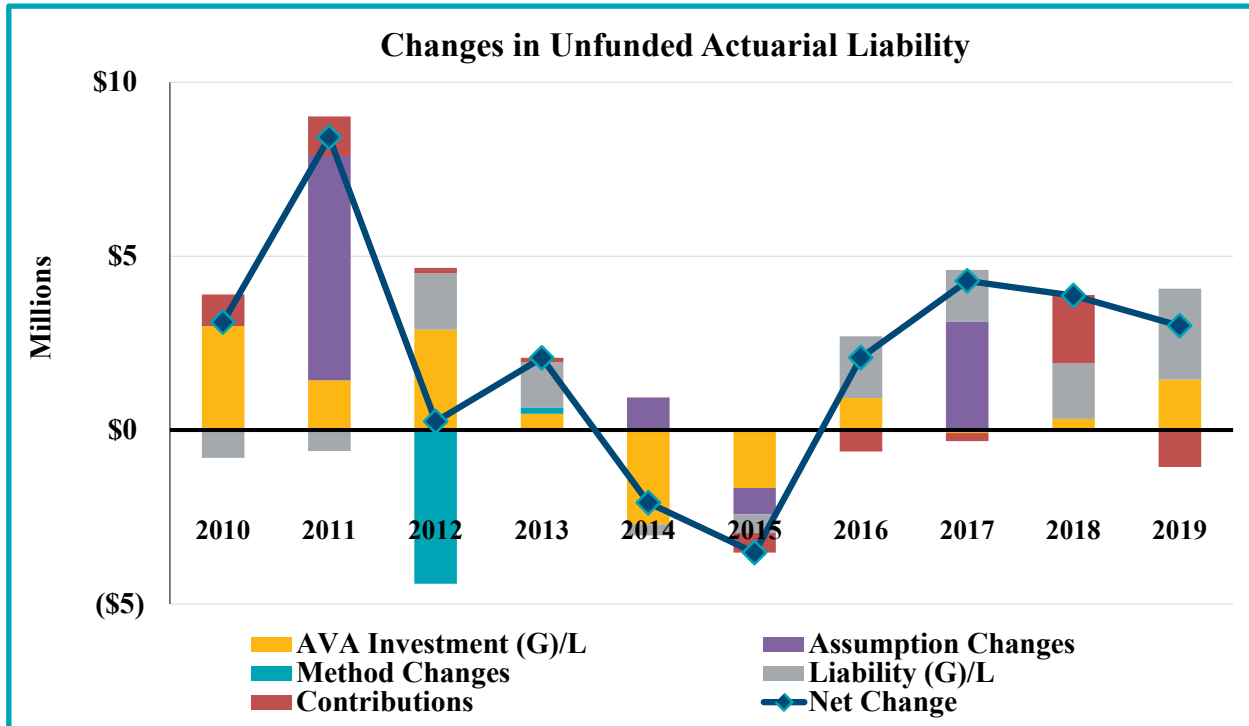


**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

Chart II-2 below details the annual sources of the UAL change (colored bars) for each valuation year. The net UAL change for each year is represented by the blue diamonds.

Chart II-2



The impact of all assumption changes is represented by the purple bars. In 2011 and 2015, there were experience studies performed, which resulted in significant increases in liabilities in 2011, primarily due to changes in the mortality assumptions and reductions in the discount rate. The experience study in 2015 resulted in a slight reduction in the liabilities. The return assumption was reduced again in 2014 and 2017. In 2012, the liabilities decreased due to the actuarial method change from Entry-Age-to-Decrement to Entry Age Actuarial Cost method.

On the liability side (gray bars), the System has experienced offsetting gains and losses, increasing the UAL by approximately \$8.1 million over the 10-year period resulting from, participants retiring, terminating, becoming disabled and dying at rates different from the actuarial assumptions as well as unexpected changes in salaries. Most of this type of activity is normal in the course of Plan experience. However, the Plan has recently experienced some significant liability losses, which indicates the potential need to update some of the assumptions, in particular the mortality assumptions for retirees. We will be reviewing this assumption and all others as part of an experience study in conjunction with the next actuarial valuation.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

Each year the UAL is expected to increase for benefits earned in the current year (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the contribution-timing lag) can impact whether or not the contributions exceed the tread water level. The shortening of the amortization period has resulted in UAL reductions from contributions over the last several years, except in 2018, where the shortfall was due to the phase-in of the 2017 assumption change impact.

While the net investment gains and losses have not been the largest driver of UAL changes over the past 10 years, the year-to-year investment volatility can have a large impact on the UAL and is unpredictable. For example, the actuarial investment gain in 2014 was \$2.7 million compared to the \$1.5 million actuarial loss in this valuation.

Table II-1 below shows the same information as Chart II-2, but the annual source of the UAL change is shown numerically instead of a graph format.

Table II-1 Unfunded Actuarial Liability (UAL) Change by Source						
Valuation Year	Assumption Changes	Method Changes	Contributions	Investment Experience	Liability Experience	Total UAL Change
2010	0	0	913,236	2,985,441	(800,735)	3,097,942
2011	6,448,866	0	1,139,337	1,428,824	(602,196)	8,414,831
2012	0	(4,417,135)	158,728	2,883,165	1,623,268	248,026
2013	0	181,918	127,112	467,927	1,299,355	2,076,312
2014	933,160	0	5,520	(2,704,686)	(323,933)	(2,089,939)
2015	(757,047)	0	(562,761)	(1,662,717)	(541,993)	(3,573,905)
2016	0	0	(614,979)	917,324	1,775,915	2,061,205
2017	3,108,901	0	(229,830)	(85,065)	1,495,305	4,289,311
2018	(18,542)	0	1,958,532	321,313	1,603,565	3,864,868
2019	0	0	(1,060,592)	1,451,131	2,611,134	3,001,672
Total	\$ 9,715,338	\$ (4,235,217)	\$ 1,834,303	\$ 6,002,657	\$ 8,139,685	\$ 21,390,323

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

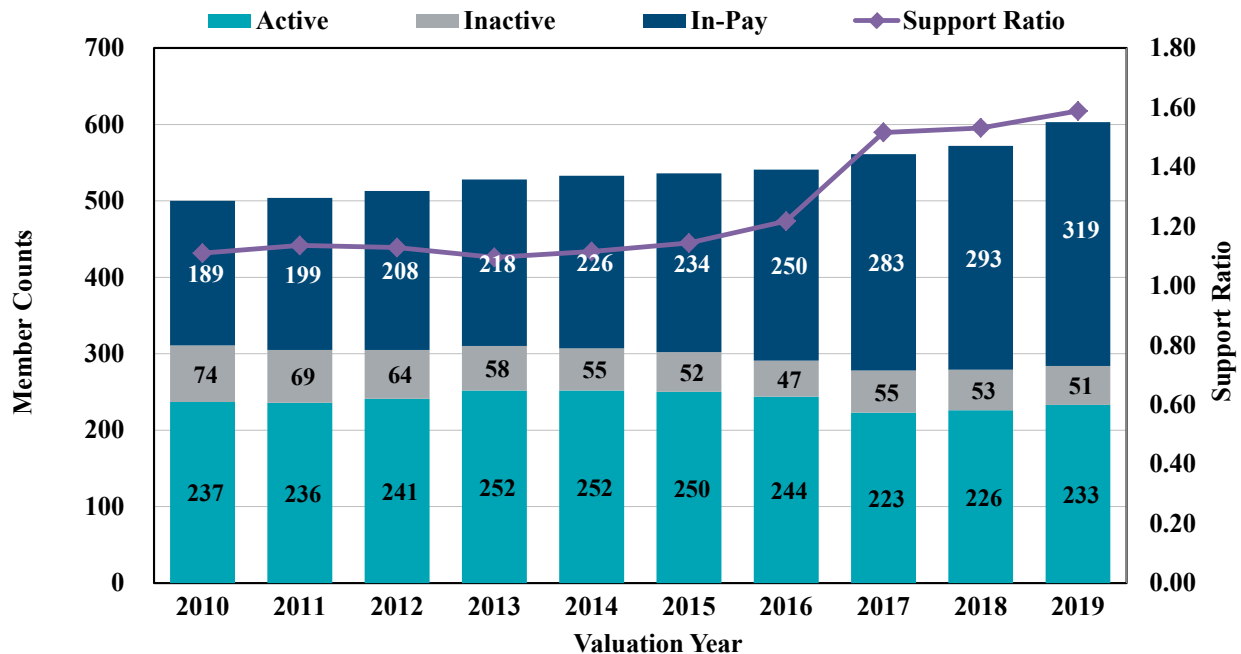
Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the plan compared to other plans and how the maturity has changed over time.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. The measures on the next page have been selected as the most important in understanding the primary risks identified for the plan.

Inactives per Active (Support Ratio)

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or inactives – those entitled to a deferred benefit) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the Support Ratio remaining fairly level from 2010 to 2015 as the number of active members increased and the number of retirees also increased. However, the Support Ratio increased rapidly from 2015 to 2019 as the active population declined while the retiree population grew.



RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019

SECTION II – DISCLOSURES RELATED TO RISK

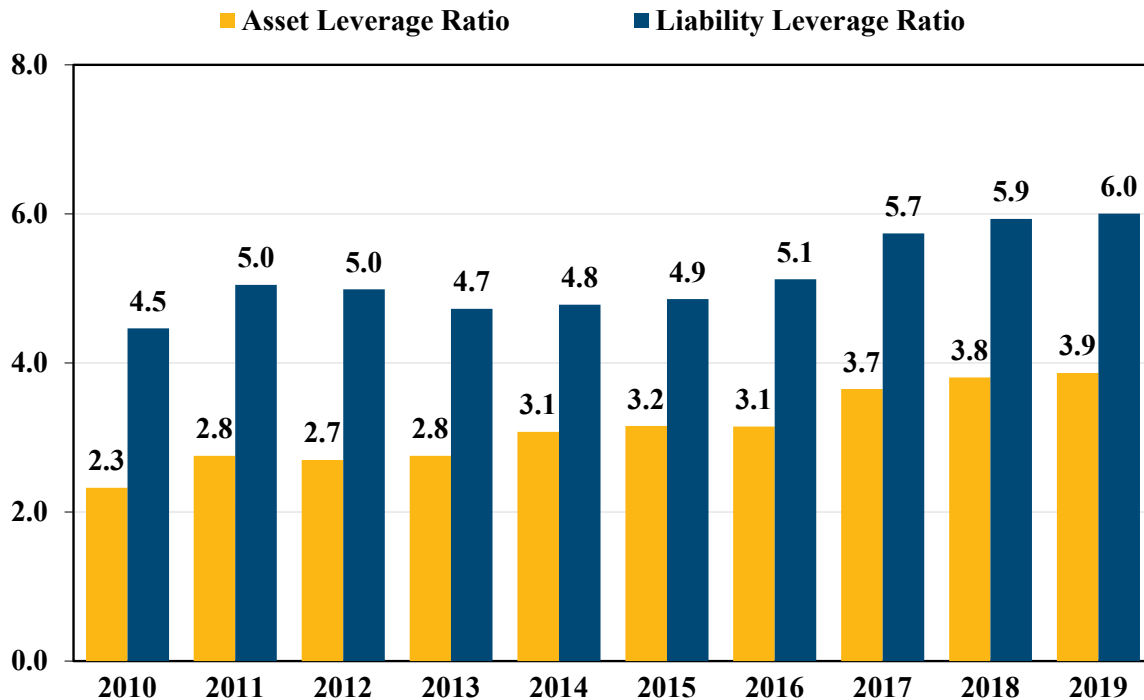
Leverage Ratios

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. The asset leverage ratio is simply the market value of assets to active member payroll and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the Plan's Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

The Plan assets are currently close to four times covered payroll. As the Plan becomes better funded, the asset leverage ratio will increase, and if it was 100% funded, the asset leverage ratio would be about six and equal the Actuarial Liability (AL) leverage ratio. Although both of these ratios are lower than those of many other public plans, the increase in the asset leverage ratio expected to accompany an improvement in the Plan's funding still represents a substantial increase in the volatility of the contributions.

An asset leverage ratio of 3.9 means that if the Plan's assets lose 10% of their value (a 17.25% actuarial loss compared to the expected return of 7.25%), the loss is about 67% of payroll ($3.9 \times 17.25\%$). Based on the current amortization policy, the contribution rate would ultimately increase by approximately 6.7% of payroll, after deferred asset losses are fully recognized. The same investment loss if the Plan were 100% funded would be around 104% of payroll and an ultimate contribution rate increase of about 10.4% of payroll, if amortized over 13 years.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have gradually increased since 2010.

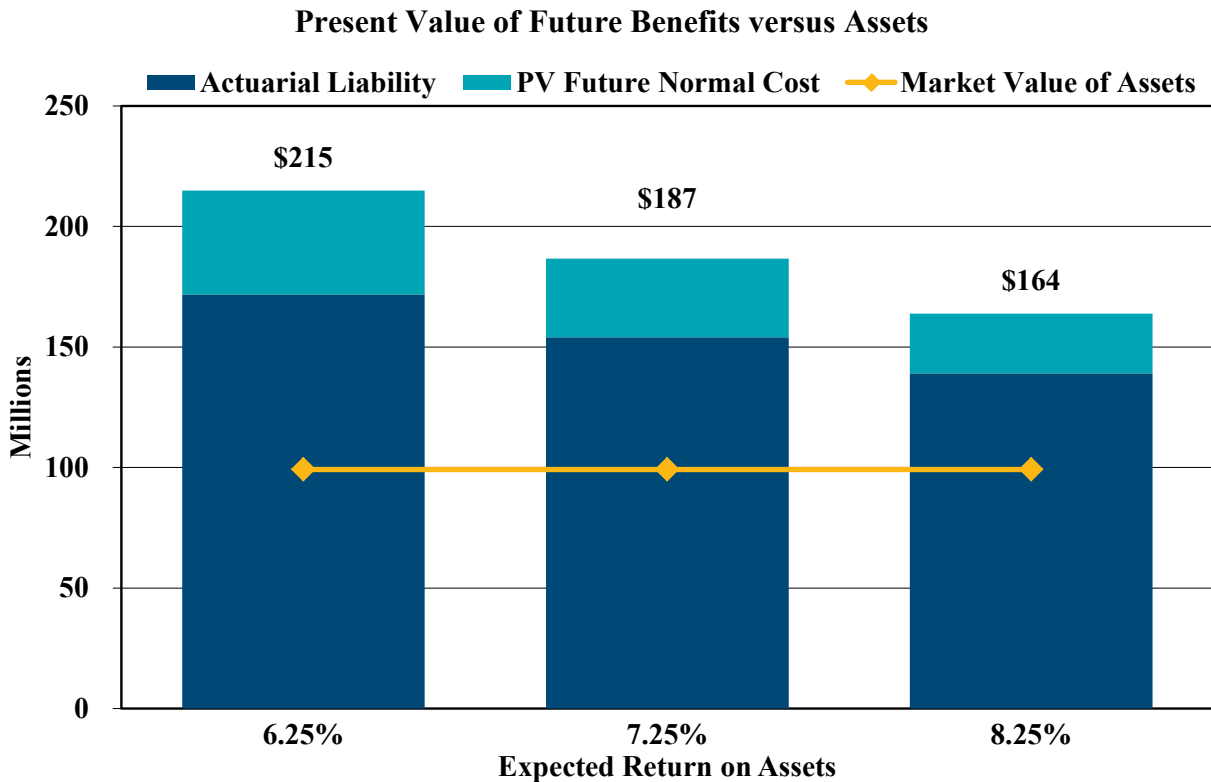


SECTION II – DISCLOSURES RELATED TO RISK

Assessing Costs and Risks

Sensitivity to Investment Returns

The chart below compares assets to the present value of all projected future benefits discounted at the current expected rate of return and at an investment return 100 basis points above and below the expected rate of return. The present value of future benefits is shown as a bar with the portion attributable to past service in dark blue (Actuarial Liability) and the portion attributable to future service in teal (Present Value of Future Normal Costs). The Market Value of Assets is shown by the gold line.



If investments return 7.25% annually, the Plan would need approximately \$187 million in assets today to pay all projected benefits compared to current assets of \$99 million. If investment returns are only 6.25%, the Plan would need approximately \$215 million in assets today, and if investment returns are 8.25%, the Plan would need approximately \$164 million in assets today.

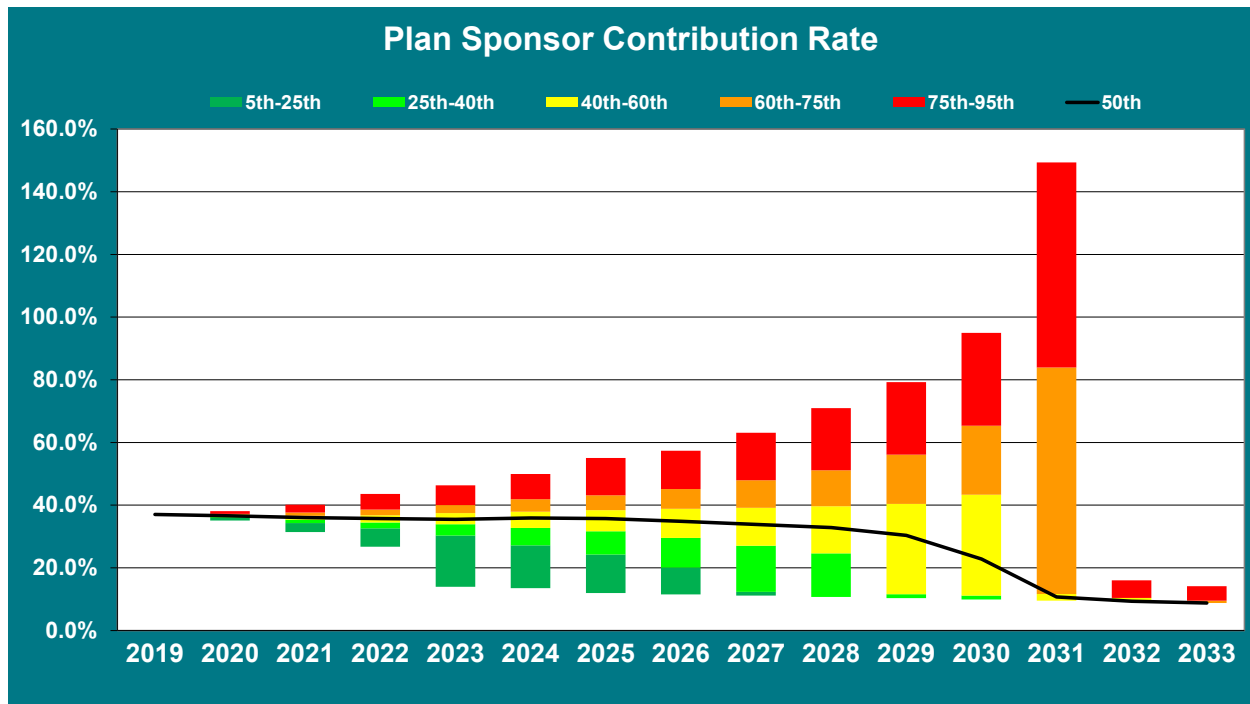
RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019

SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projections

Stochastic projections serve to show the range of probable outcomes of various measurements. The chart below and on the following page show the projected range of the employer contribution rate and of the funded ratio on an Actuarial Value of Assets basis. The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 12% standard deviation of annual returns).

Stochastic Projection of Employer Contributions as a Percent of Pay



The stochastic projection of employer contributions as a percent of pay shows the probable range of future contribution rates. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 7.25%, aligns closely with the projections discussed in subsection D of the Executive Summary of this report for the first 10 years, but then shows a more gradual decline until reaching the level of the normal cost over the next three years. In the most pessimistic scenario shown, the 95th percentile, the projected employer contribution rate is about 150% of pay in 2032. Conversely, the most optimistic scenario shown, the 5th percentile, the projected employer contribution falls below 10% starting in 2031. We note that these projections set the employer contribution to not fall below the normal cost, as required under PEPRA.

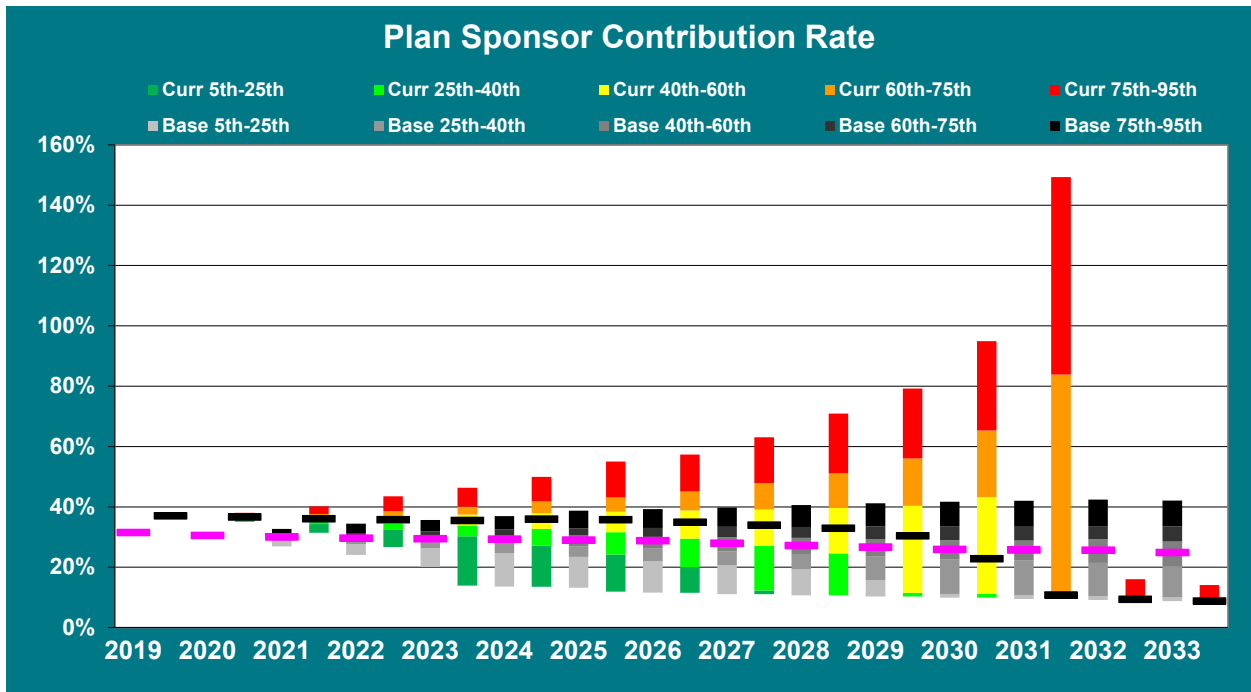
We also note that the extreme level of volatility in the contribution rates towards the end of the projection period is driven by the declining amortization period. If the Board takes action to modify the amortization period – either by freezing/restarting the amortization schedule, or

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

moving towards a layered amortization policy wherein changes in the UAL are amortized over individual fixed/closed periods based on when the change occurs – the volatility in rates could be reduced significantly.

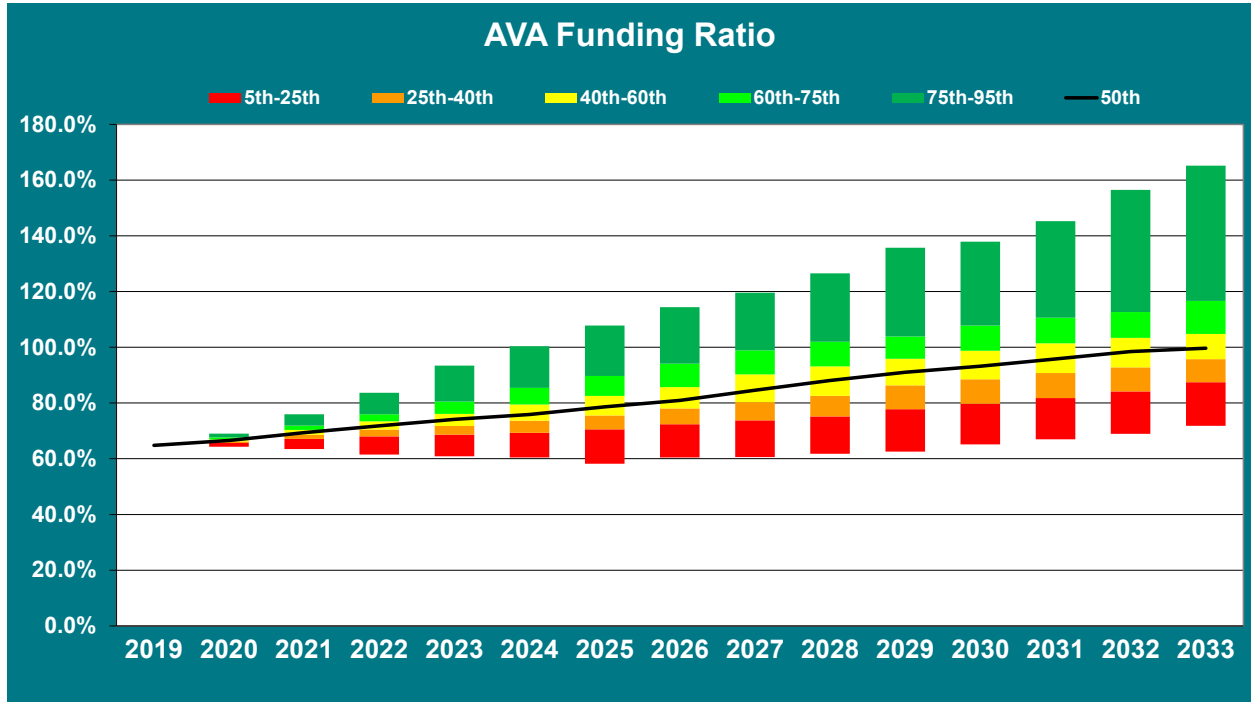
For example, the chart below shows the projected contributions rates under two different amortization policies: the black/gray bars represent a layered amortization policy, where each future year’s gain or loss is amortized over a closed 20-year period. The colored bars represent the projected costs under the current closed 13-year amortization policy (matching the projections shown in the chart on the prior page). As can clearly be seen, the expected impact of the change in amortization policy is a significant reduction in the volatility of contribution rates in future years. We encourage the Board to consider modifications to the funding policy within the next few years.



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

Stochastic Projection of Funded Ratio on an Actuarial Value of Assets Basis



The graph above shows the projection of the funded ratio based on the actuarial value of assets. It is based on the same layered amortization policy described above, where the current UAL is paid off over 13 years, and all future gains or losses are amortized over a new closed 20-year period. While the baseline-funded ratio (black line) is projected to be 100% at the end of the period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%.

Under both the current funding policy of the Plan or under a layered amortization approach, even in scenarios with unfavorable investment returns the Plan is projected to remain close to 60% funded on an actuarial value of assets basis, as long as the actuarially determined contributions continue to be made.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION II – DISCLOSURES RELATED TO RISK

Contribution Risk

While investment returns are typically the dominant factor in volatility, contribution rates can also be sensitive to future salary increases and the hiring of new members. When member payroll growth stagnates or even declines, the dollar level of contributions made to the Plan also stagnates or declines since contributions are based on payroll levels, though this will generally only present a funding issue if there is an extended period of payroll reductions.

There is also a risk of the contribution rate increasing even higher when payroll decreases since the Plan's funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments increase at the assumed payroll growth rate of 3.00%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected 3.00% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, making the Plan less affordable for those sponsors with declining payroll bases.

For example, the UAL Amortization rate as of June 30, 2019 for the FYE 2021 is 21.20%. If the projected payroll for FYE 2021 were 3.00% lower, all else being equal, the UAL Amortization rate would increase to 21.83%.

More Detailed Assessment

While a more detailed assessment is always valuable to enhance the understanding of the risks identified above, we believe the scenarios illustrated above cover the primary risks facing the Plan at this time. We would be happy to provide the Board with a more in-depth analysis at their request.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION III – 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, 2018 and June 30, 2019
- 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 III-1 discloses and compares each component of the market asset value as of June 30, 2018 and June 30, 2019.

Table III-1			
Statement of Assets at Market Value			
June 30,			
Investments		2018	2019
Cash and Cash Equivalents	\$	4,395,496	\$ 3,480,047
Equity Securities		61,849,056	64,883,704
Fixed Income Securities		32,179,477	32,264,113
Total Investments	\$	98,424,029	\$ 100,627,864
Receivables:			
Securities Sold	\$	136,418	\$ 540,134
Interest and Dividends		185,655	180,429
Other Receivable		102,890	98,172
Total Receivables	\$	424,963	\$ 818,735
Payables			
Accounts Payable	\$	(104,837)	\$ (130,293)
Benefits Payable		0	0
Other Payable		(5,614,066)	(2,130,214)
Total Payables	\$	(5,718,903)	\$ (2,260,507)
Market Value of Assets	\$	93,130,089	\$ 99,186,092

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION III – 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 III-2 shows the components of a change in the Market Value of Assets during 2018 and 2019.

Table III-2 Changes in Market Values		
	<u>2018</u>	<u>2019</u>
Contributions		
Employer's Contribution	\$ 7,669,178	\$ 8,503,815
Members' Contributions	143,094	193,293
Total Contributions	<u>\$ 7,812,272</u>	<u>\$ 8,697,108</u>
Investment Income		
Interest & Dividends	\$ 1,359,281	\$ 1,879,083
Realized & Unrealized Gain/(Loss)	5,148,390	4,206,223
Other Investment Income	0	0
Investment Expenses	<u>(434,188)</u>	<u>(436,183)</u>
Total Investment Income	<u>\$ 6,073,483</u>	<u>\$ 5,649,123</u>
Disbursements		
Benefit Payments	\$ (7,779,366)	\$ (8,373,494)
Expenses	(247,077)	(260,441)
Transfer from/(to) Union Plans	<u>2,638,467</u>	<u>343,707</u>
Total Disbursements	<u>\$ (5,387,976)</u>	<u>\$ (8,290,228)</u>
Net increase (Decrease)	<u>\$ 8,497,779</u>	<u>\$ 6,056,003</u>
Net Assets Held in Trust for Benefits:		
Beginning of Year	<u>\$ 84,632,310</u>	<u>\$ 93,130,089</u>
End of Year	<u>\$ 93,130,089</u>	<u>\$ 99,186,092</u>
Approximate Return	7.07%	6.05%
Administrative Expenses as a Percentage of Mean Assets	0.27%	0.26%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION III – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results that 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 III-3 Development of Actuarial Value of Assets as of July 1, 2019							
	(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (e) x (f)
	Total	Total	Expected	Actual	Additional	Not	Unrecognized
Year	Contributions	Disbursements	Return	Return	Earnings	Recognized	Earnings
2014-2015	7,335,569	(5,696,353)	5,480,809	2,132,136	(3,348,673)	0%	0
2015-2016	7,597,880	(6,460,605)	5,637,370	(396,556)	(6,033,926)	20%	(1,206,785)
2016-2017	7,374,844	(7,468,429)	5,646,767	9,388,876	3,742,109	40%	1,496,844
2017-2018	7,812,272	(5,387,976)	6,223,723	6,073,483	(150,240)	60%	(90,144)
2018-2019	8,697,108	(8,290,228)	6,766,681	5,649,123	(1,117,558)	80%	(894,046)
1. Total Unrecognized Dollars							(694,131)
2. Market Value of Assets as of June 30, 2019							99,186,092
3. Actuarial Value of Assets as of June 30, 2019: [(2) - (1)]							99,880,223
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							100.70%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION III – 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 III-4 Asset Gain/(Loss)		
	Market Value	Actuarial Value
July 1, 2018 value	\$ 93,130,089	\$ 94,088,321
Employer Contributions	8,503,815	8,503,815
Employee Contributions	193,293	193,293
Benefit Payments and Expenses	(8,633,935)	(8,633,935)
Transfer In / (Out) from ATU	343,707	343,707
Expected Investment Earnings (7.25%)	6,766,681	6,836,153
Expected Value June 30, 2019	\$ 100,303,650	\$ 101,331,354
Investment Gain / (Loss)	(1,117,558)	(1,451,131)
July 1, 2019 value	\$ 99,186,092	\$ 99,880,223
Return	6.05%	5.71%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION IV – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2018 and July 1, 2019
- 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 IV-1 discloses each of these liabilities for the current and prior valuations.

Table IV-1			
Liabilities/Net (Surplus)/Unfunded			
	July 1, 2018		July 1, 2019
<u>Present Value of Future Benefits</u>			
Active Participant Benefits	\$	94,049,804	\$ 93,370,028
Retiree and Inactive Benefits		<u>81,242,328</u>	<u>93,273,279</u>
Present Value of Future Benefits (PVB)	\$	175,292,132	\$ 186,643,307
<u>Actuarial Liability</u>			
Present Value of Future Benefits (PVB)	\$	175,292,132	\$ 186,643,307
Present Value of Future Normal Costs (PVFNC)		<u>30,037,825</u>	<u>32,595,426</u>
Actuarial Liability (AL = PVB – PVFNC)	\$	145,254,307	\$ 154,047,881
Actuarial Value of Assets (AVA)		<u>94,088,321</u>	<u>99,880,223</u>
Net (Surplus)/Unfunded (AL – AVA)	\$	51,165,986	\$ 54,167,658

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION IV – 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 IV-2 Changes in Actuarial Liability		
Actuarial Liability at July 1, 2018	\$	145,254,307
Actuarial Liability at July 1, 2019	\$	154,047,881
Liability Increase (Decrease)		8,793,574
Change due to:		
Actuarial Methods / Software Changes	\$	0
Plan Changes		0
Assumption Changes		0
Transfer In / (Out) from ATU		474,438
Accrual of Benefits		3,704,945
Actual Benefit Payments		(8,373,494)
Interest		10,376,551
Actuarial (Gain)/Loss		2,611,134

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION IV – LIABILITIES

Table IV-3 Development of Actuarial Gain / (Loss)		
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	51,165,986
2. Employer Normal Cost at Middle of Year		3,704,945
3. Interest on 1. and 2. to End of Year		3,841,488
4. Contributions, Admin Expenses and Transfers in Prior Year		8,305,936
5. Interest on 4. to End of Year		301,090
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		0
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$	50,105,393
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		54,167,658
11. Actuarial Gain / (Loss) [9. – 10.]	\$	(4,062,265)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION V – 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 for each member 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 13-year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2019, 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 5.75% of payroll (1/2 of 11.35%, rounded to the nearest quarter). The normal cost rate for the PEPRA members as of the July 1, 2019 valuation is 12.21%, and since the increase is less than 1%, the rate for the following fiscal year remains at 5.75%. Table V-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.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION V – CONTRIBUTIONS

Table V-1 Development of Employer Contribution Amount		
	July 1, 2018	July 1, 2019
1. Entry Age Normal Cost (Middle of Year)		
a. Termination	\$ 174,738	\$ 175,260
b. Retirement	3,323,520	3,501,689
c. Disability	94,106	98,910
d. Death	101,374	104,502
e. Refunds	11,208	16,645
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 3,704,946	\$ 3,897,006
2. Entry Age Actuarial Liability		
<u>Active Members</u>		
a. Termination	\$ (246,759)	\$ (226,458)
b. Retirement	61,632,513	58,574,087
c. Disability	1,269,947	1,210,467
d. Death	1,361,784	1,242,488
e. Refunds	(5,506)	(25,982)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 64,011,979	\$ 60,774,602
<u>Inactive Members</u>		
g. Termination	\$ 4,677,154	\$ 6,282,250
h. Retirement	71,735,454	82,070,924
i. Disability	1,118,264	698,827
j. Death	3,620,419	4,120,206
k. Transfer	91,037	101,072
l. Total Inactive Liability: (g) + (h) + (i) + (j) + (k)	\$ 81,242,328	\$ 93,273,279
m. Total Entry Age Actuarial Liability: (2f) + (2l)	\$ 145,254,307	\$ 154,047,881
3. Actuarial Value of Assets	\$ 94,088,321	\$ 99,880,223
4. Unfunded Actuarial Liability: (2m) - (3)	\$ 51,165,986	\$ 54,167,658
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (14/13 Years Remaining)	\$ 4,857,793	\$ 5,437,474
6. Expected Administrative Expenses	\$ 305,900	\$ 315,077
7. Expected Member Contributions	\$ (187,361)	\$ (271,393)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 8,681,278	\$ 9,378,163
9. Covered Payroll (Normal Cost)	\$ 23,647,941	\$ 24,843,005
10. Covered Payroll (UAL Amort and Expenses)	\$ 24,474,636	\$ 25,654,432
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	35.98%	37.03% ¹

¹ The District will begin paying this percentage of payroll July 1, 2020.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION V – CONTRIBUTIONS

Table V-2 Allocation of Liabilities, Assets, and Cost among Groups						
	AEA	AFSCME	MCEG	AFST	PEPRA	Total
Actuarial Liability						
Active	5,193,554	25,242,083	24,462,457	4,930,060	946,448	60,774,602
Inactive	<u>38,972,702</u>	<u>15,155,226</u>	<u>35,810,749</u>	<u>3,334,602</u>	<u>0</u>	<u>93,273,279</u>
Total Actuarial Liability	44,166,256	40,397,309	60,273,206	8,264,662	946,448	154,047,881
Market Value of Assets						99,186,092
Actuarial Value of Assets						99,880,223
Unfunded Actuarial Liability (UAL)						54,167,658
UAL Amortization (Middle of Year)	435,151	2,036,987	1,548,184	364,393	1,052,759	5,437,474
Total Normal Cost (Middle of Year)	316,099	1,630,400	1,087,937	286,301	576,268	3,897,006
Expected Employee Contributions	0	0	0	0	(271,393)	(271,393)
Administrative Expense	<u>25,215</u>	<u>118,034</u>	<u>89,710</u>	<u>21,115</u>	<u>61,003</u>	<u>315,077</u>
Employer Contribution Payable Monthly	776,465	3,785,421	2,725,831	671,809	1,418,636	9,378,163
Covered Payroll (Normal Cost)	1,998,904	9,303,772	7,172,858	1,647,589	4,719,882	24,843,005
Covered Payroll (UAL Amort and Admin)	2,053,076	9,610,666	7,304,455	1,719,236	4,966,999	25,654,432
Total Normal Cost as a % of Payroll	15.81%	17.52%	15.17%	17.38%	12.21%	15.69%
Employee Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(5.75%)</u>	<u>(1.09%)</u>
Employer Normal Cost as a % of Payroll	15.81%	17.52%	15.17%	17.38%	6.46%	14.60%
UAL Amortization Rate	21.20%	21.20%	21.20%	21.20%	21.20%	21.20%
Administrative Expense Rate	<u>1.23%</u>	<u>1.23%</u>	<u>1.23%</u>	<u>1.23%</u>	<u>1.23%</u>	<u>1.23%</u>
Total Contribution as a % of Payroll	38.24%	39.95%	37.60%	39.81%	28.89%	37.03%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

SECTION V – CONTRIBUTIONS

Table V-3			
Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	\$ 3,320,738	\$ 576,268	\$ 3,897,006
2. Covered Payroll (Normal Cost)	\$ 20,123,123	\$ 4,719,882	\$ 24,843,005
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.50%	12.21%	15.69%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.75%)	(1.09%)
5. Entry Age Actuarial Liability	\$ 153,101,433	\$ 946,448	\$ 154,047,881
6. Actuarial Value of Assets			\$ 99,880,223
7. Unfunded Actuarial Liability: (5) - (6)			\$ 54,167,658
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (13 Years Remaining)	\$ 4,384,715	\$ 1,052,759	\$ 5,437,474
9. Expected Administrative Expenses	\$ 254,074	\$ 61,003	\$ 315,077
10. Expected Employee Contributions	\$ 0	\$ (271,393)	\$ (271,393)
11. Employer Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,959,527	\$ 1,418,636	\$ 9,378,163
12. Covered Payroll (UAL Amort and Expenses)	\$ 20,687,433	\$ 4,966,999	\$ 25,654,432
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	38.93%	28.89%	37.03% ¹

¹ The District will begin paying this percentage of payroll July 1, 2020.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2019.

Active Participants	July 1, 2018	July 1, 2019
Number	226	233
Number Vested	182	179
Average Age	50.0	49.4
Average Service	13.8	12.7
Average Pay	\$103,630	\$105,212
Retired		
Number	272	296
Average Age	67.5	67.7
Average Annual Benefit	\$25,559	\$27,016
Beneficiaries		
Number	15	18
Average Age	69.9	68.4
Average Annual Benefit	\$25,548	\$24,215
Disabled		
Number	6	5
Average Age	70.1	70.3
Average Annual Benefit	\$26,330	\$18,626
Term Vested		
Number	53	51
Average Age	48.1	47.0
Average Annual Benefit	\$10,757	\$15,337
Transferred¹		
Number	82	4
Average Age	48.9	46.9
Average Annual Benefit	\$15,110	\$1,551

¹ Transferred participant count for 2018 includes 78 records who transferred from another Salaried plan.

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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AEA								
	Actives	Actives with Transfer Service¹	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries²	Total
July 1, 2018	30	44	1	28	5	170	8	286
New Entrants	6	0	0	0	0	0	0	6
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(2)	0	0	(8)	0	10	0	0
Vested Terminations	(1)	(2)	0	1	0	0	0	(2)
Died, With Beneficiary, QDRO	0	0	0	0	0	(2)	2	0
Transfers	(1)	2	0	0	0	0	0	1
Died, No Beneficiary, & Other Terminations	0	0	0	0	(1)	(2)	0	(3)
Transfer Retirement	0	(4)	0	0	0	2	0	(2)
Beneficiary Deaths	0	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(4)	0	(1)	0	0	0	0	(5)
Data Corrections	0	(39)	0	0	0	0	0	0
July 1, 2019	28	1	0	21	4	178	9	280

¹ As of July 1, 2019, transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

² 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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFSC								
	Actives	Actives with Transfer Service ¹	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries ²	Total
July 1, 2018	81	15	0	3	1	35	0	135
New Entrants	9	0	0	0	0	0	0	9
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(11)	0	0	0	0	11	0	0
Vested Terminations	(1)	(1)	0	2	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	17	1	0	0	0	0	0	18
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	(2)	0	0	0	0	0	0	(2)
Data Corrections	0	(13)	0	0	0	0	0	0
July 1, 2019	93	2	0	5	1	46	0	160

¹ As of July 1, 2019, transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

² 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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: AFST								
	Actives	Actives with Transfer Service¹	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries²	Total
July 1, 2018	33	14	0	8	0	10	0	65
New Entrants	2	0	0	0	0	0	0	2
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(2)	0	0	(1)	0	3	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(1)	1	0
Transfers	4	(1)	0	0	0	0	0	3
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	0	0	0	0	0	0	0	0
Data Corrections	0	(12)	1	0	0	0	0	1
July 1, 2019	36	1	1	8	0	12	1	71

¹ As of July 1, 2019, transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

² 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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: MCEG								
	Actives	Actives with Transfer Service¹	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries²	Total
July 1, 2018	82	9	1	14	0	57	7	170
New Entrants	6	0	0	0	0	0	0	6
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(3)	0	0	(1)	0	4	0	0
Vested Terminations	(4)	0	0	4	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(1)	1	0
Transfers	0	4	0	0	0	0	0	4
Died, No Beneficiary, & Other Terminations	(2)	0	2	0	0	0	0	0
Transfer Retirement	0	(2)	0	0	0	0	0	(2)
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(3)	0	(1)	0	0	0	0	(4)
Data Corrections	0	(11)	0	0	0	0	0	0
July 1, 2019	76	0	2	17	0	60	8	174

¹ As of July 1, 2019, transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

² 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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: All Non-Contract								
	Actives	Actives with Transfer Service¹	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries²	Total
July 1, 2018	226	82	2	53	6	272	15	656
New Entrants	23	0	0	0	0	0	0	23
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(18)	0	0	(10)	0	28	0	0
Vested Terminations	(7)	(3)	0	8	0	0	0	(2)
Died, With Beneficiary, QDRO	0	0	0	0	0	(4)	4	0
Transfers	20	6	0	0	0	0	0	26
Died, No Beneficiary, & Other Terminations	(2)	0	2	0	(1)	(2)	0	(3)
Transfer Retirement	0	(6)	0	0	0	2	0	(4)
Beneficiary Deaths	0	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(9)	0	(2)	0	0	0	0	(11)
Data Corrections	0	(75)	1	0	0	0	0	1
July 1, 2019	233	4	3	51	5	296	18	685

¹ As of July 1, 2019, transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

² 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, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Non-Union Active Participants As of July 1, 2019														
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	1	0	0	0	0	0	0	0	0	0	0	0	3
30 to 34	1	0	0	1	1	6	0	0	0	0	0	0	0	9
35 to 39	4	4	0	1	1	7	9	1	0	0	0	0	0	27
40 to 44	4	6	2	1	0	5	8	9	2	0	0	0	0	37
45 to 49	1	0	3	3	0	4	11	12	3	1	0	0	0	38
50 to 54	2	1	2	2	1	7	7	13	13	2	0	0	0	50
55 to 59	3	1	0	2	0	3	6	13	9	2	3	0	0	42
60 to 64	1	0	1	0	1	0	3	5	5	1	0	0	0	17
65 to 69	0	0	1	0	0	1	1	2	4	0	1	0	0	10
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	18	13	9	10	4	33	45	55	36	6	4	0	0	233

Average Age = 49.4

Average Service = 12.7

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

APPENDIX A – MEMBERSHIP INFORMATION

Payroll Distribution Of Non-Union Active Participants As of July 1, 2019													
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	57,984	59,399	0	0	0	0	0	0	0	0	0	0	58,455
30 to 34	83,030	0	0	82,957	59,113	95,948	0	0	0	0	0	0	88,976
35 to 39	83,338	72,091	0	99,322	139,895	88,810	90,580	77,988	0	0	0	0	87,993
40 to 44	103,058	93,669	115,033	90,312	0	74,713	89,232	123,377	76,618	0	0	0	98,532
45 to 49	145,500	0	113,686	77,478	0	92,580	116,593	119,573	131,924	69,251	0	0	112,414
50 to 54	91,196	90,330	57,603	81,431	106,852	97,600	122,220	117,984	135,857	134,796	0	0	115,318
55 to 59	100,812	90,267	0	83,119	0	91,520	104,289	111,583	115,070	138,270	136,052	0	110,242
60 to 64	97,064	0	91,504	0	99,688	0	98,416	122,591	91,905	95,566	0	0	103,032
65 to 69	0	0	121,909	0	0	46,418	63,963	101,917	120,439	0	179,637	0	109,752
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	92,888	83,875	99,971	83,412	101,387	89,255	103,380	116,807	119,224	118,491	146,948	0	105,212

Average Salary = \$ 105,212

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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	41	\$1,246
60-64	75	\$2,609
65-69	95	\$2,740
70-74	57	\$2,016
75-79	24	\$1,832
80-84	14	\$2,105
85-89	4	\$1,003
90-94	2	\$161
95+	0	\$0
Total	314	\$2,238

Disabled Participants

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	0	\$0
55-59	1	\$1,739
60-64	0	\$0
65-69	1	\$1,897
70-74	2	\$1,770
75-79	0	\$0
80-84	1	\$586
85-89	0	\$0
90-94	0	\$0
95+	0	\$0
Total	5	\$1,552

Terminated Vested Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	2	\$481
35-39	8	\$525
40-44	5	\$1,109
45-49	14	\$1,257
50-54	21	\$1,744
55-59	0	\$0
60-64	0	\$0
65-69	1	\$263
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
All Ages	51	\$1,278

Tranferred Participants

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	1	\$33
40-44	1	\$0
45-49	1	\$484
50-54	0	\$0
55-59	1	\$0
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	4	\$129

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2019 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, 2019 is 13 years. Amounts may be added to or subtracted from the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions, and actuarial gains and losses.

The total Plan cost is the sum of the normal cost, the amortization of the Unfunded Actuarial Liability, and the expected administrative expenses.

Actuarial Value of Plan Assets

The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return on the Market Value of Assets.

Actuarial Assumptions

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Board 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, 2019**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

3. Plan Expenses

Administrative expenses are assumed to be \$324,529 for Fiscal Year 2020-21, 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	3.00%	3.00%	3.00%
Longevity & Promotion			
AFSME	2.00%	2.00%	0.00%
AEA/MCEG	3.25%	0.50%	0.50%
Total (Compound)			
AFSME	5.06%	5.06%	3.00%
AEA/MCEG	6.35%	3.52%	3.52%

5. Family Composition

85% of participants are assumed to be married. Males are assumed to be three years older than their spouses, and females are assumed to be three years younger than their spouses. This assumption is applied to active members, as well as 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, 2019**

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, 2019

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, 2019**

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

16. Changes Since Last Valuation

None

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2019**

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, 2019**

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, 2019**

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, 2019**

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 contribution rate for PEPRA members was 5.75% of payroll (1/2 of 11.35%, rounded to the nearest quarter). The normal cost rate for the PEPRA members as of the July 1, 2019 valuation is 12.21%, and since the increase is less than 1%, the rate for the following fiscal year remains at 5.75%.

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 that 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 that 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



STAFF REPORT

DATE: March 11, 2020
TO: Sacramento Regional Transit Retirement Boards (ALL)
FROM: Jamie Adelman, AVP Finance and Treasury
SUBJ: RECEIVE AND FILE THE INDEPENDENT AUDITOR'S REPORT FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2019 (ALL). (ADELMAN)

RECOMMENDATION

Motion to Approve.

RESULT OF 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, 2019 (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, 2019, 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 \$13,910,135 or 4.91% from the beginning-of-year balance of \$283,474,775 to the end-of-year balance of \$297,384,910. The audit confirmed that the District made 100% of its actuarially determined contribution of \$20,336,135.

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.

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, 2019**

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

TABLE OF CONTENTS

	<u>PAGE</u>
MEMBERS OF THE RETIREMENT BOARD AND ADMINISTRATIVE STAFF	i
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Plan Net Position	3
Statement of Changes in Plan Net Position	4
Notes to the Financial Statements	
Description of the Plans	5
Significant Accounting Policies	9
Contribution Requirements	10
Cash and Investments	11
Net Pension Liability	19
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedules of Changes in the Net Pension Liability and Related Ratios	24
Schedules of District Contributions	29
Schedules of Investment Returns	33
SUPPLEMENTAL SCHEDULES	
Schedules of Investment and Administrative Expenses	34

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

Amalgamated Transit Union Local 256

Ralph Niz, Chairperson
Crystal Lee, Member
Matthew Lucien, 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

Gary Parks, Chairperson
Peter Guimond, Member
Lisa Thompson, Alternate

Management and Confidential Employees

Roger Thorn, Chairperson
Craig Norman, Member
Christopher Flores, Alternate

Sacramento Regional Transit District

Patrick Kennedy, Common Chairperson
Henry Li, Member
Rick Jennings, 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, Director, Finance and Treasury
Lynda Volk, Accountant II

Human Resources Department

Mariza Montung-Fuller, Human Resource Analyst II



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, 2019, 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, 2019, 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 it.

Crowe LLP
Crowe LLP

Sacramento, California
November 15, 2019

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

STATEMENT OF PLAN NET POSITION

JUNE 30, 2019

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
Assets				
Investments:				
Equity securities	\$ 86,159,743	\$ 37,890,099	\$ 64,883,704	\$ 188,933,546
Fixed income securities	49,342,326	21,082,948	32,264,113	102,689,387
Total investments	<u>135,502,069</u>	<u>58,973,047</u>	<u>97,147,817</u>	<u>291,622,933</u>
Cash and short-term investments	5,097,279	2,203,967	3,480,047	10,781,293
Receivables				
Securities sold	751,221	331,712	540,134	1,623,067
Interest and dividends	271,133	116,384	180,429	567,946
Other receivables and prepaids	133,720	63,637	98,172	295,529
Total receivables	<u>1,156,074</u>	<u>511,733</u>	<u>818,735</u>	<u>2,486,542</u>
Total assets	<u>141,755,422</u>	<u>61,688,747</u>	<u>101,446,599</u>	<u>304,890,768</u>
Liabilities				
Securities purchased payable	3,203,460	1,376,564	2,130,214	6,710,238
Accounts payable	502,252	163,075	130,293	795,620
Total liabilities	<u>3,705,712</u>	<u>1,539,639</u>	<u>2,260,507</u>	<u>7,505,858</u>
Net position restricted for pension benefits	<u>\$ 138,049,710</u>	<u>\$ 60,149,108</u>	<u>\$ 99,186,092</u>	<u>\$ 297,384,910</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, 2019**

	ATU	IBEW	Salaried	Total
Additions				
Contributions:				
Employer	\$ 8,533,307	\$ 3,299,013	\$ 8,503,815	\$ 20,336,135
Member	493,597	209,531	193,293	896,421
Change in bargaining group	-	-	343,707	343,707
Total contributions	<u>9,026,904</u>	<u>3,508,544</u>	<u>9,040,815</u>	<u>21,576,263</u>
Investment income/(expenses):				
Net appreciation in fair value of investments	5,867,599	2,570,415	4,206,223	12,644,237
Interest, dividends, and other income	2,761,818	1,178,611	1,879,083	5,819,512
Investment expenses	(616,625)	(266,394)	(436,183)	(1,319,202)
Net investment income/(expense)	<u>8,012,792</u>	<u>3,482,632</u>	<u>5,649,123</u>	<u>17,144,547</u>
Total additions	<u>17,039,696</u>	<u>6,991,176</u>	<u>14,689,938</u>	<u>38,720,810</u>
Deductions				
Benefits paid to participants	11,545,372	3,779,076	8,373,494	23,697,942
Change in bargaining group	343,707	-	-	343,707
Administrative expenses	279,016	229,569	260,441	769,026
Total deductions	<u>12,168,095</u>	<u>4,008,645</u>	<u>8,633,935</u>	<u>24,810,675</u>
Net increase in plan net position	4,871,601	2,982,531	6,056,003	13,910,135
Net position restricted for pension benefits - Beginning of fiscal year	<u>133,178,109</u>	<u>57,166,577</u>	<u>93,130,089</u>	<u>283,474,775</u>
Net position restricted for pension benefits - End of fiscal year	<u>\$ 138,049,710</u>	<u>\$ 60,149,108</u>	<u>\$ 99,186,092</u>	<u>\$ 297,384,910</u>

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

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 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, 2019**

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, 2019, consisted of:

	ATU	IBEW	Salaried
Retirees and beneficiaries currently receiving benefits	467	142	314
Terminated members entitled to but not yet collecting benefits	26	18	45
Current active members	514	207	235
	1,007	367	594

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, 2019 assets were moved from the ATU Plan to the Salaried Plan in the amount of \$343,707. 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, 2019**

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, 2019**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

1. DESCRIPTION OF THE PLANS (Continued)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

New Pronouncements – For the fiscal year ended June 30, 2019, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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, 2019, the District made 100% of the actuarially determined contributions to the ATU, IBEW and Salaried Plans of \$20,336,135, for all employees.

TIER 1 EMPLOYEES

For the fiscal year ended June 30, 2019, the actuarially determined rate for the ATU Plan was 28.15% of covered payroll, the IBEW Plan was 25.03% of covered payroll, and the Salaried Plan was 34.30% of covered payroll. No contributions are required by the ATU, IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

TIER 2 EMPLOYEES

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

ATU employees are required to contribute 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 21.65% of covered payroll for the fiscal year ending June 30, 2019. The total contribution by Tier 2 employees of the ATU Plan for the fiscal year ended June 30, 2019 was \$447,767.

IBEW 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 was 19.78% of covered payroll for the fiscal year ending June 30, 2019. The total contribution by Tier 2 employees of the IBEW Plan for the fiscal year ended June 30, 2019 was \$209,531.

Members of AEA, MCEG, AFSCME-Supervisors, and AFSCME-Technical 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 29.05% of covered payroll for the fiscal year ending June 30, 2019. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2019 was \$193,293.

The employee contribution rates calculated in compliance with PEPRA, for June 30, 2019, were actuarially determined as part of the valuations dated July 1, 2017.

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 25.15% of covered payroll for the fiscal year ending June 30, 2019. The total contribution by Tier 3 employees of the ATU Plan for the fiscal year ended June 30, 2019 was \$45,830.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

4. CASH AND INVESTMENTS

CASH AND SHORT-TERM INVESTMENTS

At June 30, 2019, the reported amount of cash and short-term investments of the ATU, IBEW and Salaried Plans was \$10,781,293. 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, 2019:

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

For the years ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 6.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

4. CASH AND INVESTMENTS (Continued)

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

Authorized Investment Type	Maximum Maturity (1)	Minimum Rating (3)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Cash	None	N/A	None	None
U.S. Treasury Bills	None	N/A	None	None
Agency Discount Notes	None	N/A	None	None
Certificates of Deposit	None	N/A	None	None
Bankers Acceptances	None	N/A	None	None
Commercial Paper	None	A2/P2	None	None
Asset-Backed Commercial Paper	None	A2/P2	None	None
Money Market Funds and Bank Short-Term Investment Funds (STIF)	None	N/A	None	None
Repurchase Agreements	None	N/A	None	None
U.S. Government and Agency Securities	None	N/A	None	None
Credit Securities/Corporate Debt (4)	None	N/A	None	None
Securitized Investments (5)	None	N/A	None	None
Emerging Markets	None	N/A	None	None
International Fixed Income Securities	None	N/A	None	None
Other Fixed Income Securities (6)	None	N/A	None	None
Mutual Funds and Interest in Collective and Commingled Funds	N/A	N/A	25% (2)	5%
Real Estate Investment Trust	N/A	N/A	25% (2)	5%
Depository Receipt	N/A	N/A	25% (2)	5%
Stocks	N/A	N/A	25% (2)	5%

- (1) The fixed income portion of the ATU, IBEW and Salaried Plans shall be limited in duration to between 75% and 125% of the benchmark.
- (2) No more than 25% of the fair value on the purchase cost basis of the total common stock portfolio (equity securities) shall be invested in a single industry at the time of purchase.
- (3) The investment managers shall maintain a minimum overall portfolio quality rating of "A" equivalent or better at all times (based on market-weighted portfolio average). Minimum quality (at purchase) must be at least 80% Baa or above.
- (4) Credit Securities and Corporate Debt include: debentures, medium-term notes, capital securities, trust preferred securities, Yankee bonds, Eurodollar securities, floating rate notes and perpetual floaters, structured notes, municipal bonds, preferred stock, private placements (bank loans and 144(a) securities), and 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, 2019**

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, 2019.

	Maturity in Years				Amount
	Less than 1	1 - 5	6 - 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ 566,076	\$ 365,560	\$ 6,183,537	\$ 7,115,173
Corporate Bonds	1,662,113	10,886,361	9,260,826	6,898,510	28,707,810
Municipal Bonds	-	-	131,153	460,597	591,750
U.S. Government Agency Obligations	-	24,034	1,134,174	28,669,525	29,827,733
U.S. Government Issued Obligations	-	15,945,332	3,134,353	7,627,936	26,707,621
Asset-Backed Securities	-	681,023	1,473,513	7,584,764	9,739,300
Total	\$ 1,662,113	\$ 28,102,826	\$ 15,499,579	\$ 57,424,869	\$ 102,689,387

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, 2019**

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, 2019, the ATU, IBEW and Salaried Plans held callable bonds with a value of \$18,843,046.

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, 2019**

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, 2019, 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, 2019.

Investment Rating	Amount	Percentage of Portfolio
Not Applicable	\$ 188,933,546	64.79%
Not Rated	36,322,327	12.46%
Aaa	32,669,840	11.20%
Aa1	560,557	0.19%
Aa2	350,208	0.12%
Aa3	899,535	0.31%
A1	1,515,666	0.52%
A2	3,674,563	1.26%
A3	2,755,701	0.94%
Baa1	6,029,078	2.07%
Baa2	6,067,103	2.08%
Baa3	5,610,597	1.92%
Ba1	1,768,389	0.61%
Ba2	399,263	0.14%
Ba3	932,031	0.32%
B1	559,465	0.19%
B2	288,266	0.10%
B3	765,767	0.26%
Caa1	169,120	0.06%
Caa2	168,353	0.06%
WR	1,183,558	0.41%
	<u>\$ 291,622,933</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, 2019**

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, 2019, the Plans held more than 5% of the Plans' fiduciary net position and more than 5% of total investments in the following fixed-income securities investments.

Federal Home Loan Mortgage Corporation	\$ 16,680,482
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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.

As of June 30, 2019, the ATU, IBEW and Salaried Plans do not have any deposits or investments in a foreign currency.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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, 2019:

	June 30, 2019	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	\$ 7,115,173	\$ -	\$ 7,115,173	\$ -
Corporate bonds	28,707,810	-	28,707,810	-
Municipals	591,750	-	591,750	-
U.S. Government Agency obligations	29,827,733	-	29,827,733	-
U.S. Government issued obligations	26,707,621	-	26,707,621	-
Asset backed obligations	9,739,300	-	9,739,300	-
Equity Securities				
Common stock	68,132,659	68,132,659	-	-
Depository receipts	504,111	504,111	-	-
Real estate investment trust	1,191,964	1,191,964	-	-
Total investments by fair value level	<u>\$ 172,518,121</u>	<u>\$ 69,828,734</u>	<u>\$ 102,689,387</u>	<u>\$ -</u>
Investments measured at the net asset value				
S&P 500 index fund	\$ 50,461,404			
MSCI EAFE index fund	11,402,909			
International large capital equity fund	27,795,829			
International small capital equity fund	12,987,509			
International emerging markets fund	16,457,161			
Total investments measured at NAV	<u>119,104,812</u>			
Total investments measured at fair value	<u>\$ 291,622,933</u>			

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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)

	06/30/2019	Fair Value	Unfunded Commitments	Redemptions Frequency	Redemptions Notice Period
S&P 500 index fund ¹	\$ 50,461,404	\$ 50,461,404	\$ -	Daily	1 day
MSCI EAFE index fund ²	11,402,909	11,402,909	-	Semi-monthly	6-8 days
International large capital equity fund ³	27,795,829	27,795,829	-	Monthly	7 days
International small capital equity fund ⁴	12,987,509	12,987,509	-	Monthly	2 days
International emerging markets fund ⁵	16,457,161	16,457,161	-	Daily	1 day
Total investments measured at the NAV	<u>\$ 119,104,812</u>	<u>\$ 119,104,812</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, 2019**

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, 2019, were as follows:

Total pension liability	\$	183,053,830
Plan fiduciary net position		(138,049,710)
ATU net pension liability	<u>\$</u>	<u>45,004,120</u>
Plan fiduciary net position as a percentage of the total pension liability		75.41%

The total pension liability was determined by an actuarial valuation as of July 1, 2018, 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, 2018 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 (14 years remaining as of the July 1, 2018 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, 2019**

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	\$ 201,535,070	\$ 183,053,830	\$ 167,226,379
Plan fiduciary net position	(138,049,710)	(138,049,710)	(138,049,710)
Net pension liability	\$ 63,485,360	\$ 45,004,120	\$ 29,176,669
Plan fiduciary net position as a percentage of the total pension liability	68.50%	75.41%	82.55%

IBEW Plan

The components of the net pension liability of the IBEW Plan at June 30, 2019, were as follows:

Total pension liability	\$	80,003,157
Plan fiduciary net position		(60,149,108)
IBEW net pension liability	\$	19,854,049
Plan fiduciary net position as a percentage of the total pension liability		75.18%

The total pension liability was determined by an actuarial valuation as of July 1, 2018, 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, 2018 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 (14 years remaining as of the July 1, 2018 actuarial valuation).

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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	\$ 88,680,041	\$ 80,003,157	\$ 72,618,426
Plan fiduciary net position	(60,149,108)	(60,149,108)	(60,149,108)
Net pension liability	<u>\$ 28,530,933</u>	<u>\$ 19,854,049</u>	<u>\$ 12,469,318</u>
 Plan fiduciary net position as a percentage of the total pension liability	 67.83%	 75.18%	 82.83%

Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2019, were as follows:

Total pension liability	\$ 151,558,856
Plan fiduciary net position	(99,186,092)
Salaried net pension liability	<u>\$ 52,372,764</u>
Plan fiduciary net position as a percentage of the total pension liability	65.44%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

5. NET PENSION LIABILITY (Continued)

The total pension liability was determined by an actuarial valuation as of July 1, 2018, 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, 2018 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 (14 years remaining as of the July 1, 2018 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 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 169,030,728	\$ 151,558,856	\$ 136,557,671
Plan fiduciary net position	(99,186,092)	(99,186,092)	(99,186,092)
Net pension liability	<u>\$ 69,844,636</u>	<u>\$ 52,372,764</u>	<u>\$ 37,371,579</u>
Plan fiduciary net position as a percentage of the total pension liability	58.68%	65.44%	72.63%

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

5. NET PENSION LIABILITY (Continued)

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

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

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, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	8.25%
Domestic Equity Small Cap	9.55%
International Equity Developed	8.70%
International Equity Emerging	10.70%
Domestic Fixed Income	3.75%

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 YEARS ENDED JUNE 30, 2019, 2018 AND 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service Cost	\$ 5,084,840	\$ 4,765,696	\$ 4,835,944
Interest	12,664,533	12,761,359	12,885,195
Changes of benefit terms	-	-	(11,268)
Difference between expected and actual experience	(519,304)	(261,689)	(5,577,742)
Change of assumptions	(172,948)	3,663,543	-
Change in bargaining group	(314,880)	(5,129,398)	-
Benefit payments, including refunds of member contributions	<u>(11,545,372)</u>	<u>(11,304,112)</u>	<u>(10,776,986)</u>
Net change in total pension liability	5,196,869	4,495,399	1,355,143
Total pension liability - beginning	<u>177,856,961</u>	<u>173,361,562</u>	<u>172,006,419</u>
Total pension liability - ending	<u>\$ 183,053,830</u>	<u>\$ 177,856,961</u>	<u>\$ 173,361,562</u>
Plan fiduciary net position			
Contributions - employer	\$ 8,533,307	\$ 7,863,420	\$ 7,987,367
Contributions - member	493,597	337,009	168,463
Change in bargaining group	(343,707)	(2,638,467)	-
Net investment income/(expense)	8,012,792	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	<u>(11,545,372)</u>	<u>(11,304,112)</u>	<u>(10,776,986)</u>
Administrative expense	<u>(279,016)</u>	<u>(260,006)</u>	<u>(306,539)</u>
Net change in plan fiduciary net position	4,871,601	2,589,654	11,492,013
Plan fiduciary net position - beginning	<u>133,178,109</u>	<u>130,588,455</u>	<u>119,096,442</u>
Plan fiduciary net position - ending	<u>\$ 138,049,710</u>	<u>\$ 133,178,109</u>	<u>\$ 130,588,455</u>
Net pension liability - ending	<u>\$ 45,004,120</u>	<u>\$ 44,678,852</u>	<u>\$ 42,773,107</u>
Plan fiduciary net position as a percentage of the total pension liability	75.41%	74.88%	75.33%
Covered payroll	\$ 30,125,788	\$ 31,575,118	\$ 30,212,311
Net pension liability as a percentage of covered payroll	149.39%	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%.

-FY2019: amounts are reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRAs members to account for missed pay periods.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
IBEW LOCAL 1245**

FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2018 AND 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service Cost	\$ 1,792,845	\$ 1,596,227	\$ 1,640,651
Interest	5,449,300	5,338,451	4,742,855
Changes of benefit terms	-	-	(105,379)
Difference between expected and actual experience	499,642	(978,363)	2,420,299
Changes of assumptions	(98,047)	1,630,101	-
Benefit payments, including refunds of member contributions	<u>(3,779,076)</u>	<u>(3,621,685)</u>	<u>(3,281,167)</u>
Net change in total pension liability	3,864,664	3,964,731	5,417,259
Total pension liability - beginning	<u>76,138,493</u>	<u>72,173,762</u>	<u>66,756,502</u>
Total pension liability - ending	<u><u>80,003,157</u></u>	<u><u>76,138,493</u></u>	<u><u>72,173,761</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 3,299,013	\$ 3,195,912	\$ 3,315,379
Contributions - member	209,531	103,415	39,287
Net investment income/(expense)	3,482,632	3,629,568	5,332,230
Benefit payments, including refunds of member contributions	(3,779,076)	(3,621,685)	(3,281,167)
Administrative expense	<u>(229,569)</u>	<u>(225,752)</u>	<u>(239,188)</u>
Net change in plan fiduciary net position	2,982,531	3,081,458	5,166,541
Plan fiduciary net position - beginning	<u>57,166,577</u>	<u>54,085,119</u>	<u>48,918,578</u>
Plan fiduciary net position - ending	<u><u>\$ 60,149,108</u></u>	<u><u>\$ 57,166,577</u></u>	<u><u>\$ 54,085,119</u></u>
Net pension liability - ending	<u><u>\$ 19,854,049</u></u>	<u><u>\$ 18,971,916</u></u>	<u><u>\$ 18,088,642</u></u>
Plan fiduciary net position as a percentage of the total pension liability	75.18%	75.08%	74.94%
Covered payroll	\$ 13,300,633	\$ 13,137,945	\$ 12,473,480
Net pension liability as a percentage of covered payroll	149.27%	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%.
- FY2019: amounts are reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
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	<u>(13,180,874)</u>	<u>(13,157,985)</u>	<u>(12,877,177)</u>
Net change in total pension liability	16,057,404	7,659,442	8,288,478
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	<u>(290,647)</u>	<u>(190,442)</u>	<u>(230,365)</u>
Net change in plan fiduciary net position	(4,091,034)	1,608,381	19,083,643
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.

Information prior to 2014 is not available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
SALARIED EMPLOYEES
LAST 10 FISCAL YEARS**

	<u>2019</u>	<u>2018</u>
Total pension liability		
Service Cost	\$ 3,831,831	\$ 3,647,115
Change in bargaining group	474,438	5,129,398
Interest (includes interest on service cost)	10,288,390	9,485,966
Changes of benefit terms	-	-
Difference between expected and actual experience	1,215,057	1,856,563
Changes of assumptions	(17,295)	3,291,931
Benefit payments, including refunds of member contributions	<u>(8,373,494)</u>	<u>(7,779,366)</u>
Net change in total pension liability	7,418,927	15,631,607
Total pension liability - beginning	<u>144,139,929</u>	<u>128,508,322</u>
Total pension liability - ending	<u>\$ 151,558,856</u>	<u>\$ 144,139,929</u>
Plan fiduciary net position		
Contributions - employer	\$ 8,503,815	\$ 7,669,178
Contributions - member	193,293	143,094
Change in bargaining group	343,707	2,638,467
Net investment income/(expense)	5,649,123	6,073,483
Benefit payments, including refunds of member contributions	<u>(8,373,494)</u>	<u>(7,779,366)</u>
Administrative expense	<u>(260,441)</u>	<u>(247,077)</u>
Net change in plan fiduciary net position	6,056,003	8,497,779
Plan fiduciary net position - beginning	<u>93,130,089</u>	<u>84,632,310</u>
Plan fiduciary net position - ending	<u>\$ 99,186,092</u>	<u>\$ 93,130,089</u>
Net pension liability - ending	<u>\$ 52,372,764</u>	<u>\$ 51,009,840</u>
Plan fiduciary net position as a percentage of the total pension liability	65.44%	64.61%
Covered payroll	\$ 22,220,418	\$ 24,283,580
Net pension liability as a percentage of covered payroll	235.70%	210.06%

Notes to Schedule:

- FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%.
- FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.
- 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%.
- FY2019: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.
- 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.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
SALARIED EMPLOYEES
LAST 10 FISCAL YEARS (Continued)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service Cost	\$ 3,873,148	\$ 3,594,919	\$ 3,476,103	\$ 3,321,337
Change in bargaining group	-	-	-	174,166
Interest (includes interest on service cost)	8,960,042	8,807,953	8,434,365	7,978,675
Changes of benefit terms	(298,430)	-	-	-
Difference between expected and actual experience	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	-	(680,161)	930,863	-
Benefit payments, including refunds of member contributions	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Net change in total pension liability	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	121,090,442	109,824,641	109,824,641	104,014,863
Total pension liability - ending	\$ 128,508,322	\$ 114,504,331	\$ 116,410,752	\$ 109,824,641
Plan fiduciary net position				
Contributions - employer	\$ 7,321,138	\$ 7,576,866	\$ 7,335,308	\$ 6,609,083
Contributions - member	53,706	21,014	261	1,678
Change in bargaining group	-	-	-	174,166
Net investment income/(expense)	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	(289,067)	(269,624)	(194,209)	(176,367)
Net change in plan fiduciary net position	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	75,337,019	74,596,300	70,824,948	60,583,144
Plan fiduciary net position - ending	\$ 84,632,310	\$ 75,337,019	\$ 74,596,300	\$ 70,824,948
Net pension liability - ending	\$ 43,876,012	\$ 39,167,312	\$ 41,814,452	\$ 38,999,693
Plan fiduciary net position as a percentage of the total pension liability	65.86%	65.79%	64.08%	64.49%
Covered payroll	\$ 23,435,642	\$ 24,341,878	\$ 23,022,281	\$ 22,008,809
Net pension liability as a percentage of covered payroll	187.22%	160.91%	181.63%	177.20%

Notes to Schedule:

- FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%.
- FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.
- 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%.
- FY2019: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.
- 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.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256
FOR THE FISCAL YEARS ENDING JUNE 30, 2019, 2018 AND 2017
(Dollar amounts in thousands)**

	2019	2018	2017
Actuarially determined contribution	\$ 8,533	\$ 7,863	\$ 7,987
Contributions in relation to the actuarially determined contribution	8,533	7,863	7,987
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 30,126	\$ 31,575	\$ 30,212
Contributions as a percentage of covered payroll	28.33%	24.90%	26.44%

Notes to Schedule

Valuation Date
Timing

7/1/2017 (to determine FY18-19 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
Amortization method
Asset valuation method
Discount Rate
Amortization growth rate
Price inflation
Salary Increases
Mortality

Entry Age
Level percentage of payroll, closed 15 year period as of 6/30/2017
5-year smoothed market
7.25%
3.00%
3.00%
3.00%, plus merit component on employee classification and years of service
RP 2014 w/Scale MP-2015, base tables adjusted 1.15% 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, 2019, can be found in the July 1, 2017 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
FOR THE FISCAL YEARS ENDING JUNE 30, 2019, 2018 AND 2017
(Dollar amounts in thousands)**

	2019	2018	2017
Actuarially determined contribution	\$ 3,299	\$ 3,196	\$ 3,315
Contributions in relation to the actuarially determined contribution	3,299	3,196	3,315
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 13,301	\$ 13,138	\$ 12,473
Contributions as a percentage of covered payroll	24.80%	24.33%	26.58%

Notes to Schedule

Valuation Date
Timing

7/1/2017 (to determine FY18-19 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 15 year period as of 6/30/2017
Asset valuation method	5-year smoothed market
Discount Rate	7.25%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary Increases	3.00%, 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, 2019, can be found in the July 1, 2017 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
FOR THE FISCAL YEARS ENDING JUNE 30, 2016, 2015, 2014, 2013, 2012, 2011 AND 2010
(Dollar amounts in thousands)**

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

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
 - Amortization method
 - Asset valuation method
 - Discount Rate
 - Amortization growth rate
 - Price inflation
 - Salary Increases
 - Mortality
- Entry Age
 - Level percentage of payroll, closed 18 year period as of 6/30/2014
 - 5-year smoothed market
 - 7.65%
 - 3.15%
 - 3.15%
 - 3.15%, plus merit component on employee classification and years of service
 - 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)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 8,504	\$ 7,669	\$ 7,321	\$ 7,577	\$ 7,335	\$ 6,609	\$ 5,800	\$ 4,580	\$ 3,718	\$ 4,269
Contributions in relation to the actuarially determined contribution	8,504	7,669	7,321	7,577	7,335	6,609	5,800	4,580	3,718	4,269
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 22,220	\$ 24,284	\$ 24,342	\$ 23,022	\$ 22,009	\$ 19,627	\$ 19,105	\$ 19,466	\$ 22,602	\$ 21,115
Contributions as a percentage of covered payroll	38.27%	31.58%	30.08%	32.91%	33.33%	33.67%	30.36%	23.53%	16.45%	20.22%

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

7/1/2017 (to determine FY18-19 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
 - Amortization method
 - Asset valuation method
 - Discount Rate
 - Amortization growth rate
 - Price inflation
 - Salary Increases
 - Mortality
- Entry Age
Level percentage of payroll, closed 15 year period as of 6/30/2017
5-year smoothed market
7.25%
3.00%
3.00%
3.00%, plus merit component on employee classification and years of service
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, 2019, can be found in the July 1, 2017 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>2019</u>	<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	6.23%	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, 2019**

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 131,594
Boston Partners Investment Management	Asset Management	113,685
Atlanta Capital Management Co.	Asset Management	92,788
Pyrford	Asset Management	84,959
AQR	Asset Management	52,993
SSgA S&P 500	Asset Management	11,157
SSgA MSCI EAFE	Asset Management	5,107
State Street Bank and Trust Company	Custodian Services	69,955
Callan Associates, Inc.	Investment Advisor	54,387
Total		<u>\$ 616,625</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Plan Administration	\$ 113,588
Hanson Bridgett	Consulting Services	84,744
Cheiron EFI	Actuarial Services	38,690
AON Risk Services, Inc.	Fiduciary Insurance	13,018
Sacramento Area Council of Governments	Audit Services	15,667
CALAPRS	Dues & Training Course	7,631
Other	Misc	5,678
Total		<u>\$ 279,016</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, 2019

Investment Expenses:

Vendor Names	Type of Services	Amount
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 56,885
Boston Partners Investment Management	Asset Management	49,140
Atlanta Capital Management Co.	Asset Management	40,115
AQR	Asset Management	22,799
Pyrford	Asset Management	36,726
SSgA S&P 500	Asset Management	4,823
SSgA MSCI EAFE	Asset Management	2,208
Callan Associates, Inc.	Investment Advisor	25,663
State Street Bank and Trust Company	Custodian Services	28,035
Total		<u>\$ 266,394</u>

Administrative Expenses:

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Plan Administration	\$ 83,089
Hanson Bridgett	Consulting Services	84,745
Cheiron EFI	Actuarial Services	27,248
AON Risk Services, Inc.	Fiduciary Insurance	13,068
Sacramento Area Council of Governments	Audit Services	15,667
CALAPRS	Dues & Training Course	2,907
Other	Misc	2,845
Total		<u>\$ 229,569</u>

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Investment Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Metropolitan West Asset Management, L.L.C.	Asset Management	\$ 93,067
Boston Partners Investment Management	Asset Management	80,394
Atlanta Capital Management Co.	Asset Management	65,641
AQR	Asset Management	37,696
Pyrford	Asset Management	60,090
SSgA S&P 500	Asset Management	7,891
SSgA MSCI EAFE	Asset Management	3,612
State Street Bank and Trust Company	Custodian Services	45,837
Callan Associates, Inc.	Investment Advisor	41,955
Total		<u>\$ 436,183</u>

Administrative Expenses:

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Pension Administration	\$ 94,397
Hanson Bridgett	Consulting Services	84,745
Cheiron EFI	Actuarial Services	41,530
AON Risk Services, Inc.	Fiduciary Insurance	13,093
Sacramento Area Council of Governments	Audit Services	15,667
CALAPRS	Dues & Training Course	7,531
Other	Miscellaneous	3,478
Total		<u>\$ 260,441</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 Plan, 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>Other Information In Documents Containing Audited Financial Statements You often consider information prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We read the following items and noted no material inconsistencies or misstatement of facts in such information based on our reading thereof.</p>

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

Crowe LLP
Crowe LLP

Sacramento, California
November 15, 2019



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, 2019, in accordance with auditing standards generally accepted in the United States of America we considered the Plans' internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

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

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

This communication is intended solely for the information and use of management, 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 15, 2019



STAFF REPORT

DATE: March 11, 2020
TO: Sacramento Regional Transit Retirement Boards (ALL)
FROM: Jamie Adelman, AVP Finance and Treasury
SUBJ: RECEIVE AND FILE THE FISCAL YEAR 2019 STATE CONTROLLER'S REPORT SALARIED PENSION PLAN (AEA/AFSCME/MCEG). (ADELMAN)

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

Motion: Receive and File the Fiscal Year 2019 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, 2019 was filed on December 20, 2019.

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

Sacramento Regional Transit District Salaried Employees' Retirement Plan

Reporting Year: 2019

ID Number: 16383440511

For the Fiscal Year Ended: 06/30/2019 (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

J. Adelman

Signature

AVP, FINANCE & TREASURY

Title

Jamie Adelman

Name (Please Print)

(916) 321-3823 12/20/19

Telephone Number

Date

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

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 12/20/2019 10:01:12 AM

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

Fiscal Year: 2019

Mailing Address

Street 1	<input type="text" value="1400 29th Street"/>	Type of Plan	<input type="text" value="Defined Benefit"/>
Street 2	<input type="text"/>	Retirement Administrator	<input type="text" value="Valerie Weekly"/>
City	<input type="text" value="Sacramento"/>	Telephone	<input type="text" value="(916) 556-0296"/>
State	<input type="text" value="CA"/>	Zip	<input type="text" value="95816"/>
		Email	<input type="text" value="vweekly@sacrt.com"/>
<input type="checkbox"/> Has Address Changed?			

Report Prepared By

First Name	<input type="text" value="Lynda"/>	Firm Name	<input type="text" value="Sacramento Regional Transit District"/>
Middle Initial	<input type="text"/>	Telephone	<input type="text" value="(916) 556-0178"/>
Last Name	<input type="text" value="Volk"/>	Fax No.	<input type="text" value="(916) 321-2820"/>
Title	<input type="text" value="Accountant II"/>	Email	<input type="text" value="lvolk@sacrt.com"/>

Independent Auditor

Firm Name	<input type="text" value="Crowe Horwath, LLP"/>	Street 1	<input type="text" value="650 Town Center Drive"/>
First Name	<input type="text" value="Scott"/>	Street 2	<input type="text" value="Suite 740"/>
Middle Initial	<input type="text"/>	City	<input type="text" value="Costa Mesa"/>
		State	<input type="text" value="CA"/>
		Zip	<input type="text" value="92626"/>
Last Name	<input type="text" value="Nickerson"/>	Telephone	<input type="text" value="(317) 208-2551"/>
		Email	<input type="text" value="scott.nickerson@crowehorwath.com"/>

Additional Information

Actuary/Actuary Firm	<input type="text" value="Cheiron"/>	Street 1	<input type="text" value="3685 Mt Diablo Blvd"/>
		Street 2	<input type="text" value="Suite 250"/>
Contact Name	<input type="text" value="Graham Schmidt"/>	P.O. Box	<input type="text"/>
		City	<input type="text" value="Lafayette"/>
		State	<input type="text" value="CA"/>
		Zip	<input type="text" value="94549"/>
Date of Valuation Report	<input type="text" value="07012018"/>	Telephone	<input type="text" value="(703) 893-1456"/>
		Email	<input type="text" value="gschmidt@cheiron.us"/>

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

Fiscal Year: 2019

Assets	
R01. Cash and Cash Equivalents	3,480,047
Receivables	
R02. Contributions	
R03. Investments	720,563
R04. Other Receivables	98,172
R05. Total Receivables	818,735
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	17,762,917
R08. Municipal Bonds	185,923
R09. Domestic Corporate Bonds	9,019,744
R10. International Bonds	
R11. Domestic Stocks	42,204,377
R12. International Stocks	22,260,535
R13. Real Estate	2,235,526
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	3,478,795
R17. Total Investments	97,147,817
R18. Securities Lending Collateral	
R19. Capital Assets, Net of Accumulated Depreciation	
R20. Other Assets	
R21. Total Assets	\$101,446,599
R22. Deferred Outflows of Resources	
Liabilities	
R23. Benefits Payable	
R24. Accounts Payable	130,293
R25. Investment Purchases Payable	2,130,214
R26. Securities Lending Obligation	
R27. Other Liabilities	
R28. Total Liabilities	\$2,260,507
R29. Deferred Inflows of Resources	
R30. Net Position Restricted for Pension Benefits	\$99,186,092

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

Fiscal Year: 2019

Contributions		
Employer		
R01.	General	8,503,815
R02.	Safety	
R03.	Combined	
R04.	Total Employer	8,503,815
Member		
R05.	General	193,293
R06.	Safety	
R07.	Combined	
R08.	Total Member	193,293
Other Contributions		
R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Contributions	
R13.	Total Contributions	\$8,697,108
Investment Income (Loss)		
R14.	Net Appreciation (Depreciation) in Fair Value of Investments	4,206,223
R15.	Interest	1,116,231
R16.	Dividends	593,994
R17.	Other Investment Income	168,858
R18.	(Investment Expense)	-436,183
Securities Lending Income (Loss)		
R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	Net Securities Lending Income (Loss)	0
R22.	Net Investment Income (Loss)	\$5,649,123
R23.	Other Income	
R24.	Total Additions	\$14,346,231

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: 2019

Benefit Payments

Service Retirement

R01.	General	8,222,450
R02.	Safety	
R03.	Combined	
R04.	Total Service Retirement	8,222,450

Disability Retirement

R05.	General	115,778
R06.	Safety	
R07.	Combined	
R08.	Total Disability Retirement	115,778

Other Benefit Payments

R09.	General	
R10.	Safety	
R11.	Combined	
R12.	Total Other Benefit Payments	
R13.	Total Benefit Payments	8,338,228

Member Refunds

R14.	General	35,266
R15.	Safety	
R16.	Combined	
R17.	Total Member Refunds	35,266

R18.	Administrative Expenses	260,441
R19.	Other Expenses	

R20.	Total Deductions	\$8,633,935
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R21.	Net Increase (Decrease) in Net Position	5,712,296
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R22.	Net Position Restricted for Pension Benefits, Beginning of Year	93,130,089
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R23.	Adjustment 1	343,707
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R24.	Adjustment 2	
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R25.	Net Position Restricted for Pension Benefits, End of Year	\$99,186,092
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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: 2019

Total Pension Liability	
R01. Service Cost	3,831,831
R02. Interest	10,288,390
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	1,215,057
R05. Changes of Assumptions	-17,295
R06. Benefit Payments, Including Refunds of Member Contributions	-8,373,494
R07. Net Change in Total Pension Liability	6,944,489
R08. Total Pension Liability – Beginning	144,139,929
R09. Adjustments	474,438
R10. Total Pension Liability – Ending (a)	151,558,856
Plan Fiduciary Net Position	
R11. Contributions – Employer	8,503,815
R12. Contributions – Member	193,293
R13. Contributions – Other	0
R14. Net Investment Income	5,649,123
R15. Other Income	0
R16. Benefit Payments, Including Refunds of Member Contributions	-8,373,494
R17. Administrative Expenses	-260,441
R18. Other Expenses	0
R19. Net Change in Plan Fiduciary Net Position	5,712,296
R20. Plan Fiduciary Net Position – Beginning	93,130,089
R21. Adjustments	343,707
R22. Plan Fiduciary Net Position –Ending (b)	99,186,092
R23. Net Pension Liability – Ending (a) - (b)	52,372,764
R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)	65.44%
R25. Covered-Employee Payroll	22,220,418
R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	235.7%

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

Fiscal Year: 2019

R01. Actuarially Determined Contributions	8,503,815
R02. Contributions in Relation to the Actuarially Determined Contributions	8,503,815
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	22,220,418
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	0%

Notes to Schedule

R06. Valuation Date

7/1/17

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	15
R10. Asset Valuation Method	The actuarial value of Plan assets is calculated on a modified market-related value. The market value of assets is 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	3.00 plus merit component
R13. Investment Rate of Return (%)	7.25
R14. Other Information	

Note:

(R08) Amortization Method: Level Percentage of Projected Payroll

(R09) Remaining Amortization Period: 15

(R12) Salary Increases: 3.00 plus merit component

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

Fiscal Year: 2019

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	181	2	45	283	6		25	542
General	PEPRA	Open		52						52
Select		Select								
Grand Total Members			181	54	45	283	6		25	594

	Employers						Total
	State	Counties	Cities	Special Districts	School Districts	Other Agencies	
Number of Agencies				1			1
Number of Members				594			594

Members' Annual Payroll		
Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	21,042,351
General	PEPRA	3,432,285
Grand Total Payroll		\$24,474,636

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

Fiscal Year: 2019

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	Si
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.93		16.93	19.71		19.71	36.64	0.00	36.64				
General	PEPRA	5.78		5.78	19.71		19.71	25.49	0.00	25.49				

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	Si
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	16.93		16.93	18.54		18.54	35.47	0.00	35.47				
General	PEPRA	5.78		5.78	18.89		18.89	24.67	0.00	24.67				

Estimated Annual Employer Contributions

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,390,127	3,934,221	7,324,348
General	PEPRA	139,976	486,201	626,177
Grand Total Employer Contributions		\$3,530,103	\$4,420,422	\$7,950,525

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

Fiscal Year: 2019

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"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<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"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R07. Total Salary Scale	<input type="text" value="5"/>	<input type="text" value="5"/>	<input type="text" value="5"/>	<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"/>

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="69,844,636"/>	<input type="text" value="52,372,764"/>	<input type="text" value="37,371,579"/>

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

Fiscal Year: 2019

	1 Year	3 Years	5 Years
R01. Money-Weighted Rate of Return (%)			
R02. Time-Weighted Rate of Return (%)	6.61	8.8	5.83

Schedule of Investment Returns

R03. Fiscal Year	2019	2018	2017
R04. Annual Money-Weight Rate of Return, Net of Investment Expense %	6.23	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: 2019

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		0.0200				8.0000
R02. Age 30		0.0300				8.0000
R03. Age 35		0.0300				3.0000
R04. Age 40		0.0400				3.0000
R05. Age 45		0.0700				2.5000
R06. Age 50	5.0000	0.1100				0.0000
R07. Age 55	5.0000	0.2000				0.0000
R08. Age 60	15.0000	0.3900				0.0000
R09. Age 65	25.0000	0.8400				0.0000
R10. Age 70	100.0000	0.0000				0.0000

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.0200				8.0000
R12. Age 30		0.0300				8.0000
R13. Age 35		0.0300				3.0000
R14. Age 40		0.0400				3.0000
R15. Age 45		0.0700				2.5000
R16. Age 50	5.0000	0.1100				
R17. Age 55	5.0000	0.2000				
R18. Age 60	15.0000	0.3900				
R19. Age 65	25.0000	0.8400				
R20. Age 70	100.0000	0.0000				

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: 2019

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	0.0000	0.0000
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	Service Retirement	Withdrawal (Termination)
Years of Service	Rate	Rate
R21. Year 5	<input type="text"/>	<input type="text"/>
R22. Year 10	<input type="text"/>	<input type="text"/>
R23. Year 15	<input type="text"/>	<input type="text"/>
R24. Year 20	<input type="text"/>	<input type="text"/>
R25. Year 25	<input type="text"/>	<input type="text"/>
R26. Year 30	<input type="text"/>	<input type="text"/>
R27. Year 35	<input type="text"/>	<input type="text"/>
R28. Year 40	<input type="text"/>	<input type="text"/>
R29. Year 45	<input type="text"/>	<input type="text"/>
R30. Year 50	<input type="text"/>	<input type="text"/>

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

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

Fiscal Year: 2019

Funding Position

R01. Valuation Date (MM/DD/YYYY)	07/01/2018
R02. Name of Actuarial Firm	Cheiron Inc
R03. Actuarial Accrued Liability (AAL)	145,254,307
R04. Actuarial Value of Assets (AVA)	94,088,321
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	51,165,986
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64.77
R07. Annual Covered Payroll (ACP)	24,474,636
R08. UAAL as a Percentage of ACP (AVA Basis)	209.06%
R09. Method Used to Determine AAL	Entry Age
R10. Please Specify "Other" Method	
R11. Market Value of Assets (MVA)	93,130,089
R12. UAAL (MVA Basis)	52,124,218
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	64.12

UAAL Amortization

R14. Method Used to Amortize the Total UAAL	Level Percentage of Projected Covered Payroll
R15. Please Specify "Other" Method	
R16. Total UAAL Amortization Period (in years)	30
R17. Years Remaining in Total UAAL Amortization Period	14
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: 2019

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
Member Type	Tier						
General	Non-PEPRA					Y	
General	PEPRA					Y	

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

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

Fiscal Year: 2019

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

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

Fiscal Year: 2019		
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	(R08)MunicipalBonds	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. 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	(R15)Interest	Interest amount fluctuates based on annual market performance and portfolio market performance.
Additions	(R17)OtherInvestmentIncome	The majority of other investment income consists of short-term security and currency gain/loss on listed futures and gain/loss on open futures contracts. Amounts fluctuate based on annual market performance and portfolio market performance.
Deductions	(R05)DisabilityRetirement-General	There were less disability retirements in current year.
Deductions	(R14)MemberRefund-General	There were more member refunds in current year.
Deductions	(R23)Adjustment1	Provisions of a legally binding Arbitration between the District and the ATU require that, 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.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU require that, 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.

Total Footnote: 15



STAFF REPORT

DATE: March 11, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Valerie Weekly, Manager, Pension and Retiree Services

SUBJ: Presentation regarding the 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)

RECOMMENDATION

None associated with this matter.

RESULT OF RECOMMENDED ACTION

No recommended action.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

The attached documents are provided quarterly to keep the Retirement Boards informed about the various duties of SacRT 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 – SacRT Staff Costs Attributable and Charged to SacRT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter Ending December 31, 2019

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	PRSA
Administer Retiree Medical	Sr. HR Analyst	Sr. HR Analyst
Managing Stale Dated and Lost Check Replacement	Payroll Analyst and Treasury Controller	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	Pension Analyst (HR) and Payroll Analyst	Pension Analyst and/or Payroll Supervisor

Process Retirement Board Vendor Invoices	Pension Analyst	PRSA
Collection of Form 700 from Retirement Board Vendors	Pension Analyst	PRSA

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 Treasury/CFO
Actuarial Services (Cheiron) Contract Procurement	PRSA and Treasury Controller	VP Treasury/CFO
Retirement Board Policy Development and Administration	PRSA and Treasury Controller Hanson Bridgett and Cheiron	VP Treasury/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
Moderate Retirement Board Meeting	Pension Analyst	PRSA
Preparation and Process Travel Arrangements for Retirement Board Members for Training	Pension Analyst	PRSA
Training of Staff/Board Members	PRSA and Treasury Controller	Staff/Vendor SME
New Retirement Board Member Training	PRSA and Treasury Controller	Staff/Vendor SME
Collection of Fiduciary Insurance Payments from Retirement Board Members	Pension Analyst	PRSA
Coordinate Retirement Board Agenda Development and Posting	Pension Analyst	PRSA

Semi-Annual/Annual/Bi-Annual Administration:

Task	Primary Responsibility	Back Up Responsibility
Valuation Study	PRSA and Treasury Controller	VP Treasury/CFO
Experience Study	PRSA and Treasury Controller	VP Treasury/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 Treasury/CFO

Contract Administration:

Task	Primary Responsibility	Back Up Responsibility
Adherence to contract provisions	PRSA and Treasury Controller	VP Treasury/CFO
Payment of Invoices	Treasury Controller or PRSA	VP Treasury/CFO
Contract Management, including RFP process	PRSA and Treasury Controller	VP Treasury/CFO

Asset Management:

Task	Primary Responsibility	Back Up Responsibility
Asset Rebalancing	Treasury Controller	VP Treasury/CFO
Account Reconciliations	Treasury Controller	VP Treasury/CFO
Cash Transfers	Treasury Controller	VP Treasury/CFO
Fund Accounting	Treasury Controller	VP Treasury/CFO
Investment Management	Treasury Controller	VP Treasury/CFO
Financial Statement Preparation	Treasury Controller	VP Treasury/CFO
Annual Audit	Treasury Controller	VP Treasury/CFO
State Controller's Office Reporting	Treasury Controller	VP Treasury/CFO
U.S. Census Bureau Reporting	Treasury Controller	VP Treasury/CFO
Work with Contractors (Investment advisors (Callan), Custodian (State Street), Fund Managers, Auditors, and Actuary (Cheiron))	Treasury Controller	VP Treasury/CFO
Review Monthly Asset Rebalancing	Treasury Controller	VP Treasury/CFO

Pension Administration Costs
For the Time Period: October 1, 2019 to December 31, 2019

Sum of Value TranCurr			
WBS Element	Source object name	Per	Total
SAXXXX.PENATU	Finance And Treasury / Montung-Fuller, Mari	004	645.92
	Finance And Treasury / Weekly, Valerie	004	1,145.00
		005	916.00
		006	778.60
	Finance And Treasury / Matthews, Rosalie	006	297.25
SAXXXX.PENATU Total			3,782.77
SAXXXX.PENIBEW	Finance And Treasury / Montung-Fuller, Mari	004	201.85
		005	121.11
	Finance And Treasury / Weekly, Valerie	004	549.60
		005	549.60
		006	320.60
	Finance And Treasury / Matthews, Rosalie	006	148.63
SAXXXX.PENIBEW Total			1,891.39
SAXXXX.PENSALA	Finance And Treasury / Montung-Fuller, Mari	004	282.59
		005	161.48
	Finance And Treasury / Weekly, Valerie	004	778.60
		005	687.00
		006	458.00
	Finance And Treasury / Matthews, Rosalie	006	59.45
SAXXXX.PENSALA Total			2,427.12
SAXXXX.PENSION	Finance And Treasury / Adelman, Jamie	004	1,823.21
		005	1,196.49
		006	1,281.96
	Finance And Treasury / Gardner, Leona	004	376.83
		005	99.17
		006	158.66
	Finance And Treasury / Mata, Jennifer	004	1,136.29
		005	607.27
		006	1,009.22
	Board Support / Brooks, Cynthia	005	78.61
	Finance And Treasury / Volk, Lynda	004	3,879.37
		005	3,030.75
		006	1,656.81
	Finance And Treasury / Montung-Fuller, Mari	004	5,490.32
		005	9,446.58
	Finance And Treasury / Weekly, Valerie	004	9,297.40
		005	6,228.80
		006	3,480.80
	Finance And Treasury / Matthews, Rosalie	006	3,804.82
SAXXXX.PENSION Total			54,083.36
(blank)			
Grand Total			62,184.64

**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, 2019.

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. Finalize custodian services agreement with Northern Trust and related Investment Risk and Analytical Services (“IRAS”) materials; address Northern Trust SEC-required disclosure documents as part of transition of custodian services.
4. Analyze draft operations audit reports and address potential correction issues; prepare documentation and communications regarding the same.
5. Provide counsel on issues including, but not limited to:
 - a. Financial reporting;
 - b. Calculation of benefits under various scenarios;
 - c. Fiduciary duties.

Respectfully Submitted,

/s/ Shayna M. van Hoften



STAFF REPORT

DATE: March 11, 2020
TO: Sacramento Regional Transit Retirement Boards (ALL)
FROM: Jamie Adelman, AVP Finance and Treasury
SUBJ: RECEIVE AND FILE INVESTMENT PERFORMANCE RESULTS FOR THE ATU, IBEW AND SALARIED EMPLOYEE RETIREMENT PLANS FOR THE QUARTER ENDED DECEMBER 31, 2019 (ALL). (ADELMAN)

RECOMMENDATION

Motion to Approve.

RESULT OF RECOMMENDED ACTION

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2019 (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 2019 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 31, 2019 (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, 2019. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

The table below provides an overview of the quarter performance, quarter ending December 31, 2019 – gross of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/ (Losses)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	7.41%	8.18%	\$3,847,412	-
S&P 500 Index (large cap value) S&P 500	9.07%	9.08%	\$4,618,642	\$(465,242)
Atlanta Capital (small cap) Russell 2000	9.94%	4.42%	\$1,156,517	-
Pyrford (international equities) MSCI EAFE	8.17%	8.63%	\$2,376,439	-
MSCI EAFE Index (international equities) MSCI EAFE	8.17%	8.20%	\$925,111	-
AQR (small cap international equities) MSCI EAFE SC	11.52%	12.69%	\$1,594,107	-
Dimensional Fund Advisors (emerging markets) MSCI EM	11.84%	10.70%	\$1,664,398	-
Metropolitan West (fixed income) Bloomberg Agg.	.18%	(.51)%	\$(562,467)	\$(1,013,797)
Totals	6.14%	5.21%	\$15,620,158	\$(1,479,039)

Bold – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of December 31, 2019 – net of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/(Loss)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	26.54%	23.30%	\$9,565,653	\$8
S&P 500 Index (large cap value) S&P 500	31.49%	31.45%	\$13,351,323	\$(869,414)
Atlanta Capital (small cap) Russell 2000	25.52%	26.46%	\$5,804,512	\$(918,009)
Brandes (international equities) MSCI EAFE	-	-	\$(2,661)	\$(8)
Pyrford (international equities) MSCI EAFE	22.01%	21.53%	\$5,269,692	-
MSCI EAFE Index (international equities) MSCI EAFE	22.01%	22.37%	\$2,231,588	-
AQR (small cap international equities) MSCI EAFE SC	24.96%	20.71%	\$2,361,354	-
Dimensional Fund Advisors (emerging markets) MSCI EM	18.44%	16.04%	\$2,301,707	-
Metropolitan West (fixed income) Bloomberg Agg.	8.72%	9.29%	\$9,179,259	\$(3,147,129)
Totals	20.58%	18.88%	\$50,062,427	\$(4,934,552)

Bold – fund exceeding respective benchmark

Callan

March 11, 2020



Sacramento Regional Transit District

Fourth Quarter 2019
Market Update

Anne Heaphy

Fund Sponsor Consulting

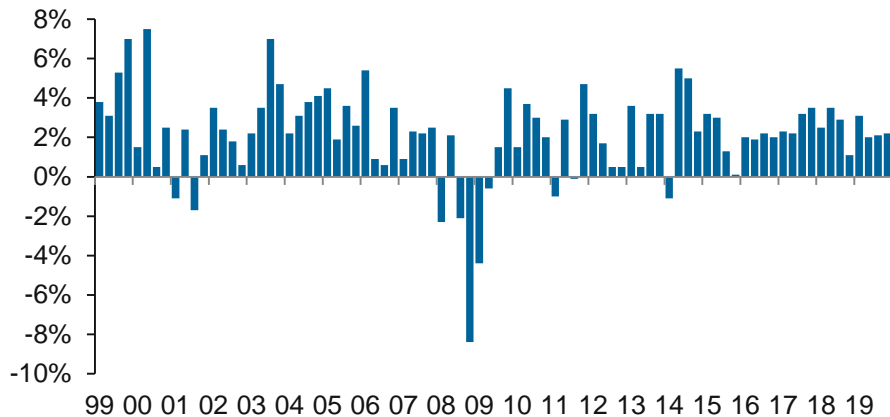
Uvan Tseng, CFA

Fund Sponsor Consulting

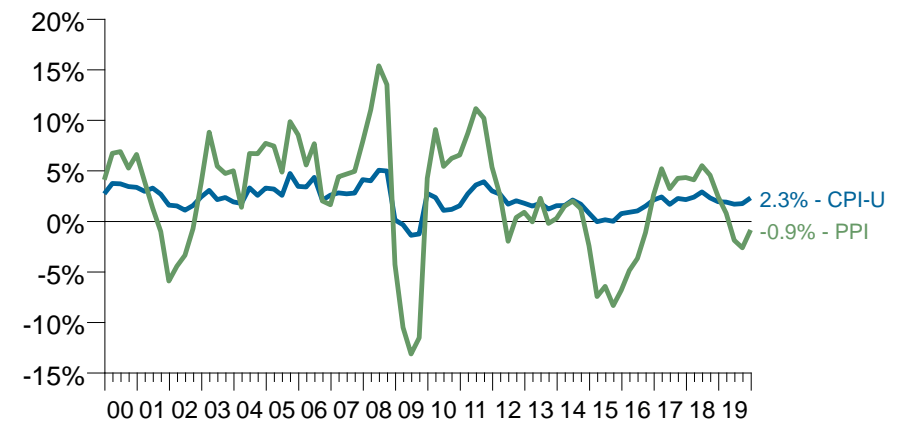
Economic Commentary

Fourth Quarter 2019

Quarterly Real GDP Growth



Inflation Year-Over-Year



Central bank policy front and center

- The Fed was alone on a path to normalize interest rates; euro zone sat out. U.S. rates have been substantially higher than developed markets globally for an extended period but the Fed reversed course in January 2019.
- Rates held constant through Q2; rates cut twice in Q3, and once more in Q4, but the Fed signaled no more rate cuts 2020.

Rest of the global economy is slowing, but U.S. remains strong, labor market very tight, reaching the limits of full employment

- Q4 GDP held up surprisingly well (2.2 estimate), despite slowing global growth and trade uncertainty; growth totaled 2.3% for the year
- Slower growth seemed inevitable after the impact of 2018 fiscal stimulus faded and full impact of nine rate hikes fed through the economy; Fed pivot has reduced probability of recession in 2020 substantially
- Switch to dovish Fed policy boosted consumer and business confidence and juiced stock market; drop in borrowing costs expected to sustain consumption growth and soften slowdown. Policy reversal simultaneously stoked fears of coming slowdown and fed a rally in bonds, which enjoyed an “outlier” year in 2019.
- Odds of a recession will rise once growth falls below trend; prospects for 2020 are for one more year of above-trend growth.

Inflation remains stuck below 2% in U.S., weaker overseas

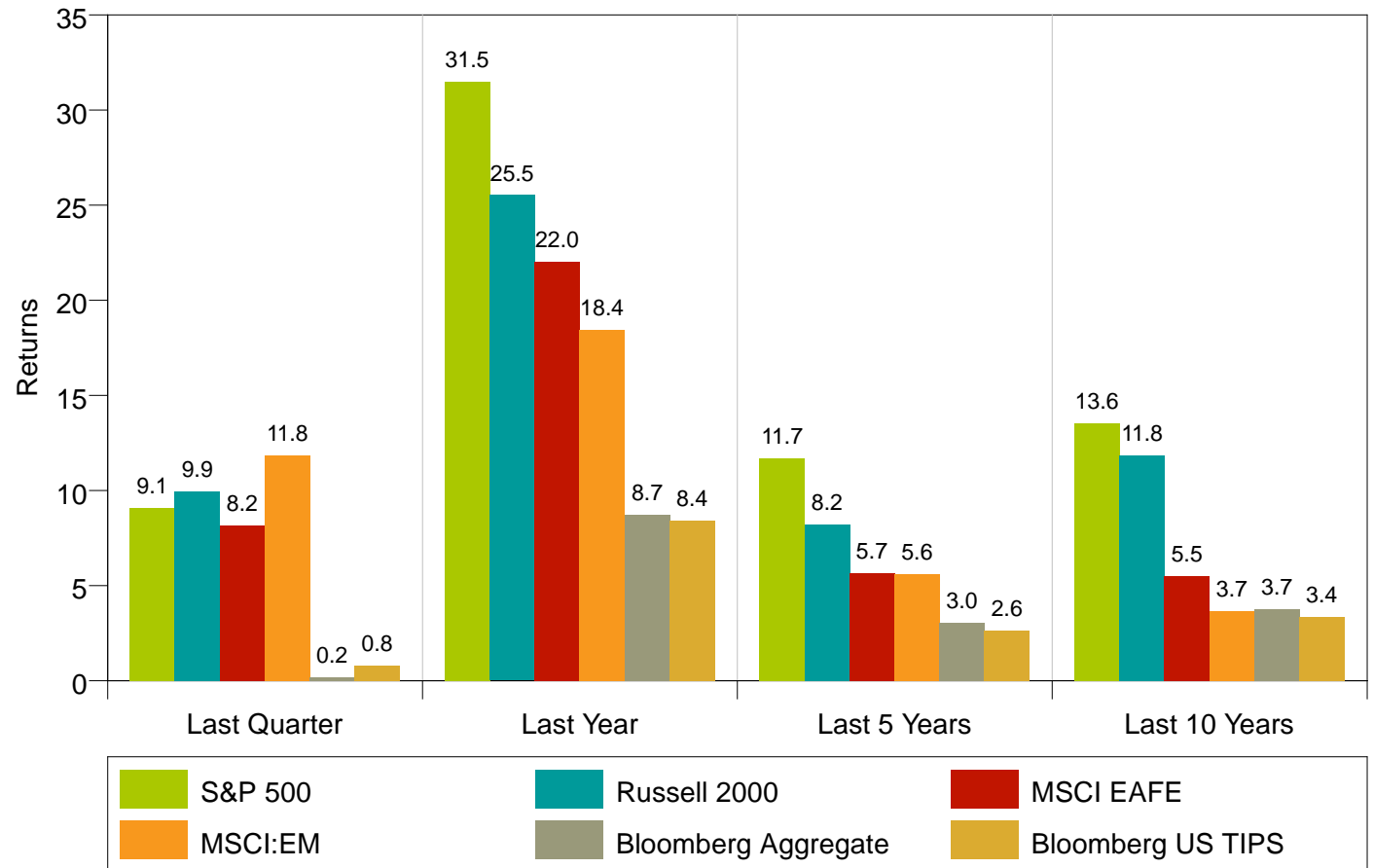
- Wage pressures in U.S. have yet to translate into headline inflation; low inflation gives Fed cover to cut rates.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Asset Class Performance

Periods Ended December 31, 2019

Asset Class Performance
for Periods Ended December 31, 2019



YTD as of 03/10/2020:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

Bloomberg Aggregate:

Bloomberg TIPS:

U.S. Equity Performance

Shift away from defensive sectors toward cyclicals

- Utilities, Real Estate, and Staples took a back seat to cyclically oriented sectors during the fourth quarter.
- Investors harnessed three interest rate cuts, a potential U.S.-China trade armistice, and some clarity around Brexit in the risk-on environment.

Small caps outpaced large for quarter but lagged on year

- Heightened new drug approvals and M&A activity within Health Care’s biotech and pharma industries propelled small caps.
- While small cap prevailed in the fourth quarter, large caps led for the third straight year, owing much of the gains to the Tech sector (+50.3%) and Communication Services (+32.7%).
- Apple (+85%) and Microsoft (+54%) hit over \$1 trillion in market cap, accounting for 15% of the S&P 500’s annual advance.

Growth outpaced value across the market cap spectrum

- Growth continued its dominance over value during the quarter, closing out a decade-long trend supported by a low-rate environment.

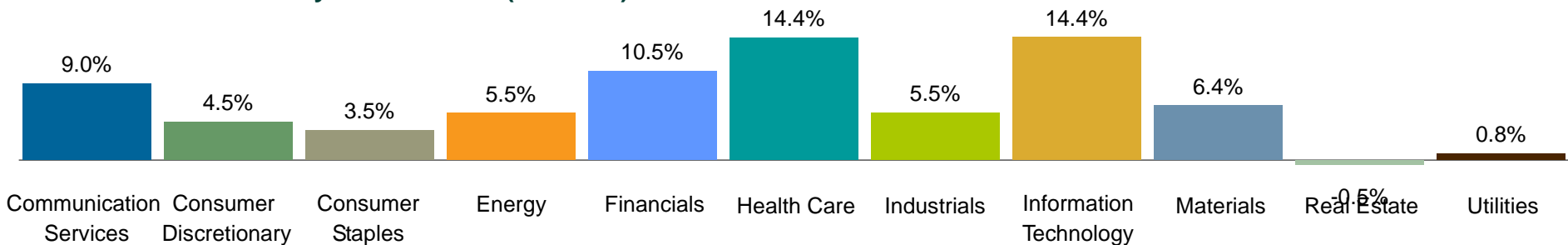
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Economic Sector Quarterly Performance (S&P 500)



Sources: FTSE Russell, Standard & Poor’s

U.S. Equity Style Returns

Periods Ended December 31, 2019

	4Q 2019			Annualized 1 Year Returns		
	Value	Core	Growth	Value	Core	Growth
Large	8.0%	9.8%	11.3%	26.4%	31.8%	36.5%
Mid	6.4%	7.1%	8.2%	27.1%	30.5%	35.5%
Small	8.5%	9.9%	11.4%	22.4%	25.5%	28.5%

Growth outpaced value.

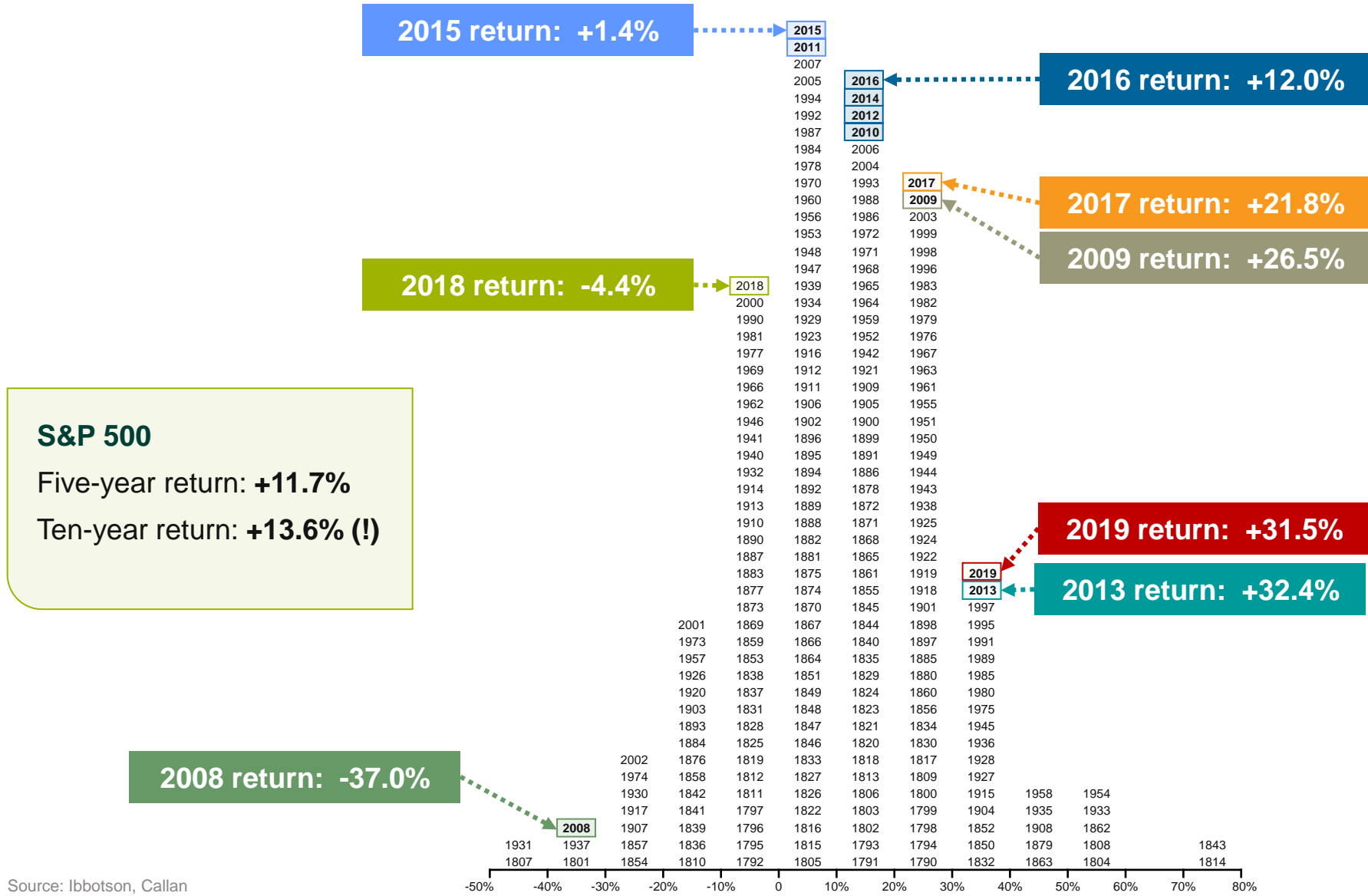
– Growth continued its dominance over value in the quarter though value had a mild resurgence mid-quarter.

Small and large stocks were generally in-line for the quarter, with mid cap lagging.

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.

Stock Market Returns by Calendar Year

2019 performance in perspective: History of the U.S. stock market (230 years of returns)



Source: Ibbotson, Callan

Non-U.S. Equity Performance

Trade war de-escalation and Brexit clarity turned global ex-U.S. markets positive

- The “phase one” trade deal triggered “risk-on” market environment.
- The Conservative Party gained command of Parliament in December, adding further clarity to the Brexit withdrawal plan and sparking the pound to rally.
- China soared 14.7% with easing trade tensions and expected fiscal and monetary stimulus packages in 2020.

Trade-related sectors prevailed

- Technology, specifically within Asia, fueled the market as trade tensions receded.
- Factor performance favored risk, including beta and volatility, reflecting “risk-on” market environment.

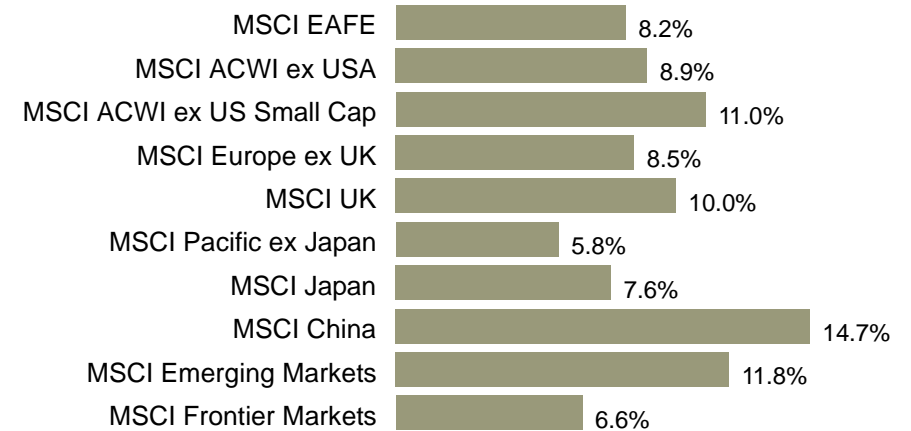
U.S. dollar vs. other developed and emerging market currencies

- Major developed and emerging market currencies declined vs. the dollar as optimism replaced market anxiety as the “phase one” trade deal neared.

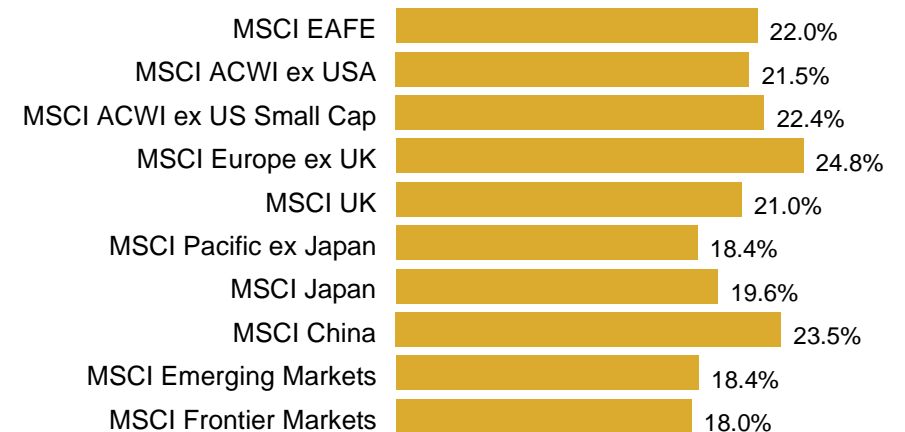
Growth vs. value

- Growth continues to outperform value within markets and capitalizations, supported by Technology and Health Care.

Global Equity: Quarterly Returns



Global Equity: Annual Returns



Source: MSCI

U.S. Fixed Income Performance

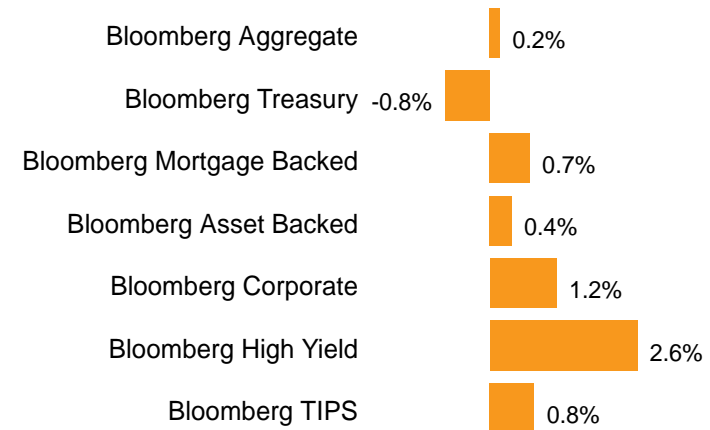
The yield curve steepened on stronger growth expectations

- Treasuries declined 0.8% with the steepening yield curve, with yields falling on short end and rising modestly on intermediate to long end of the curve on stronger economic growth expectations.
- Spread between the 2-year and 10-year Treasuries remained positive, ending the year at 34 bps.
- Long Treasuries fell (-4.1%) as the 30-year yield rose 27 bps to end the year at 2.39% as investors favored risk assets.
- TIPS outperformed nominal Treasuries as inflation expectations rose; 10-year breakeven spread was 1.77% as of quarter-end, up from 1.53% as of Sept. 30.

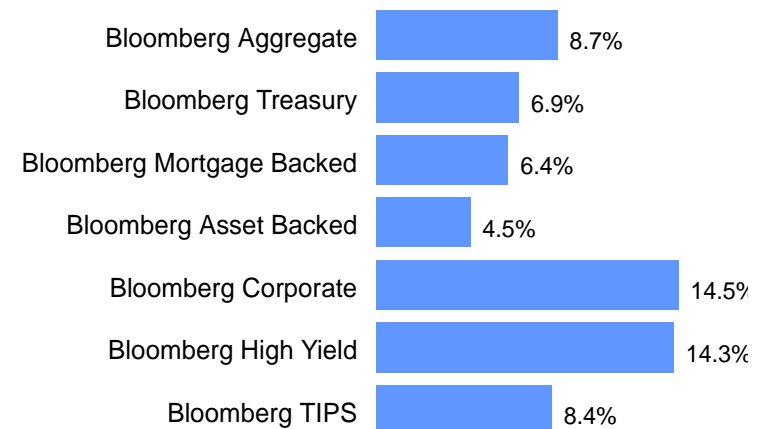
Corporate bonds rally across credit ratings spectrum

- IG corporate spreads narrowed and posted best results within BB U.S. Aggregate amid risk-on market; BBB-rated corporates (+1.7%) outperformed single A or higher (+0.7%), indicating investor willingness to extend risk down the credit spectrum.
- Below-investment grade CCC-rated corporates (+3.7%) outperformed BB-rated corporates (+2.5%), as the risk-on market sentiment spurred demand for lower-rated securities.
- Spreads across credit quality buckets tightened in the fourth quarter, as the market anticipated improvement in credit fundamentals.

U.S. Fixed Income: Quarterly Returns



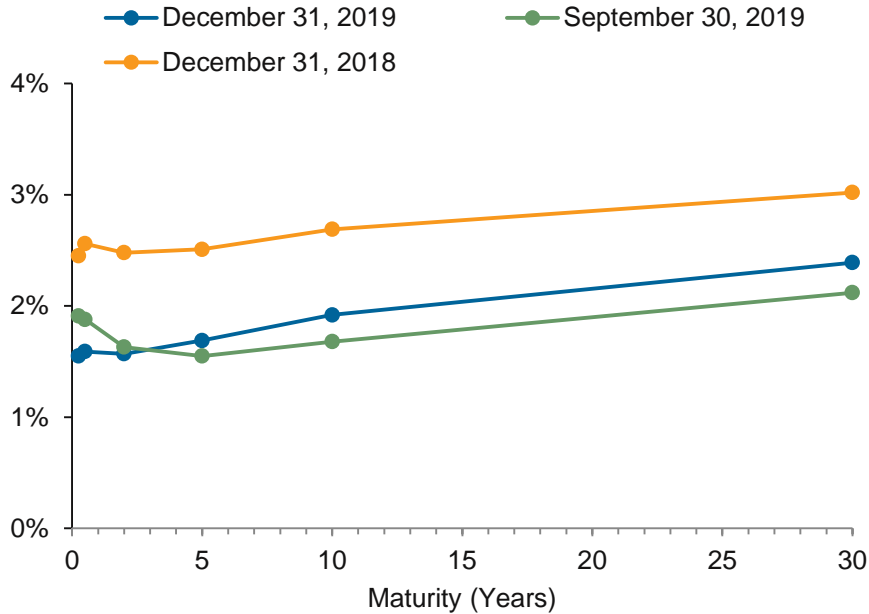
U.S. Fixed Income: One-Year Returns



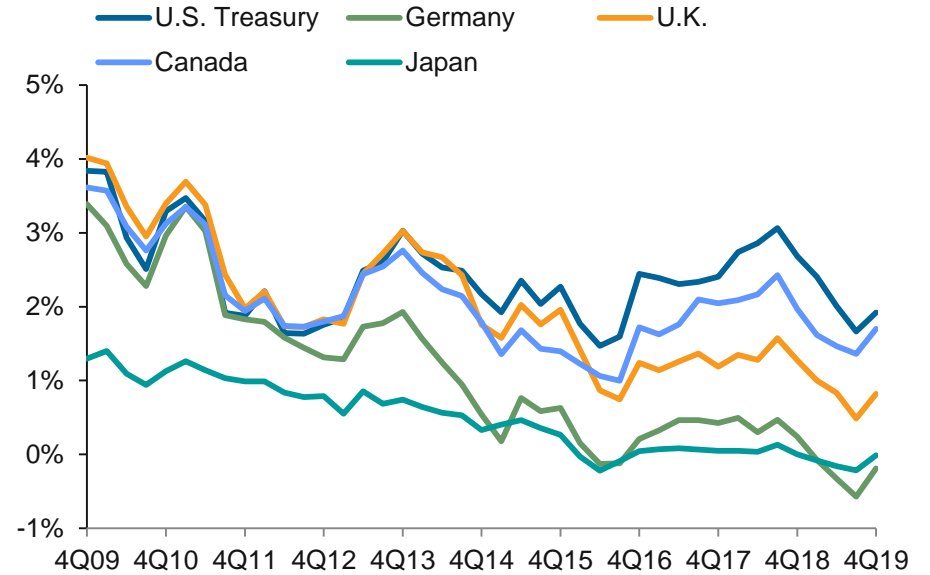
Sources: Bloomberg Barclays, S&P

Yield Curve Flattens While Global Rates Diverge

U.S. Treasury Yield Curves



10-Year Global Government Bond Yields



Treasury yield curve no longer inverted from 90-day T-bill through the 10-year T-note

- Yields have fallen more than 100 bps on the long end from one year ago.
- Inverted yield curve has presaged most recessions in past 70 years.
- Yield curve inverted from 2- to 10-year notes in August, but has wavered through the end of September.

U.S. yields have diverged from the rest of the world as monetary policies fell out of sync

- U.S. tightened for two years while euro zone waited.
- U.S. has now paused and has reversed course with three rate cuts in 2019, two in Q3 and one in Q4.
- Euro zone will skip tightening entirely in this cycle; U.S. spread remains very wide.

Source: Bloomberg

Diversification Remains Key Risk Control

Periodic Table of Investment Returns 2005-2019

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%
Real Estate 15.35%	Emerging Market Equity 32.17%	Non-U.S. Equity 12.44%	Non-U.S. Fixed Income 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Non-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%
Non-U.S. Equity 14.47%	Non-U.S. Equity 25.71%	Non-U.S. Fixed Income 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Non-U.S. Fixed Income 4.36%	Non-U.S. Equity 16.41%	Non-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Non-U.S. Equity 22.49%
Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Non-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Non-U.S. Fixed Income -2.15%	Real Estate 21.91%
Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Non-U.S. Equity -3.04%	Real Estate 4.06%	Non-U.S. Fixed Income 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%
Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Non-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Non-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%
High Yield 2.74%	Non-U.S. Fixed Income 8.16%	High Yield 1.87%	Non-U.S. Equity -43.56%	Non-U.S. Fixed Income 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%
U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Non-U.S. Fixed Income 4.95%	Non-U.S. Equity -12.21%	Non-U.S. Fixed Income 4.09%	Emerging Market Equity -2.60%	Non-U.S. Fixed Income -3.09%	Non-U.S. Fixed Income -6.02%	Non-U.S. Fixed Income 1.49%	U.S. Fixed Income 3.54%	Non-U.S. Equity -14.09%	Non-U.S. Fixed Income 5.09%
Non-U.S. Fixed Income -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Non-U.S. Fixed Income -3.08%	Non-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%

- S&P 500 Index ● Russell 2000 Index ● MSCI World ex USA ● MSCI Emerging Markets ● Bloomberg Barclays US Aggregate Bond
- Bloomberg Barclays High Yield Bond Index ● Bloomberg Barclays Global Aggregate ex US Bond Index ● FTSE EPRA/NAREIT Developed REIT Index
- 3-month Treasury Bill

Source: Callan LLC, Bloomberg Barclays, FTSE Russell, MSCI, Standard & Poor's



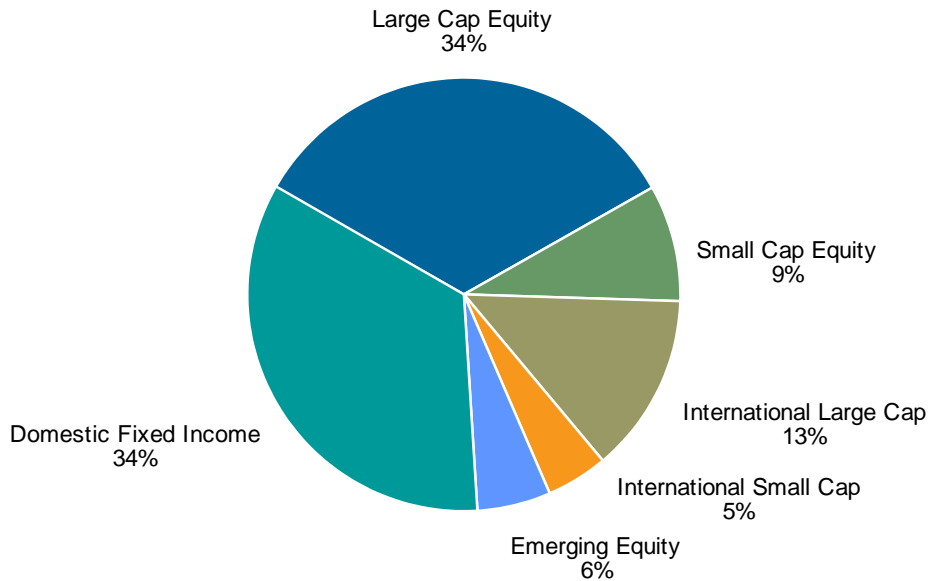
**Sacramento Regional
Transit District**

Total Fund Overview

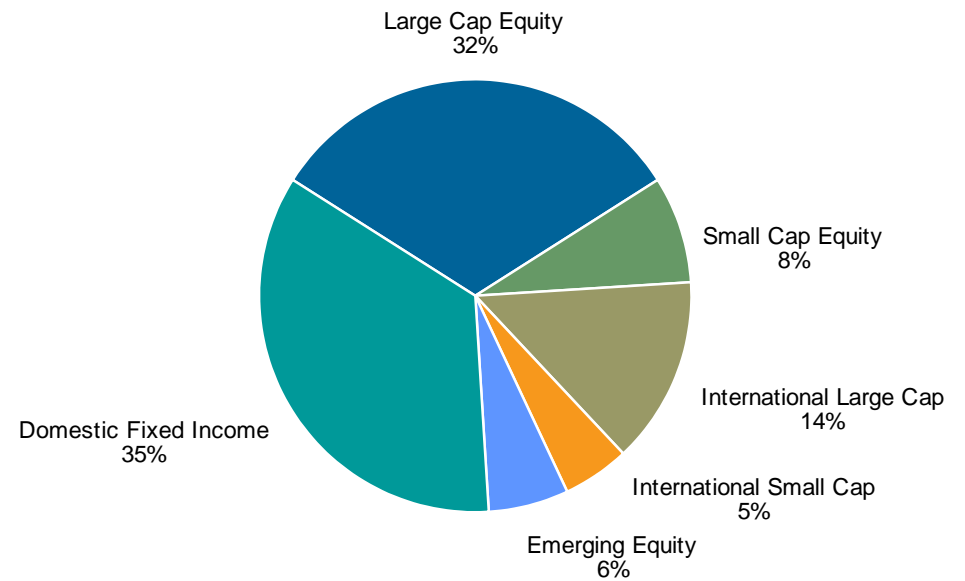
RT Asset Allocation

As of December 31, 2019

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	105,933	33.6%	32.0%	1.6%	4,996
Small Cap Equity	27,306	8.7%	8.0%	0.7%	2,072
International Large Cap	42,138	13.4%	14.0%	(0.6%)	(2,022)
International Small Cap	14,398	4.6%	5.0%	(0.4%)	(1,374)
Emerging Equity	17,433	5.5%	6.0%	(0.5%)	(1,492)
Domestic Fixed Income	108,218	34.3%	35.0%	(0.7%)	(2,181)
Total	315,425	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended December 31, 2019

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	8.65%	9.07%	(0.14%)	0.03%	(0.11%)
Small Cap Equity	9%	8%	4.42%	9.94%	(0.47%)	0.02%	(0.45%)
International Large Cap	13%	14%	8.50%	8.17%	0.04%	(0.02%)	0.02%
International Small Cap	4%	5%	12.69%	11.52%	0.05%	(0.03%)	0.01%
Emerging Equity	5%	6%	10.70%	11.84%	(0.06%)	(0.04%)	(0.10%)
Domestic Fixed Income	36%	35%	(0.51%)	0.18%	(0.26%)	(0.04%)	(0.30%)
Total			5.21%	= 6.14%	+ (0.84%)	+ (0.09%)	(0.93%)

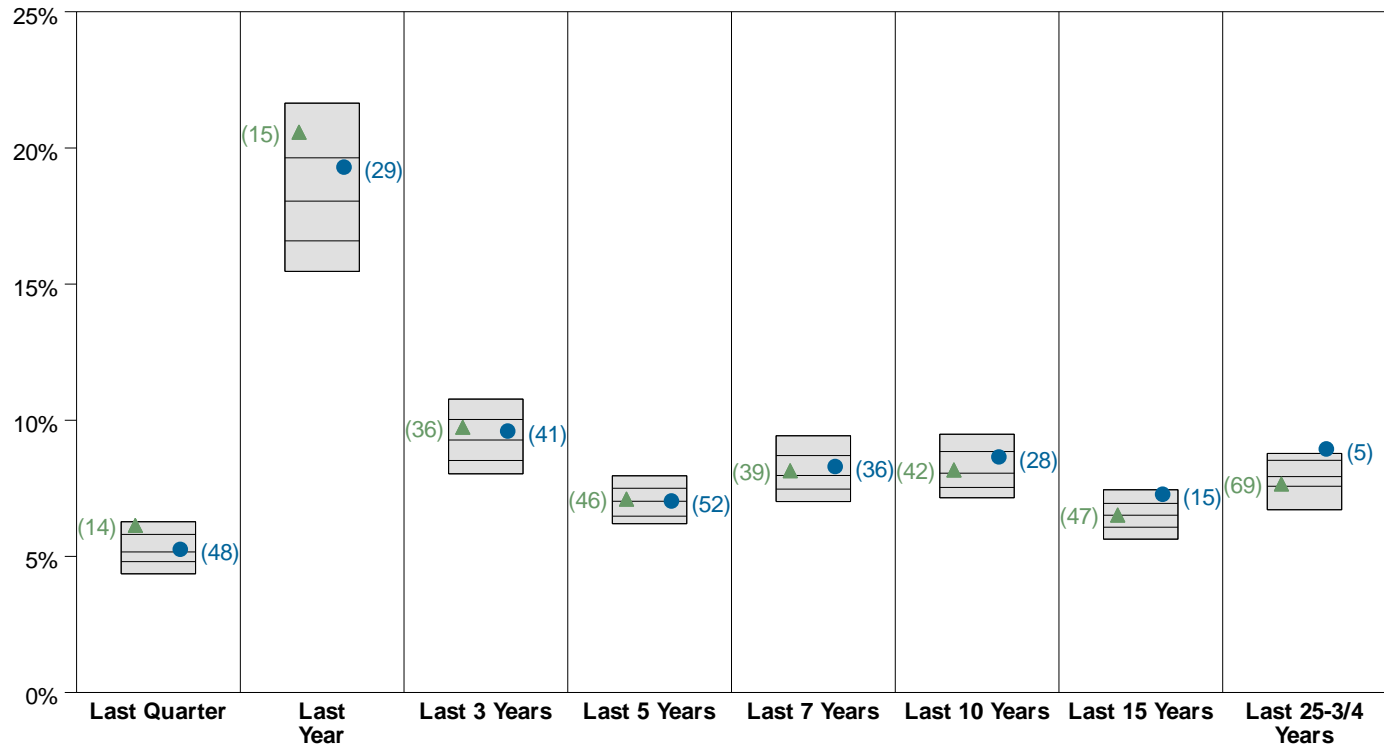
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	32%	32%	27.77%	31.49%	(1.11%)	(0.02%)	(1.13%)
Small Cap Equity	9%	8%	27.38%	25.52%	0.17%	(0.04%)	0.13%
International Large Cap	13%	14%	22.34%	22.01%	0.04%	(0.03%)	0.02%
International Small Cap	4%	5%	21.73%	24.96%	(0.14%)	(0.03%)	(0.17%)
Emerging Equity	5%	6%	16.64%	18.44%	(0.11%)	(0.02%)	(0.12%)
Domestic Fixed Income	36%	35%	9.41%	8.72%	0.28%	(0.32%)	(0.04%)
Total			19.25%	= 20.58%	+ (0.87%)	+ (0.46%)	(1.33%)

Total Fund

Performance as of December 31, 2019

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 25-3/4 Years
10th Percentile	6.27	21.64	10.77	7.96	9.43	9.48	7.45	8.78
25th Percentile	5.81	19.63	10.03	7.50	8.70	8.85	6.95	8.53
Median	5.16	18.04	9.27	7.03	7.97	8.06	6.51	7.93
75th Percentile	4.80	16.59	8.52	6.48	7.47	7.53	6.07	7.57
90th Percentile	4.36	15.46	8.03	6.20	7.01	7.15	5.63	6.71
Total Fund ●	5.21	19.25	9.56	6.99	8.26	8.60	7.23	8.90
Target ▲	6.14	20.58	9.74	7.11	8.15	8.17	6.52	7.66

Total Fund

Manager Asset Allocation

	December 31, 2019		September 30, 2019	
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$133,238,025	\$(465,242)	\$9,622,570	\$124,080,697
Large Cap	\$105,932,144	\$(465,242)	\$8,466,054	\$97,931,332
Boston Partners	50,857,608	0	3,847,412	47,010,196
SSgA S&P 500	55,074,536	(465,242)	4,618,642	50,921,136
Small Cap	\$27,305,881	\$0	\$1,156,517	\$26,149,365
Atlanta Capital	27,305,881	0	1,156,517	26,149,365
International Equity	\$73,968,783	\$0	\$6,560,055	\$67,408,728
International Large Cap	\$42,137,776	\$0	\$3,301,550	\$38,836,226
SSgA EAFE	12,212,889	0	925,111	11,287,778
Pyrford	29,924,887	0	2,376,439	27,548,449
International Small Cap	\$14,397,510	\$0	\$1,594,107	\$12,803,403
AQR	14,397,510	0	1,594,107	12,803,403
Emerging Equity	\$17,433,497	\$0	\$1,664,398	\$15,769,098
DFA Emerging Markets	17,433,497	0	1,664,398	15,769,098
Fixed Income	\$108,217,941	\$(1,013,797)	\$(562,467)	\$109,794,206
Metropolitan West	108,217,941	(1,013,797)	(562,467)	109,794,206
Total Plan - Consolidated	\$315,424,749	\$(1,479,040)	\$15,620,158	\$301,283,631

Total Fund

Manager Returns as of December 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	7.76%	27.71%	13.41%	10.83%	14.18%
Domestic Equity Benchmark**	9.24%	30.32%	13.96%	11.05%	14.18%
Large Cap Equity	8.65%	27.77%	13.17%	10.18%	13.80%
Boston Partners	8.18%	23.91%	11.00%	8.59%	12.79%
Russell 1000 Value Index	7.41%	26.54%	9.68%	8.29%	12.20%
SSgA S&P 500	9.07%	31.50%	15.28%	11.73%	14.77%
S&P 500 Index	9.07%	31.49%	15.27%	11.70%	14.73%
Small Cap Equity	4.42%	27.38%	14.24%	13.32%	15.46%
Atlanta Capital	4.42%	27.38%	14.24%	13.32%	15.46%
Russell 2000 Index	9.94%	25.52%	8.59%	8.23%	11.65%
International Equity	9.81%	20.83%	10.08%	5.56%	5.68%
International Benchmark***	9.72%	21.78%	10.37%	5.84%	6.28%
International Large Cap	8.50%	22.34%	10.01%	5.93%	6.30%
SSgA EAFE	8.20%	22.49%	9.96%	6.03%	6.66%
Pyrford	8.63%	22.30%	-	-	-
MSCI EAFE Index	8.17%	22.01%	9.56%	5.67%	6.35%
International Small Cap	12.69%	21.73%	9.24%	-	-
AQR	12.69%	21.73%	9.24%	-	-
MSCI EAFE Small Cap Index	11.52%	24.96%	10.92%	8.85%	9.42%
Emerging Markets Equity	10.70%	16.64%	10.92%	5.73%	-
DFA Emerging Markets	10.70%	16.64%	10.92%	5.73%	-
MSCI Emerging Markets Index	11.84%	18.44%	11.58%	5.61%	3.26%
Domestic Fixed Income	(0.51%)	9.41%	4.62%	3.43%	3.20%
Met West	(0.51%)	9.41%	4.62%	3.43%	3.20%
Bloomberg Aggregate Index	0.18%	8.72%	4.03%	3.05%	2.72%
Total Plan	5.21%	19.25%	9.56%	6.99%	8.26%
Target*	6.14%	20.58%	9.74%	7.11%	8.15%

* 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

	2019	2018	2017	2016	2015
Domestic Equity	27.71%	(4.64%)	19.78%	14.58%	0.06%
Domestic Equity Benchmark**	30.32%	(5.69%)	20.41%	13.85%	0.26%
Large Cap Equity	27.77%	(6.33%)	21.10%	13.38%	(1.17%)
Boston Partners	23.91%	(8.27%)	20.32%	14.71%	(3.75%)
Russell 1000 Value Index	26.54%	(8.27%)	13.66%	17.34%	(3.83%)
SSgA S&P 500	31.50%	(4.39%)	21.86%	12.03%	1.46%
S&P 500 Index	31.49%	(4.38%)	21.83%	11.96%	1.38%
Small Cap Equity	27.38%	1.78%	15.01%	19.17%	5.14%
Atlanta Capital	27.38%	1.78%	15.01%	19.17%	5.14%
Russell 2000 Index	25.52%	(11.01%)	14.65%	21.31%	(4.41%)
International Equity	20.83%	(13.93%)	28.25%	2.55%	(4.17%)
International Benchmark***	21.78%	(14.76%)	29.51%	3.26%	(4.30%)
International Large Cap	22.34%	(11.25%)	22.63%	1.35%	(1.17%)
SSgA EAFE	22.49%	(13.49%)	25.47%	1.37%	(0.56%)
Pyrford	22.30%	(10.31%)	-	-	-
MSCI EAFE Index	22.01%	(13.79%)	25.03%	1.00%	(0.81%)
International Small Cap	21.73%	(19.94%)	33.76%	-	-
AQR	21.73%	(19.94%)	33.76%	-	-
MSCI EAFE Small Cap Index	24.96%	(17.89%)	33.01%	2.18%	9.59%
Emerging Markets Equity	16.64%	(14.80%)	37.32%	12.99%	(14.33%)
DFA Emerging Markets	16.64%	(14.80%)	37.32%	12.99%	(14.33%)
MSCI Emerging Markets Index	18.44%	(14.57%)	37.28%	11.19%	(14.92%)
Domestic Fixed Income	9.41%	0.75%	3.89%	2.87%	0.51%
Met West	9.41%	0.75%	3.89%	2.87%	0.51%
Bloomberg Aggregate Index	8.72%	0.01%	3.54%	2.65%	0.55%
Total Plan	19.25%	(5.05%)	16.14%	7.65%	(0.97%)
Target*	20.58%	(5.82%)	16.39%	7.40%	(0.71%)

* 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.

Callan

December 31, 2019



Sacramento Regional Transit District Retirement Plans

Investment Measurement Service
Quarterly Review

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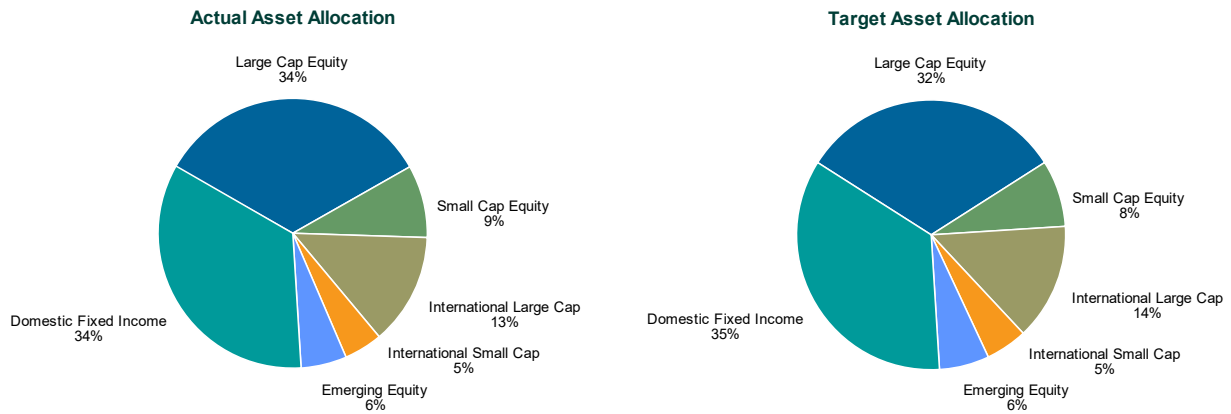
Table of Contents

December 31, 2019

Executive Summary	1
Capital Markets Review	3
Combined Plan	
Actual vs Target Asset Allocation	9
Quarterly Total Plan Attribution	10
Cumulative Total Plan Attribution	11
Total Fund Performance	13
Historical Asset Allocation	14
Asset Growth Summary	16
Investment Manager Performance	17
Domestic Equity	
Domestic Equity	23
Large Cap	27
SSgA S&P 500	31
Boston Partners	35
Atlanta Capital	42
International Equity	
International Equity	50
SSgA EAFE	55
Pyrford	61
AQR	69
DFA Emerging Markets	77
Domestic Fixed Income	
Metropolitan West Asset Management	86
Definitions	91
Callan Research/Education	94
Disclosures	97

Sacramento Regional Transit District
Executive Summary for Period Ending December 31, 2019

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	5.21%	19.25%	9.56%	6.99%	8.26%
Target*	6.14%	20.58%	9.74%	7.11%	8.15%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	80	30	34
Atlanta Capital	37	24	13
Pyrford	58	[60]	[83]
AQR	81	80	[65]
DFA	89	80	[81]
MetWest	83	68	82

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 fourth quarter closed out a near-historic year for equity markets, in particular the S&P 500, which ended 2019 up 31.5%—enough to claim second place behind 2013 for the strongest year of the decade (during which large cap equities only saw one down year). Both Apple (+85%) and Microsoft (+54%) reached over \$1 trillion in market cap and accounted for 15% of the S&P 500's advance for the year. For the recent quarter, investors globally were spurred by three interest rate cuts by the Fed, a potential U.S.-China trade armistice, continued low inflation, and some clarity around Brexit.

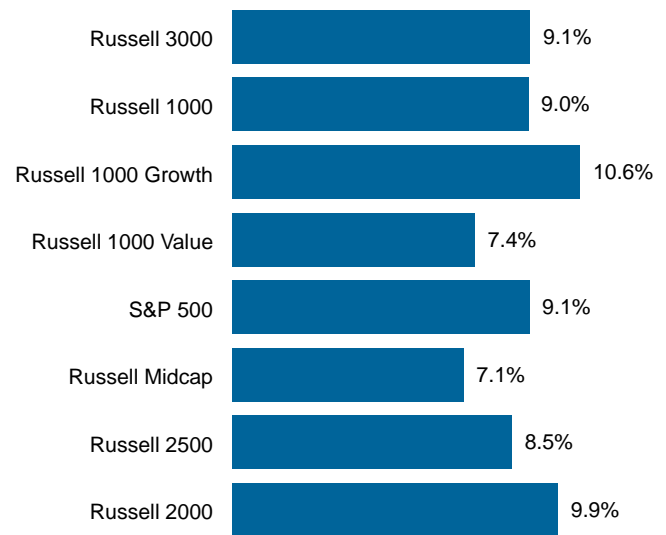
Large cap vs. small cap (Russell 2000: +9.9%; Russell 1000: +9.0%)

- Small cap trailed for most of 2019 but eclipsed large cap stocks in the fourth quarter due to notable contributions from the Health Care sector, where the biotech and pharmaceutical industries saw heightened new drug approvals and M&A activity during the quarter.
- Small growth outpaced small value for the quarter, the year, and the decade; the Russell 2000 Growth Index outpaced the Russell 2000 Value Index by 3% annualized over the past 10 years as the low interest rate environment favored growth stocks and challenged the Russell 2000 Value's heavy exposure to Financials.
- While small cap outpaced large cap in the fourth quarter, large cap stocks led for the third straight year, owing much to Tech (+50.3%) and Communication Services (+32.7%).

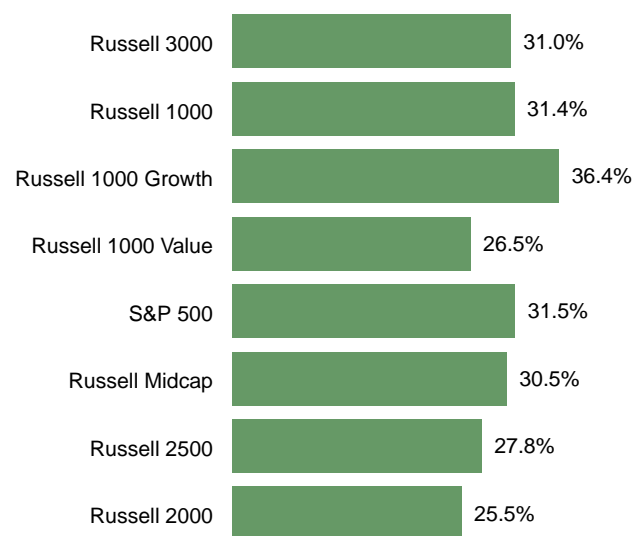
Growth vs. Value (Russell 1000 Growth: +10.6%; Russell 1000 Value: +7.4%)

- Growth continued its dominance over value during the quarter, closing out a decade-long trend.
- Tech giants Facebook, Apple, Microsoft, and Alphabet/Google remained meaningful contributors for the quarter although Health Care (+14.4%) was also among the top sector performers.
- The fourth quarter saw a rotation away from the more defensive sectors (e.g., Consumer Staples (+3.5%), Utilities (+0.8%), and Real Estate (-0.5%)) and into Cyclical, further supporting growth stocks.

U.S. Equity: Quarterly Returns

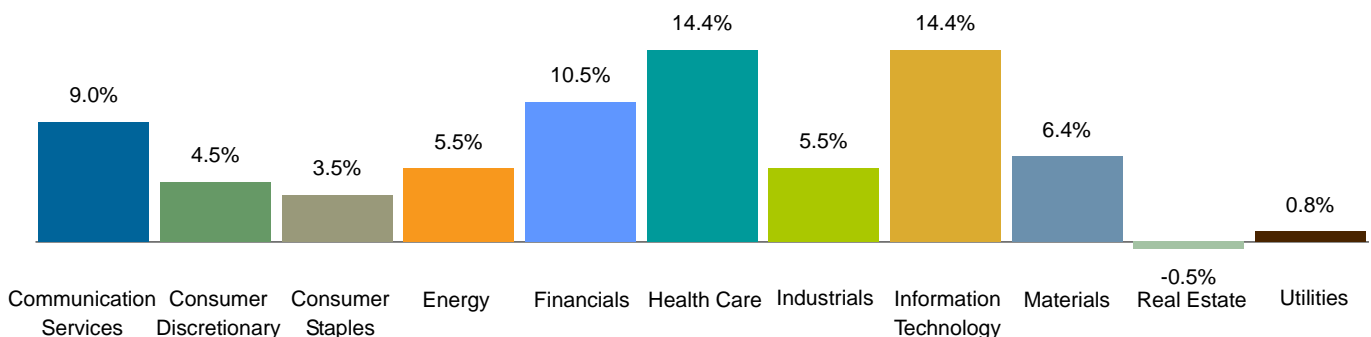


U.S. Equity: One-Year Returns



Sources: FTSE Russell, Standard & Poor's

S&P Sector Returns, Quarter Ended December 31, 2019



Source: Standard & Poor's

GLOBAL/GLOBAL EX-U.S. EQUITY

Global equity markets bounced back in the fourth quarter as uncertainties abated. De-escalation of the U.S.-China trade war coupled with some Brexit clarity boosted markets. With this backdrop, trade-related areas of the market led the rally.

Global/Developed ex-U.S. (MSCI EAFE: +8.2%; MSCI World ex USA: +7.9%; MSCI ACWI ex USA: +8.9%; MSCI Japan: +7.6%; MSCI Pacific ex Japan: +5.8%)

- Optimism catalyzed by easing tension between the U.S. and China and nearing conclusion of Brexit boosted the markets, and the U.S. dollar fell against most currencies within developed and emerging markets.
- British Prime Minister Boris Johnson gained command of the Parliament as a result of the Dec. 12 election, adding further clarity to Brexit and sparking the pound to its best quarterly results in a decade by rising 7.5% relative to the dollar.
- Accommodative policies such as a fiscal stimulus program and dovish monetary rhetoric continued to support the Japanese economy and its market.
- Despite GDP contraction of 3.2% and its first recession in a decade due to political protests, Hong Kong rose 7.3% as U.S.-China trade tensions improved.
- Every sector generated positive returns, led by Technology.

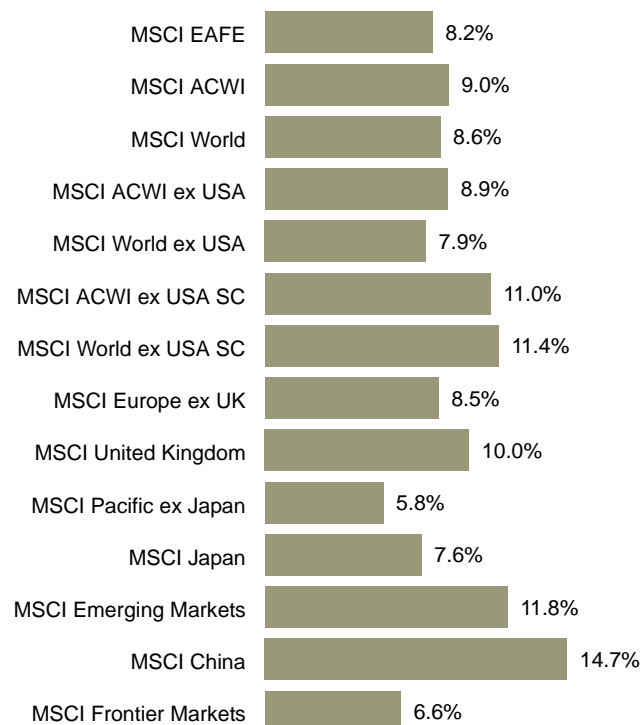
Emerging Markets (MSCI Emerging Markets Index: +11.8%)

- Emerging markets were the best-performing among the global ex-U.S. markets as trade war uncertainty receded.
- China soared 14.7% with easing trade tensions and expected fiscal and monetary stimulus packages in 2020.
- Brazil posted a 14.2% gain, its best quarter since late 2017, emboldened by President Jair Bolsonaro’s deregulation policies, the country’s 1.2% GDP growth, and pending pension reform.
- Russia was the best-performing country in 2019 (+50.9%) and a top five performer in the quarter (+16.8%) as rising oil prices over the past year helped fuel sentiment.
- Every sector generated positive returns, led by Asian technology companies, given the “phase one” trade deal, chip demands for 5G, and growth in China.

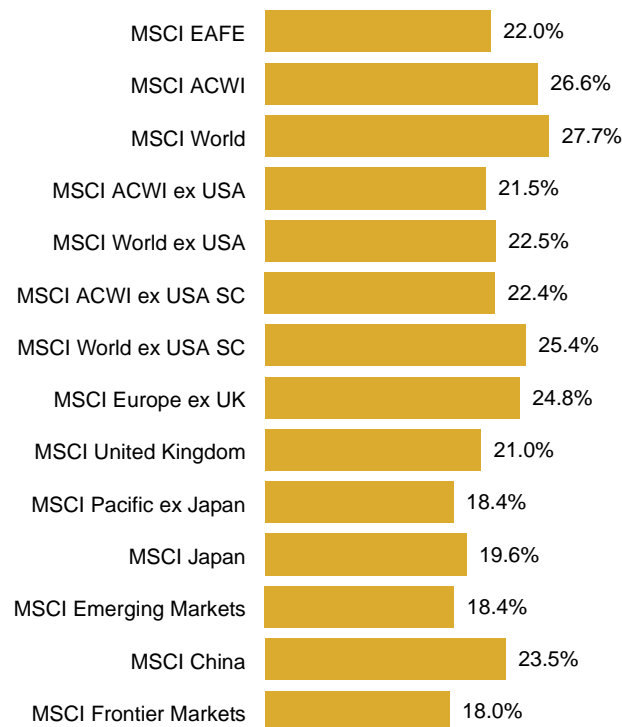
Global ex-U.S. Small Cap (MSCI World ex USA Small Cap: +11.4%; MSCI EM Small Cap: +9.5%; MSCI ACWI ex USA Small Cap: +11.0%)

- The “risk-on” market environment triggered by the U.S.-China trade war de-escalation enabled small caps to outperform large caps.
- Additional Brexit clarity drove the U.K. as the top country performer (+19.4%) within developed ex-U.S.
- Argentina (+33.5%) and Brazil (+24.8%) were two of the top EM country performers as key appointments in the Argentinian government, and deregulation and pension reform in Brazil, boosted market sentiment.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

FIXED INCOME

The Federal Open Market Committee (FOMC) cut short-term interest rates by 25 basis points once in the fourth quarter to 1.50%-1.75%, citing weak business investment and export data, along with muted inflation. The overall economic backdrop remained strong supported by a solid labor market, which led to a pause in rate cuts at the most recent FOMC meeting. The FOMC indicated its current monetary policy stance is appropriate to sustain the economic expansion. The European Central Bank kept rates steady while continuing to purchase assets in the open market. Yield movement was mixed in the U.S. as short-term rates fell and long-term rates rose amid ongoing trade negotiations.

U.S. Fixed Income (Bloomberg Barclays US Aggregate Bond Index: +0.2%)

- Treasuries fell 0.8% as the Treasury yield curve steepened, with yields falling on the short end and rising modestly in the intermediate and long end of the curve on expectations of stronger economic growth.
- The spread between the 2-year and 10-year Treasury remained positive, ending the year at 34 bps.
- Long Treasuries fell 4.1% as the 30-year yield rose 27 bps to end the year at 2.39% as investors favored risk assets.
- TIPS outperformed nominal Treasuries as inflation expectations rose; the 10-year breakeven spread was 1.77% at quarter end, up from 1.53% as of Sept. 30.

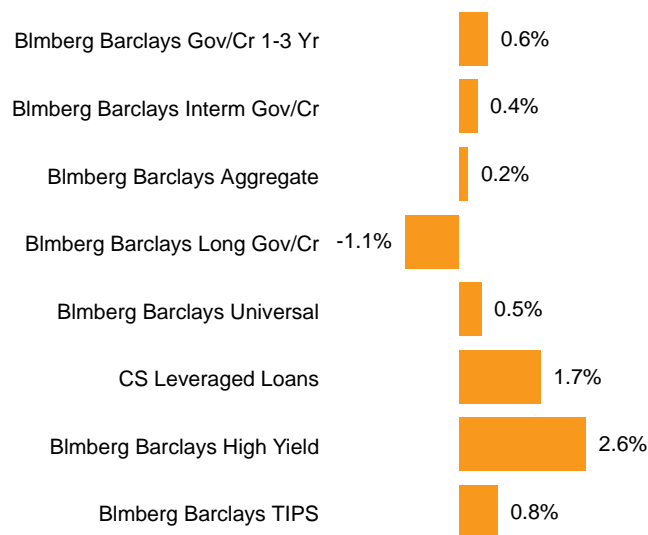
Investment Grade Corporates (Bloomberg Barclays Corporate: +1.2%)

- Investment grade corporate credit spreads narrowed in the fourth quarter and posted the best results within the Bloomberg Barclays US Aggregate Bond Index amid a risk-on market environment; BBB-rated corporates (+1.7%) outperformed single A-rated or higher corporates (+0.7%), indicating investors' willingness to extend risk down the credit spectrum.
- Issuance in the corporate bond market was \$200 billion in the fourth quarter, which was \$8 billion lower than that from a year ago. Issuance was \$140 billion lower compared to the third quarter, as is typical toward year-end; demand remained strong amid the risk-on market tone as global investors continued their hunt for positive-yielding assets.

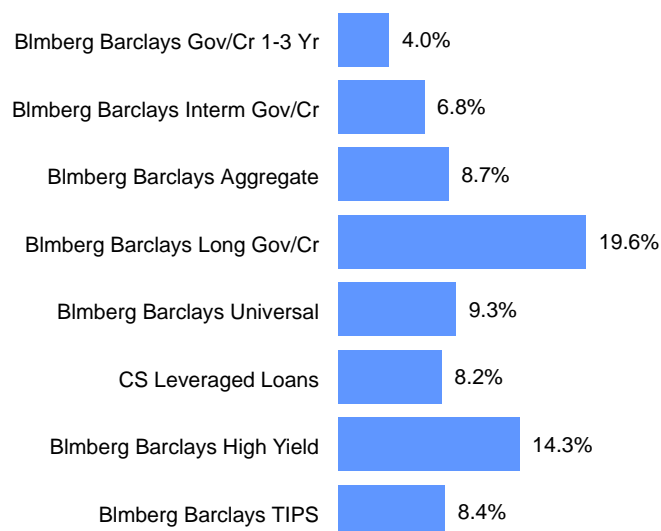
High Yield (Bloomberg Barclays Corporate High Yield: +2.6%)

- CCC-rated corporates (+3.7%) outperformed BB-rated corporates (+2.5%), as the risk-on market sentiment spurred demand for lower-rated securities.
- Spreads across credit quality buckets tightened in the fourth quarter, as the market anticipated improvements in credit fundamentals.

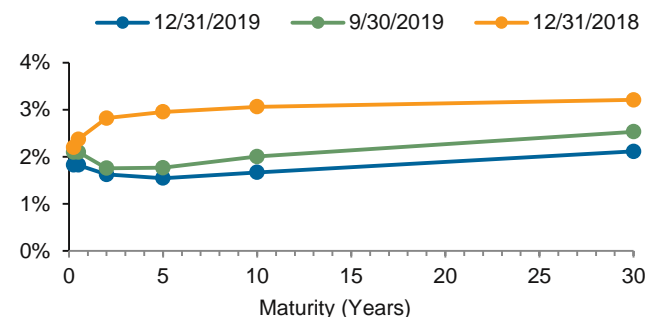
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

Leveraged Loans (CS Leveraged Loans: +1.7%)

- Bank loans, which have floating-rate coupons, underperformed high yield as investors shunned loans in favor of high yield bonds.
- CLO issuance remained consistent, providing technical support for the leveraged loan market.

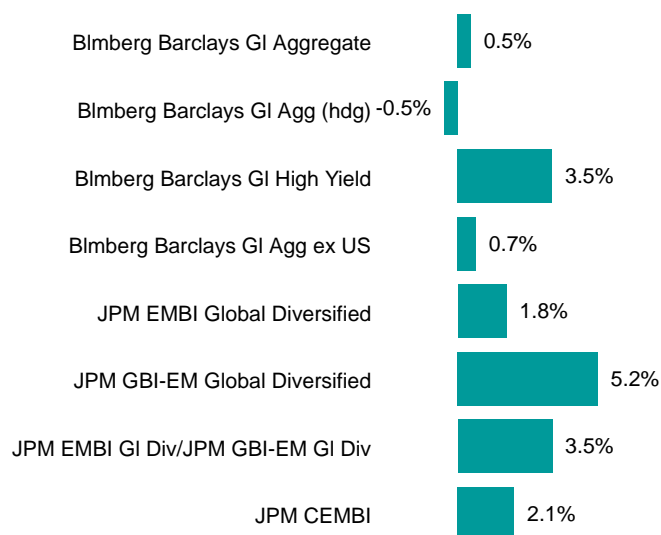
Global Fixed Income (Bloomberg Barclays Global Aggregate (unhedged): +0.5%; (hedged): -0.5%)

- Developed market sovereign bond yields rose modestly in the fourth quarter as global financial conditions improved, but ended lower on the year. The ECB kept the deposit rate steady at its December meeting; negative-yielding debt totaled less than \$12 trillion, down from \$17 trillion in the third quarter.
- The U.S. dollar declined in the fourth quarter versus the euro, Australian dollar, and British pound; however, it had a modest gain versus the Japanese yen.

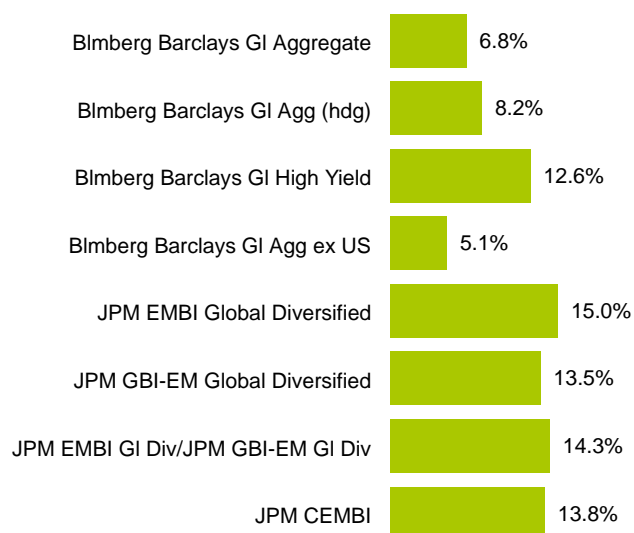
US\$ EMD (JPM EMBI Global Diversified: +1.8%), **Local Currency EMD** (JPM GBI-EM Global Diversified: +5.2%)

- Broadly, emerging market debt benefited from dovish global central banks and a risk-on environment.
- Within the dollar-denominated benchmark, which posted mixed results, Lebanon (-29.4%) was an outlier as the debt-to-GDP ratio continued to swell and anti-government protests persisted; Argentina rallied (+20.8%) to end the year down 23.6% as a new president was inaugurated. Returns in the local debt benchmark were largely positive, with only Chile (-6.2%) and the Dominican Republic (-0.7%) declining. South Africa (+10.2%) and Russia (+10.0%) were top performers.

Global Fixed Income: Quarterly Returns

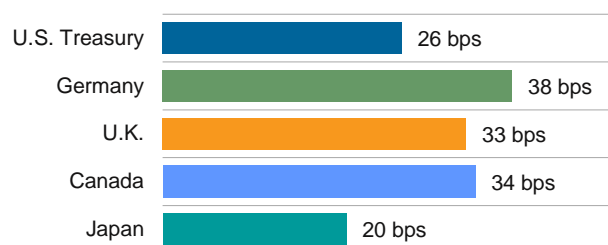


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

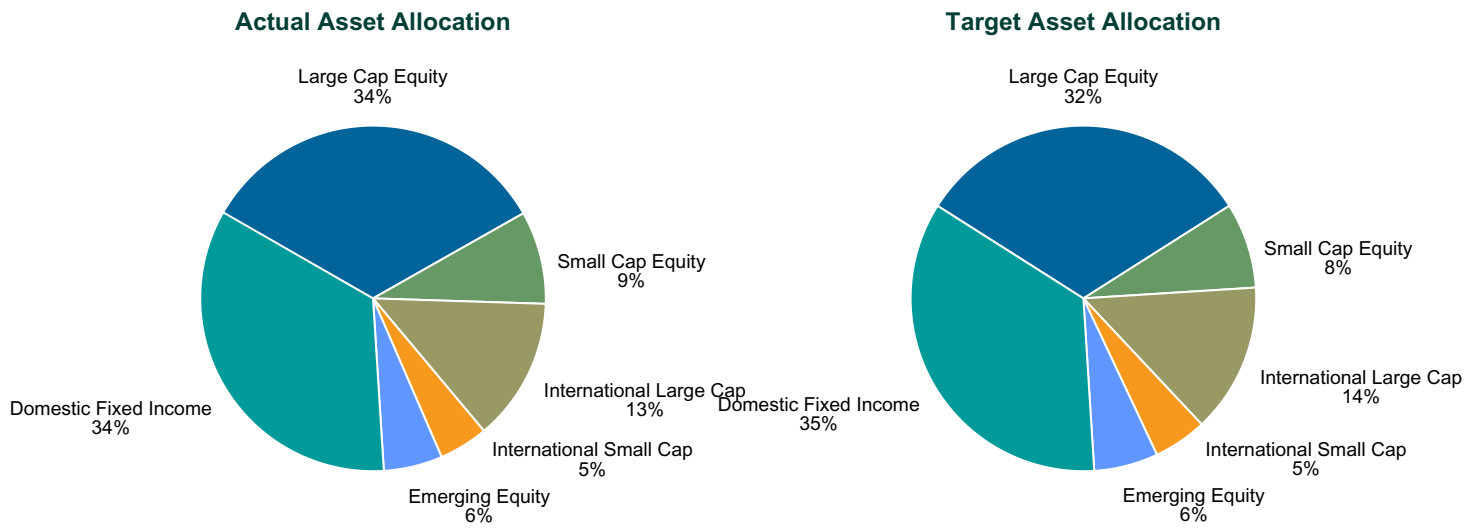
3Q19 to 4Q19



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

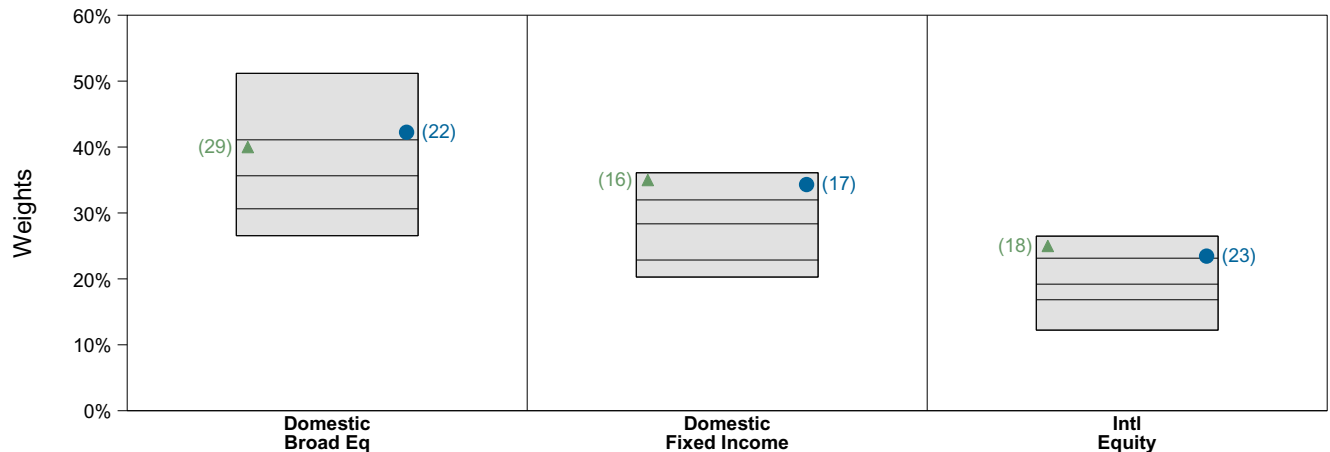
Actual vs Target Asset Allocation As of December 31, 2019

The top left chart shows the Fund's asset allocation as of December 31, 2019. 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	105,932	33.6%	32.0%	1.6%	4,996
Small Cap Equity	27,306	8.7%	8.0%	0.7%	2,072
International Large Cap	42,138	13.4%	14.0%	(0.6%)	(2,022)
International Small Cap	14,398	4.6%	5.0%	(0.4%)	(1,374)
Emerging Equity	17,433	5.5%	6.0%	(0.5%)	(1,492)
Domestic Fixed Income	108,218	34.3%	35.0%	(0.7%)	(2,181)
Total	315,425	100.0%	100.0%		

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



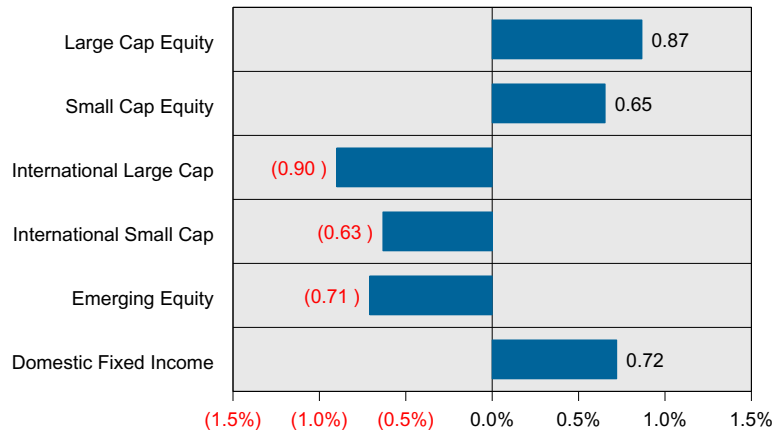
10th Percentile	51.18	36.09	26.48
25th Percentile	41.09	31.98	23.14
Median	35.64	28.35	19.20
75th Percentile	30.63	22.86	16.83
90th Percentile	26.55	20.27	12.22
Fund ●	42.24	34.31	23.45
Target ▲	40.00	35.00	25.00
% Group Invested	98.18%	100.00%	94.55%

* 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.

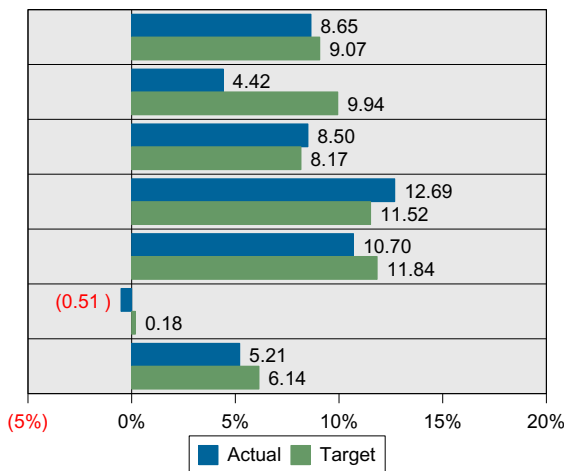
Quarterly Total Fund Relative Attribution - December 31, 2019

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.

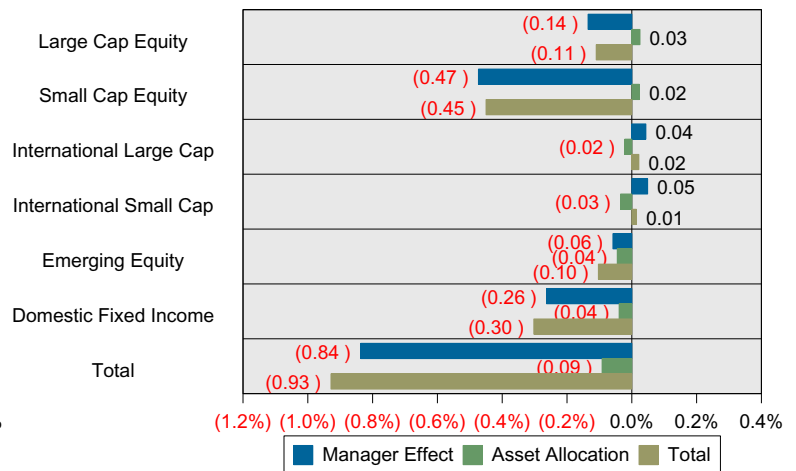
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended December 31, 2019

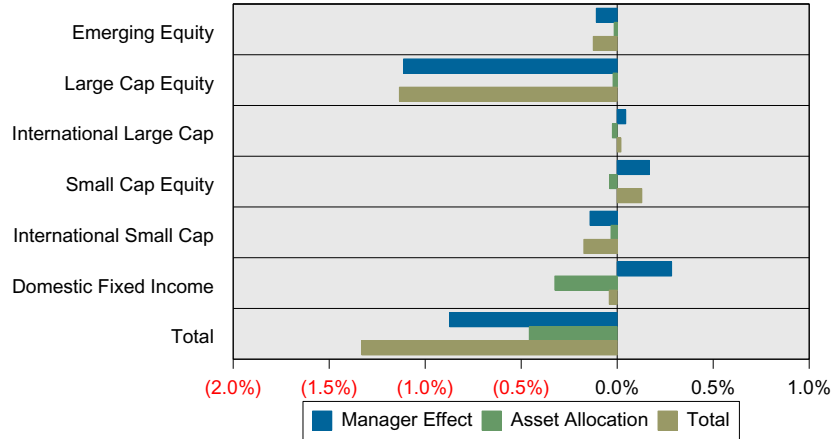
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	8.65%	9.07%	(0.14%)	0.03%	(0.11%)
Small Cap Equity	9%	8%	4.42%	9.94%	(0.47%)	0.02%	(0.45%)
International Large Cap	13%	14%	8.50%	8.17%	0.04%	(0.02%)	0.02%
International Small Cap	4%	5%	12.69%	11.52%	0.05%	(0.03%)	0.01%
Emerging Equity	5%	6%	10.70%	11.84%	(0.06%)	(0.04%)	(0.10%)
Domestic Fixed Income	36%	35%	(0.51)%	0.18%	(0.26%)	(0.04%)	(0.30%)
Total			5.21%	6.14%	(0.84%)	(0.09%)	(0.93%)

* 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.

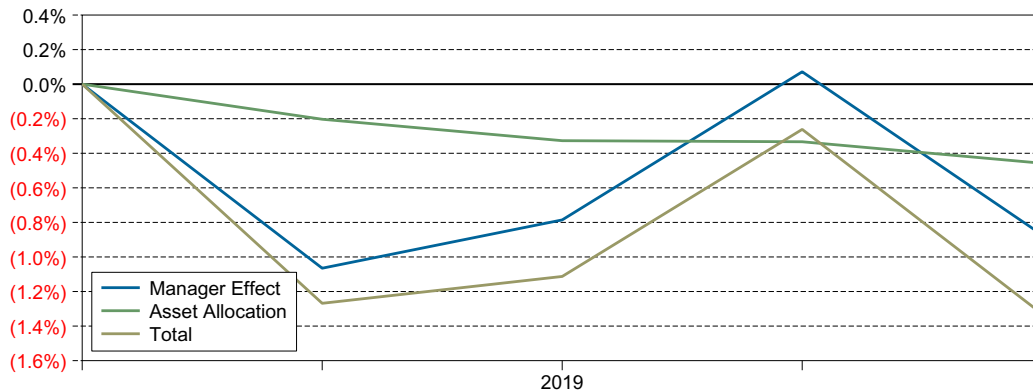
Cumulative Total Fund Relative Attribution - December 31, 2019

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

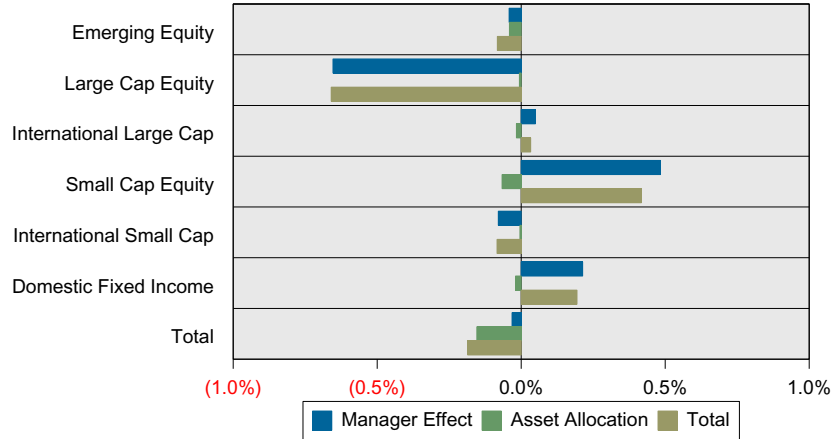
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Emerging Equity	5%	6%	16.64%	18.44%	(0.11%)	(0.02%)	(0.12%)
Large Cap Equity	32%	32%	27.77%	31.49%	(1.11%)	(0.02%)	(1.13%)
International Large Cap	13%	14%	22.34%	22.01%	0.04%	(0.03%)	0.02%
Small Cap Equity	9%	8%	27.38%	25.52%	0.17%	(0.04%)	0.13%
International Small Cap	4%	5%	21.73%	24.96%	(0.14%)	(0.03%)	(0.17%)
Domestic Fixed Income	36%	35%	9.41%	8.72%	0.28%	(0.32%)	(0.04%)
Total			19.25%	20.58%	+ (0.87%)	+ (0.46%)	(1.33%)

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

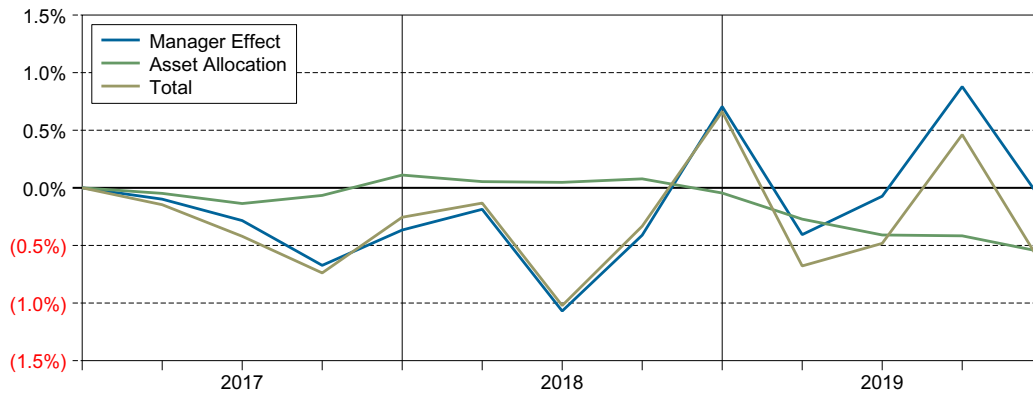
Cumulative Total Fund Relative Attribution - December 31, 2019

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
Emerging Equity	6%	6%	10.92%	11.58%	(0.04%)	(0.04%)	(0.08%)
Large Cap Equity	33%	32%	13.17%	15.27%	(0.65%)	(0.01%)	(0.66%)
International Large Cap	13%	14%	10.01%	9.56%	0.05%	(0.02%)	0.03%
Small Cap Equity	9%	8%	14.24%	8.59%	0.48%	(0.07%)	0.42%
International Small Cap	5%	5%	9.24%	10.92%	(0.08%)	(0.00%)	(0.08%)
Domestic Fixed Income	34%	35%	4.62%	4.03%	0.21%	(0.02%)	0.19%
Total			9.56%	9.74%	+(0.03%)	+(0.15%)	(0.19%)

* 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, 2019

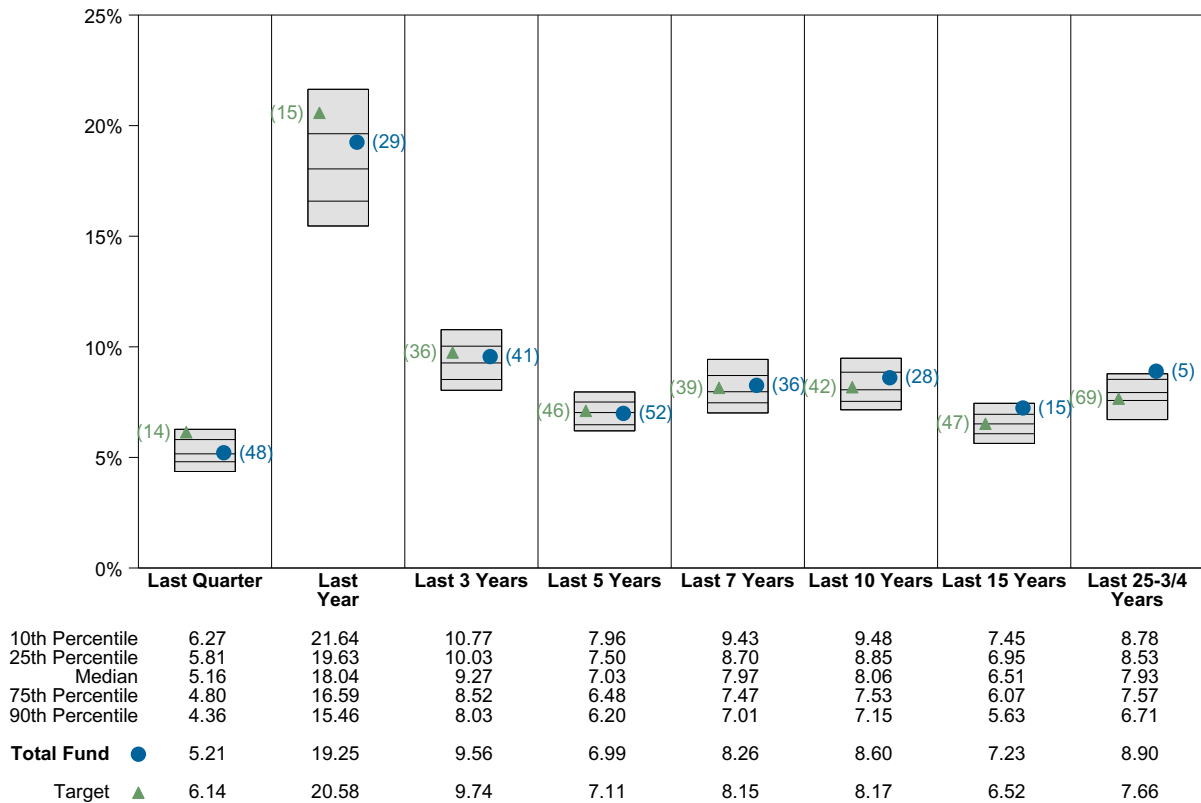
Investment Philosophy

* 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.

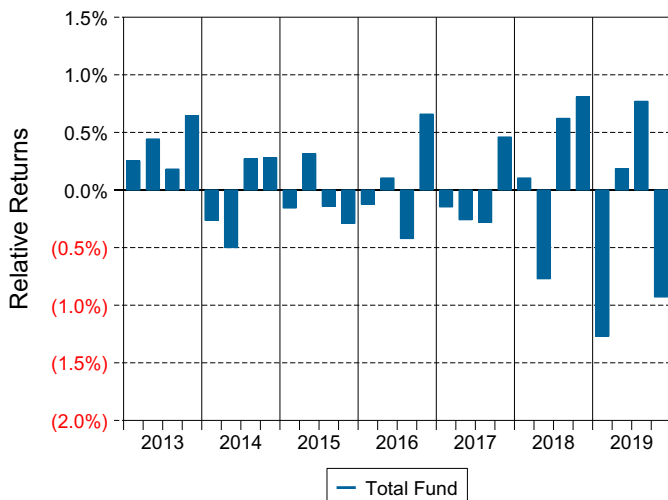
Quarterly Summary and Highlights

- Total Fund's portfolio posted a 5.21% return for the quarter placing it in the 48 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 29 percentile for the last year.
- Total Fund's portfolio underperformed the Target by 0.93% for the quarter and underperformed the Target for the year by 1.33%.

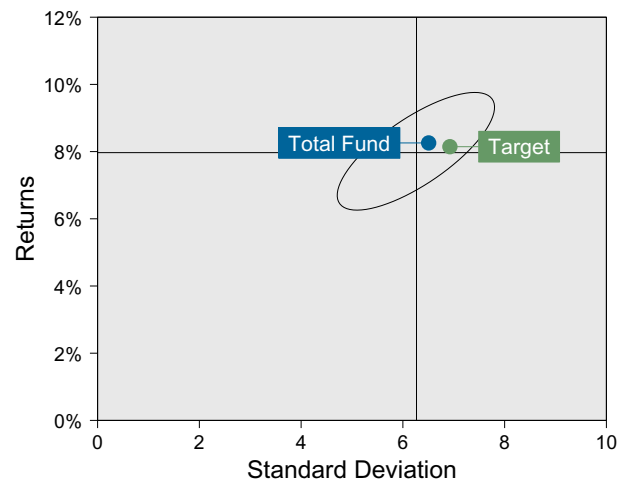
Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



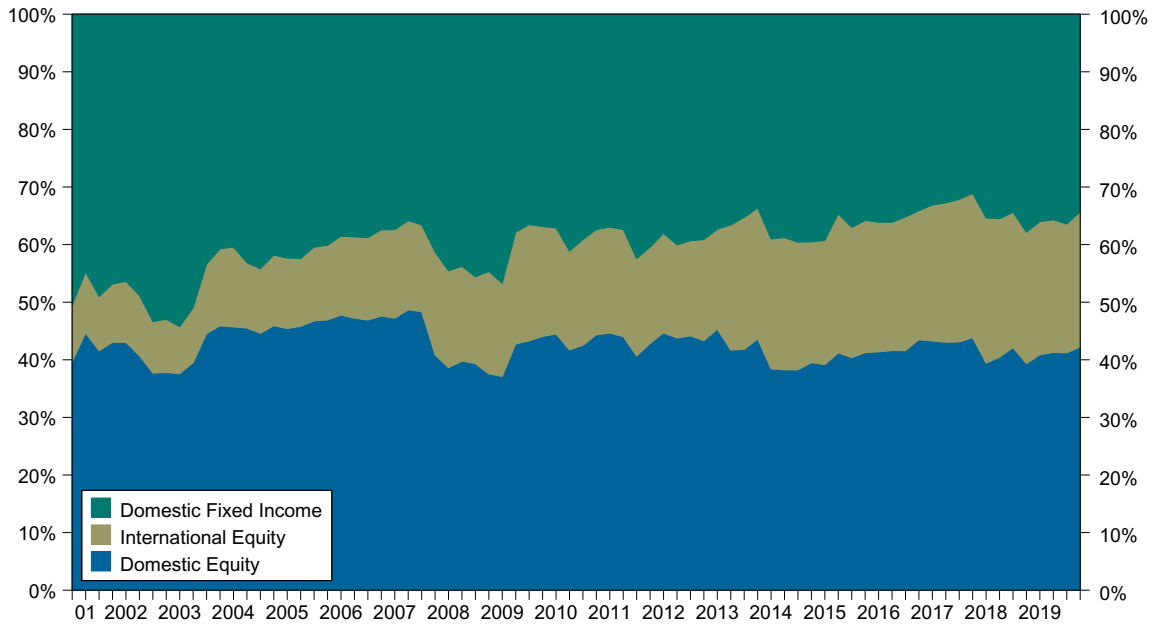
Callan Public Fund Spons- Mid (100M-1B) (Gross)
Annualized Seven Year Risk vs Return



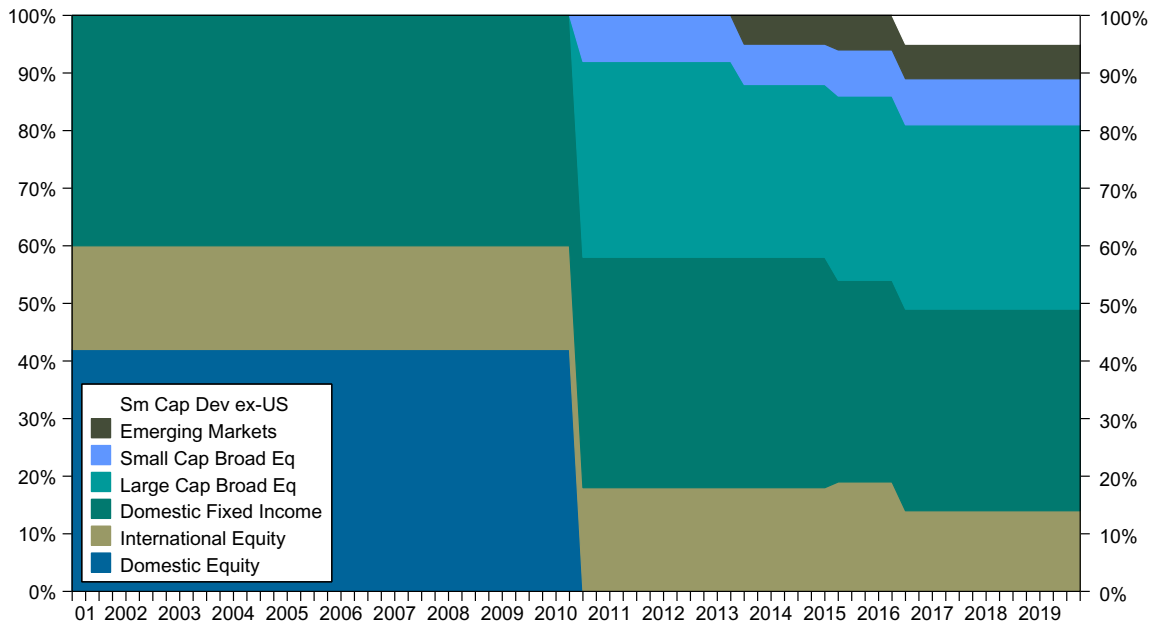
Actual vs Target Historical Asset Allocation

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, 2019, with the distribution as of September 30, 2019. 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, 2019			September 30, 2019
	Market Value	Net New Inv.	Inv. Return	Market Value
Consolidated Plan				
Domestic Equity	\$133,238,025	\$(465,242)	\$9,622,570	\$124,080,697
Large Cap	\$105,932,144	\$(465,242)	\$8,466,054	\$97,931,332
Boston Partners	50,857,608	0	3,847,412	47,010,196
SSgA S&P 500	55,074,536	(465,242)	4,618,642	50,921,136
Small Cap	\$27,305,881	\$0	\$1,156,517	\$26,149,365
Atlanta Capital	27,305,881	0	1,156,517	26,149,365
International Equity	\$73,968,783	\$0	\$6,560,055	\$67,408,728
International Large Cap	\$42,137,776	\$0	\$3,301,550	\$38,836,226
SSgA EAFE	12,212,889	0	925,111	11,287,778
Pyrford	29,924,887	0	2,376,439	27,548,449
International Small Cap	\$14,397,510	\$0	\$1,594,107	\$12,803,403
AQR	14,397,510	0	1,594,107	12,803,403
Emerging Equity	\$17,433,497	\$0	\$1,664,398	\$15,769,098
DFA Emerging Markets	17,433,497	0	1,664,398	15,769,098
Fixed Income	\$108,217,941	\$(1,013,797)	\$(562,467)	\$109,794,206
Metropolitan West	108,217,941	(1,013,797)	(562,467)	109,794,206
Total Plan - Consolidated	\$315,424,749	\$(1,479,040)	\$15,620,158	\$301,283,631

Sacramento Regional Transit District Asset Growth

Ending December 31, 2019 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 12/2019	315,424.7		301,283.6		(1,479.0)		15,620.2
1/4 Year Ended 9/2019	301,283.6		298,139.2		(1,322.2)		4,466.6
1/4 Year Ended 6/2019	298,139.2		289,020.0		(1,111.4)		10,230.6
1/4 Year Ended 3/2019	289,020.0		269,114.0		(1,021.9)		20,927.9
1/4 Year Ended 12/2018	269,114.0		292,722.5		(1,066.5)		(22,541.9)
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

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2019. 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, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	7.76%	27.71%	13.41%	10.83%	14.18%
Domestic Equity Benchmark**	9.24%	30.32%	13.96%	11.05%	14.18%
Large Cap Equity	8.65%	27.77%	13.17%	10.18%	13.80%
Boston Partners	8.18%	23.91%	11.00%	8.59%	12.79%
Russell 1000 Value Index	7.41%	26.54%	9.68%	8.29%	12.20%
SSgA S&P 500	9.08%	31.50%	15.28%	11.74%	14.77%
S&P 500 Index	9.07%	31.49%	15.27%	11.70%	14.73%
Small Cap Equity	4.42%	27.38%	14.24%	13.32%	15.46%
Atlanta Capital	4.42%	27.38%	14.24%	13.32%	15.46%
Russell 2000 Index	9.94%	25.52%	8.59%	8.23%	11.65%
International Equity	9.81%	20.83%	10.08%	5.56%	5.68%
International Benchmark***	9.72%	21.78%	10.37%	5.84%	6.28%
International Large Cap	8.50%	22.34%	10.01%	5.93%	6.30%
SSgA EAFE	8.20%	22.49%	9.96%	6.03%	6.66%
Pyrford	8.63%	22.30%	-	-	-
MSCI EAFE Index	8.17%	22.01%	9.56%	5.67%	6.35%
International Small Cap	12.69%	21.73%	9.24%	-	-
AQR	12.69%	21.73%	9.24%	-	-
MSCI EAFE Small Cap Index	11.52%	24.96%	10.92%	8.85%	9.42%
Emerging Markets Equity	10.70%	16.64%	10.92%	5.73%	-
DFA Emerging Markets	10.70%	16.64%	10.92%	5.73%	-
MSCI Emerging Markets Index	11.84%	18.44%	11.58%	5.61%	3.26%
Domestic Fixed Income	(0.51%)	9.41%	4.62%	3.43%	3.20%
Met West	(0.51%)	9.41%	4.62%	3.43%	3.20%
Bloomberg Aggregate Index	0.18%	8.72%	4.03%	3.05%	2.72%
Total Plan	5.21%	19.25%	9.56%	6.99%	8.26%
Target*	6.14%	20.58%	9.74%	7.11%	8.15%

* 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, 2019. 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, 2019

	Last 10 Years	Last 15 Years	Last 20 Years	Last 25-3/4 Years
Domestic Equity	13.56%	9.61%	6.68%	-
Domestic Equity Benchmark**	13.27%	8.91%	6.55%	10.21%
Russell 1000 Value Index	11.80%	7.63%	7.03%	9.83%
S&P 500 Index	13.56%	9.00%	6.06%	10.13%
Russell 2000 Index	11.83%	7.92%	7.59%	9.10%
International Equity	5.09%	4.71%	5.39%	-
MSCI EAFE Index	5.50%	4.84%	3.32%	5.16%
Domestic Fixed Income	5.00%	5.45%	5.91%	-
Met West	5.00%	5.45%	-	-
Bloomberg Aggregate Index	3.75%	4.15%	5.03%	5.40%
Total Plan	8.60%	7.23%	5.93%	8.90%
Target*	8.17%	6.52%	5.66%	7.66%

* 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.

	2019	2018	2017	2016	2015
Domestic Equity	27.71%	(4.64%)	19.78%	14.58%	0.06%
Domestic Equity Benchmark**	30.32%	(5.69%)	20.41%	13.85%	0.26%
Large Cap Equity	27.77%	(6.33%)	21.10%	13.38%	(1.17%)
Boston Partners	23.91%	(8.27%)	20.32%	14.71%	(3.75%)
Russell 1000 Value Index	26.54%	(8.27%)	13.66%	17.34%	(3.83%)
SSgA S&P 500	31.50%	(4.39%)	21.86%	12.03%	1.46%
S&P 500 Index	31.49%	(4.38%)	21.83%	11.96%	1.38%
Small Cap Equity	27.38%	1.78%	15.01%	19.17%	5.14%
Atlanta Capital	27.38%	1.78%	15.01%	19.17%	5.14%
Russell 2000 Index	25.52%	(11.01%)	14.65%	21.31%	(4.41%)
International Equity	20.83%	(13.93%)	28.25%	2.55%	(4.17%)
International Benchmark***	21.78%	(14.76%)	29.51%	3.26%	(4.30%)
International Large Cap	22.34%	(11.25%)	22.63%	1.35%	(1.17%)
SSgA EAFE	22.49%	(13.49%)	25.47%	1.37%	(0.56%)
Pyrford	22.30%	(10.31%)	-	-	-
MSCI EAFE Index	22.01%	(13.79%)	25.03%	1.00%	(0.81%)
International Small Cap	21.73%	(19.94%)	33.76%	-	-
AQR	21.73%	(19.94%)	33.76%	-	-
MSCI EAFE Small Cap Index	24.96%	(17.89%)	33.01%	2.18%	9.59%
Emerging Markets Equity	16.64%	(14.80%)	37.32%	12.99%	(14.33%)
DFA Emerging Markets	16.64%	(14.80%)	37.32%	12.99%	(14.33%)
MSCI Emerging Markets Index	18.44%	(14.57%)	37.28%	11.19%	(14.92%)
Domestic Fixed Income	9.41%	0.75%	3.89%	2.87%	0.51%
Met West	9.41%	0.75%	3.89%	2.87%	0.51%
Bloomberg Aggregate Index	8.72%	0.01%	3.54%	2.65%	0.55%
Total Plan	19.25%	(5.05%)	16.14%	7.65%	(0.97%)
Target*	20.58%	(5.82%)	16.39%	7.40%	(0.71%)

* 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.

	2014	2013	2012	2011	2010
Domestic Equity	10.85%	36.44%	19.19%	2.08%	15.93%
Domestic Equity Benchmark**	12.07%	33.61%	16.09%	0.94%	17.33%
Boston Partners	11.87%	37.52%	21.95%	1.27%	13.61%
Russell 1000 Value Index	13.45%	32.53%	17.51%	0.39%	15.51%
S&P 500 Index	13.69%	32.39%	16.00%	2.11%	15.06%
Russell 2000 Index	4.89%	38.82%	16.35%	(4.18%)	26.85%
International Equity	(3.72%)	16.66%	17.28%	(10.64%)	6.51%
MSCI EAFE Index	(4.90%)	22.78%	17.32%	(12.14%)	7.75%
Domestic Fixed Income	6.37%	(1.03%)	9.48%	6.10%	12.52%
Met West	6.37%	(1.03%)	9.48%	6.10%	12.52%
Bloomberg Aggregate Index	5.97%	(2.02%)	4.21%	7.84%	6.54%
Total Plan	5.61%	17.71%	14.80%	1.22%	12.70%
Target*	5.82%	15.99%	11.68%	1.52%	11.85%

* 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, 2019. 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, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	7.69%	27.25%	13.00%	-	-
Domestic Equity Benchmark**	9.24%	30.32%	13.96%	11.05%	14.18%
Large Cap Equity	8.60%	27.44%	12.88%	-	-
Boston Partners	8.09%	23.30%	10.43%	8.03%	12.20%
Russell 1000 Value Index	7.41%	26.54%	9.68%	8.29%	12.20%
SSgA S&P 500	9.07%	31.45%	15.23%	11.68%	14.71%
S&P 500 Index	9.07%	31.49%	15.27%	11.70%	14.73%
Small Cap Equity	4.28%	26.46%	13.37%	-	-
Atlanta Capital	4.28%	26.46%	13.37%	12.43%	14.57%
Russell 2000 Index	9.94%	25.52%	8.59%	8.23%	11.65%
International Equity	9.68%	20.16%	9.42%	-	-
International Equity Benchmark***	9.72%	21.78%	10.37%	5.84%	6.28%
International Large Cap	8.41%	21.77%	9.46%	-	-
SSgA EAFE	8.17%	22.37%	9.85%	5.92%	6.56%
Pyrford	8.50%	21.53%	-	-	-
MSCI EAFE Index	8.17%	22.01%	9.56%	5.67%	6.35%
International Small Cap	12.45%	20.71%	8.25%	-	-
AQR	12.45%	20.71%	8.25%	-	-
MSCI EAFE Small Cap Index	11.52%	24.96%	10.92%	8.85%	9.42%
Emerging Markets Equity	10.55%	16.04%	10.33%	-	-
DFA Emerging Markets	10.55%	16.04%	10.33%	5.13%	-
MSCI Emerging Markets Index	11.84%	18.44%	11.58%	5.61%	3.26%
Domestic Fixed Income	(0.56%)	9.29%	4.39%	-	-
Met West	(0.56%)	9.29%	4.39%	3.19%	2.94%
Bloomberg Aggregate Index	0.18%	8.72%	4.03%	3.05%	2.72%
Total Plan	5.14%	18.88%	9.16%	6.61%	7.88%
Target*	6.14%	20.58%	9.74%	7.11%	8.15%

* 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, 2019

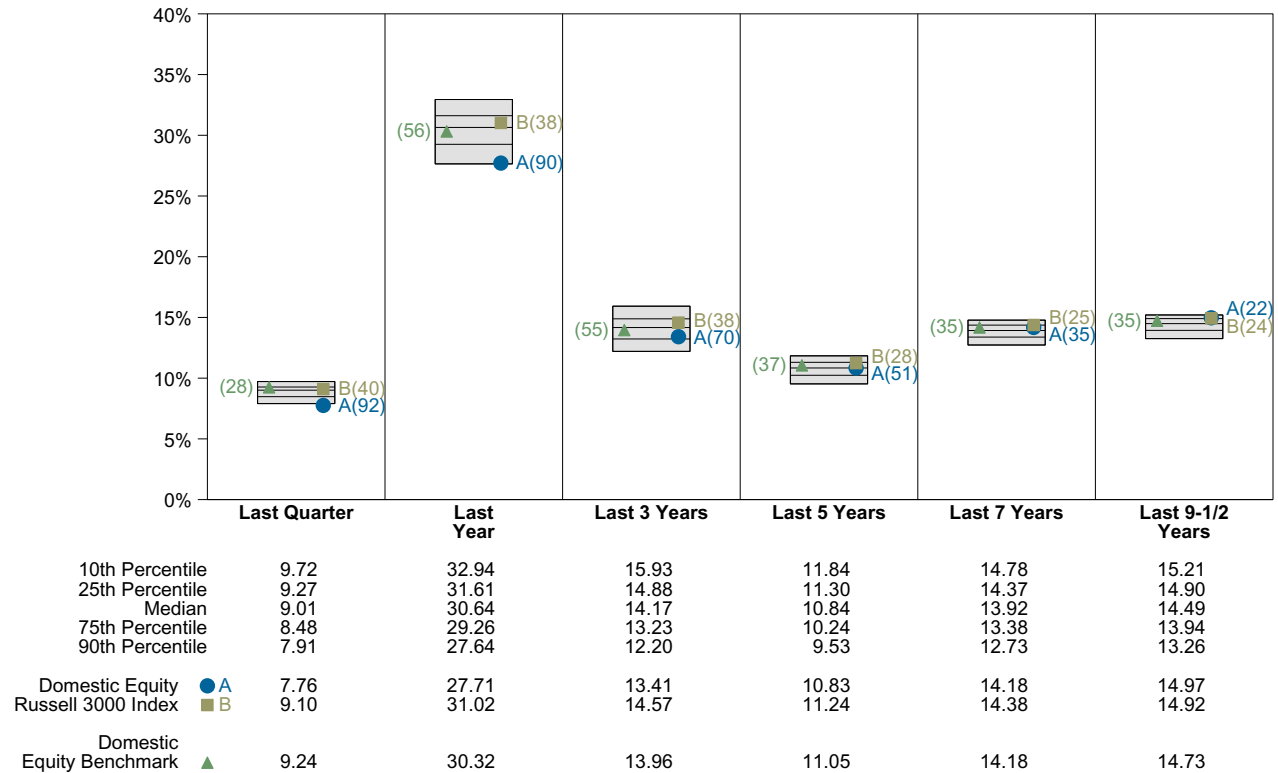
Investment Philosophy

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.

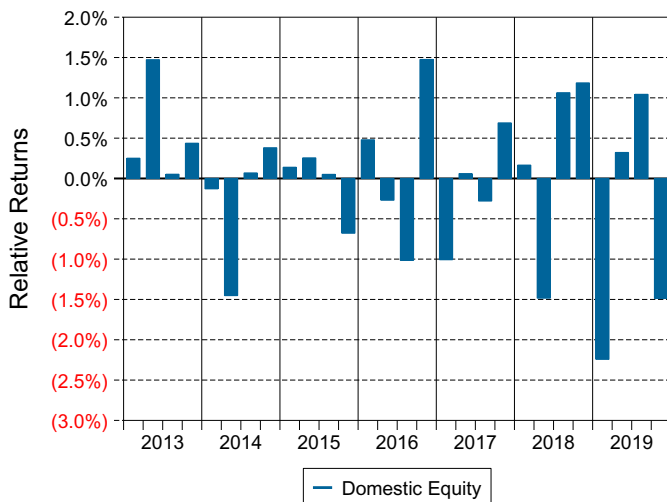
Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 7.76% return for the quarter placing it in the 92 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 90 percentile for the last year.
- Domestic Equity's portfolio underperformed the Domestic Equity Benchmark by 1.49% for the quarter and underperformed the Domestic Equity Benchmark for the year by 2.61%.

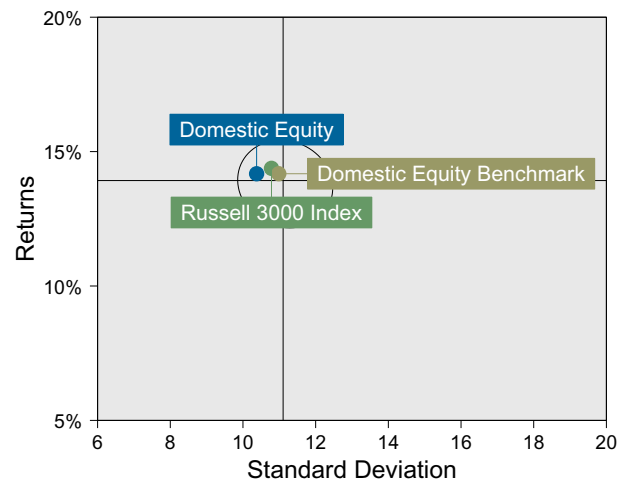
Performance vs Fund Sponsor - Domestic Equity (Gross)



Relative Returns vs Domestic Equity Benchmark



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

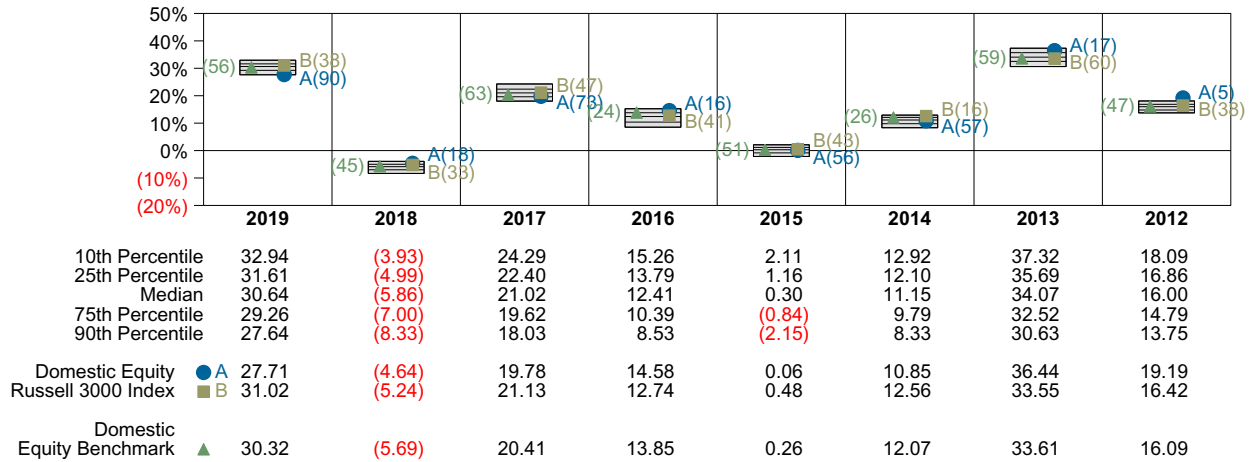


Domestic Equity Return Analysis Summary

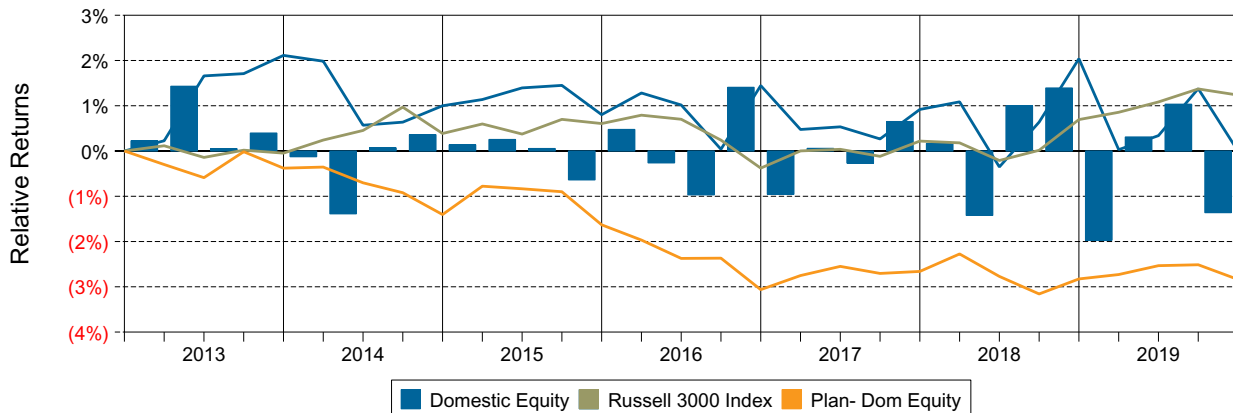
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

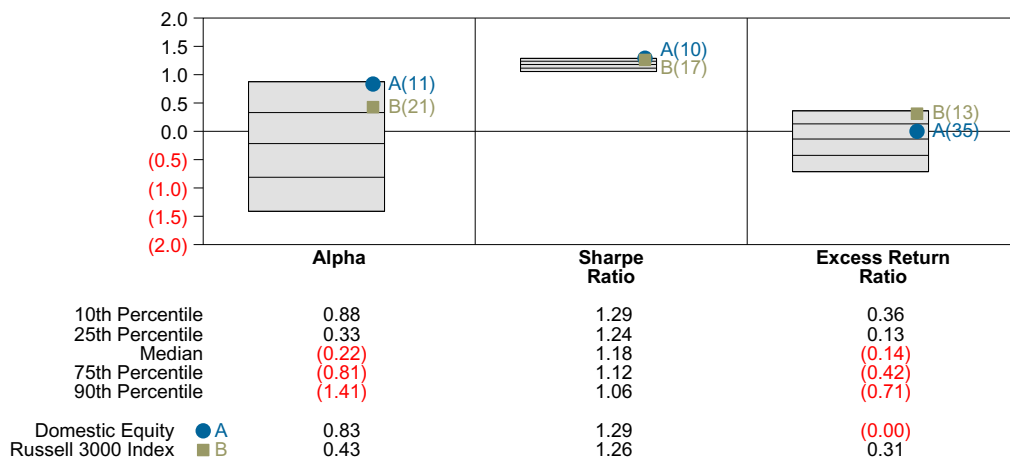
Performance vs Fund Sponsor - Domestic Equity (Gross)



Cumulative and Quarterly Relative Return vs Domestic Equity Benchmark



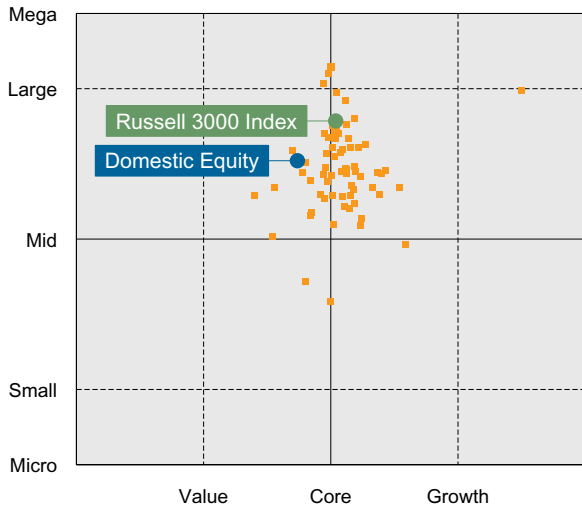
Risk Adjusted Return Measures vs Domestic Equity Benchmark Rankings Against Fund Sponsor - Domestic Equity (Gross) Seven Years Ended December 31, 2019



Current Holdings Based Style Analysis Domestic Equity As of December 31, 2019

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.

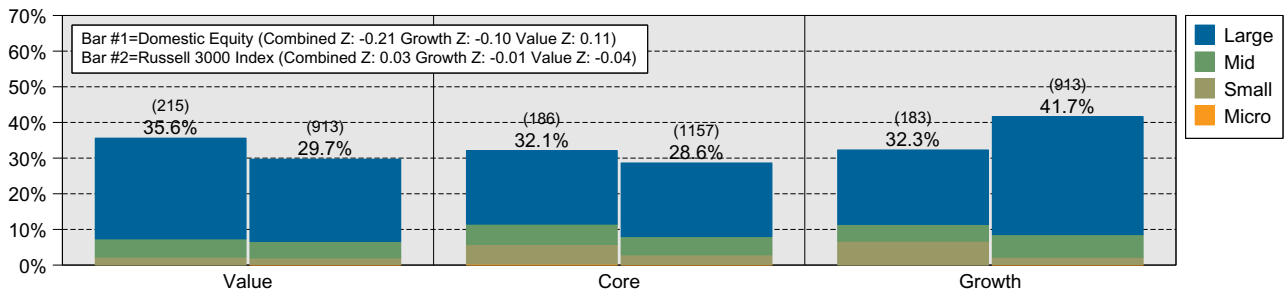
Style Map vs Plan- Dom Equity Holdings as of December 31, 2019



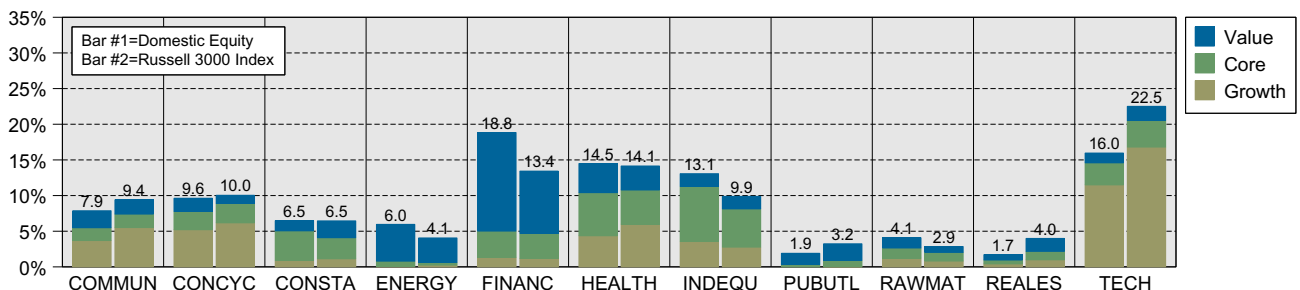
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Large	28.3% (106)	20.6% (87)	20.9% (101)	69.8% (294)
	23.0% (106)	20.6% (85)	33.1% (107)	76.8% (298)
Mid	5.1% (98)	5.7% (78)	4.7% (61)	15.5% (237)
	4.7% (170)	5.1% (189)	6.4% (237)	16.2% (596)
Small	2.2% (10)	5.5% (20)	6.7% (21)	14.5% (51)
	1.7% (324)	2.6% (498)	2.0% (372)	6.3% (1194)
Micro	0.0% (1)	0.3% (1)	0.0% (0)	0.3% (2)
	0.3% (313)	0.3% (385)	0.2% (197)	0.7% (895)
Total	35.6% (215)	32.1% (186)	32.3% (183)	100.0% (584)
	29.7% (913)	28.6% (1157)	41.7% (913)	100.0% (2983)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



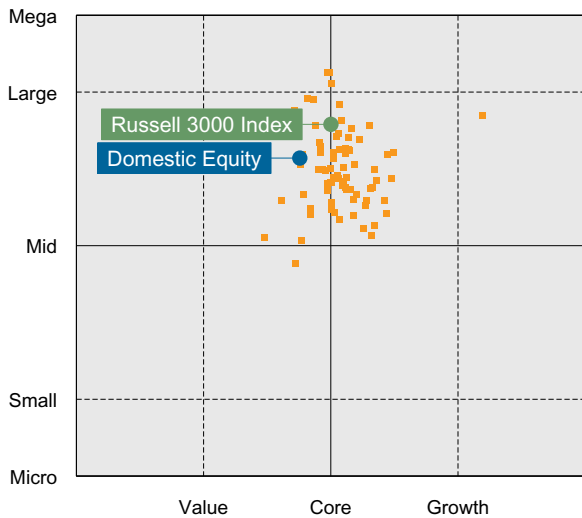
Sector Weights Distribution Holdings as of December 31, 2019



Historical Holdings Based Style Analysis Domestic Equity For Five Years Ended December 31, 2019

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.

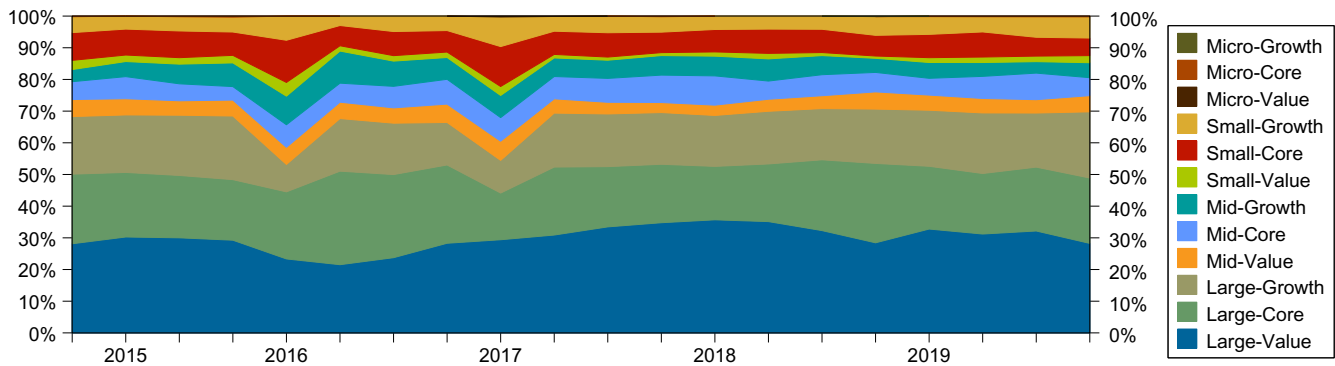
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended December 31, 2019



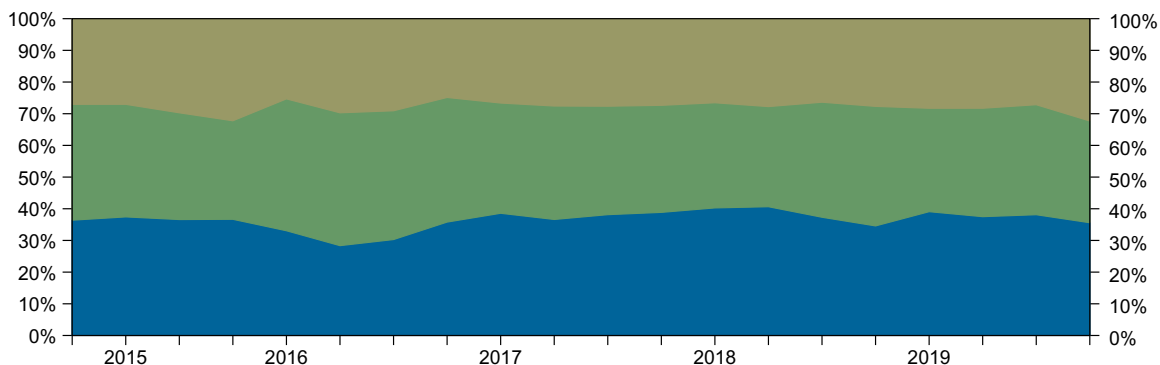
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	30.0% (95)	20.9% (90)	16.6% (84)	67.5% (269)
Large	26.2% (102)	22.2% (97)	26.1% (98)	74.6% (297)
Mid	4.7% (82)	6.7% (81)	6.1% (56)	17.6% (219)
Small	5.1% (175)	6.2% (217)	5.9% (205)	17.3% (597)
Micro	1.8% (10)	7.8% (25)	5.2% (15)	14.9% (50)
	2.1% (335)	2.9% (483)	2.2% (378)	7.2% (1196)
Micro	0.0% (0)	0.1% (1)	0.0% (0)	0.1% (1)
	0.3% (284)	0.4% (380)	0.2% (214)	0.9% (878)
Total	36.5% (187)	35.6% (197)	27.9% (155)	100.0% (539)
	33.8% (896)	31.7% (1177)	34.5% (895)	100.0% (2968)
	Value	Core	Growth	Total

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures



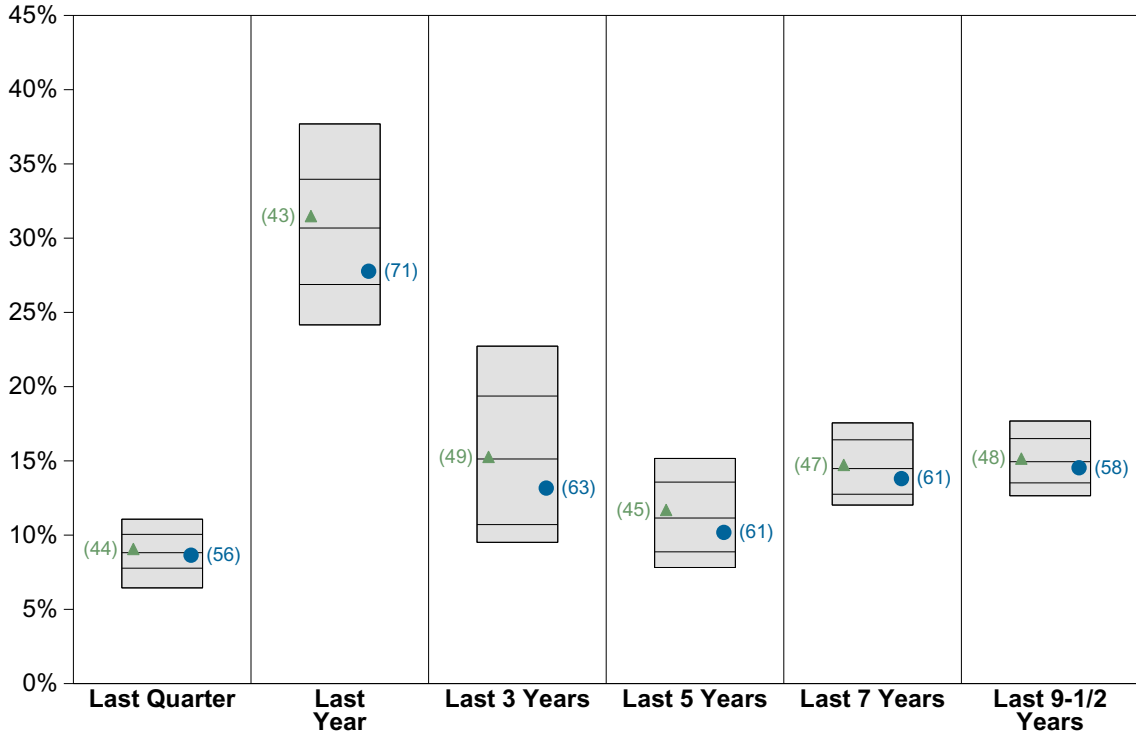
Large Cap

Period Ended December 31, 2019

Quarterly Summary and Highlights

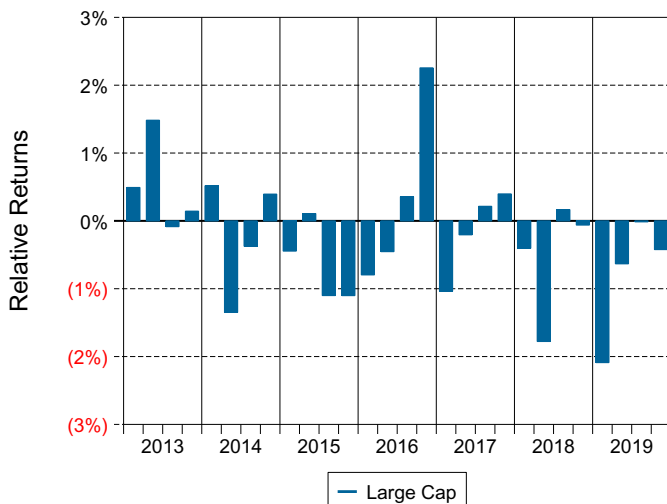
- Large Cap's portfolio posted a 8.65% return for the quarter placing it in the 56 percentile of the Callan Large Capitalization group for the quarter and in the 71 percentile for the last year.
- Large Cap's portfolio underperformed the S&P 500 Index by 0.42% for the quarter and underperformed the S&P 500 Index for the year by 3.71%.

Performance vs Callan Large Capitalization (Gross)

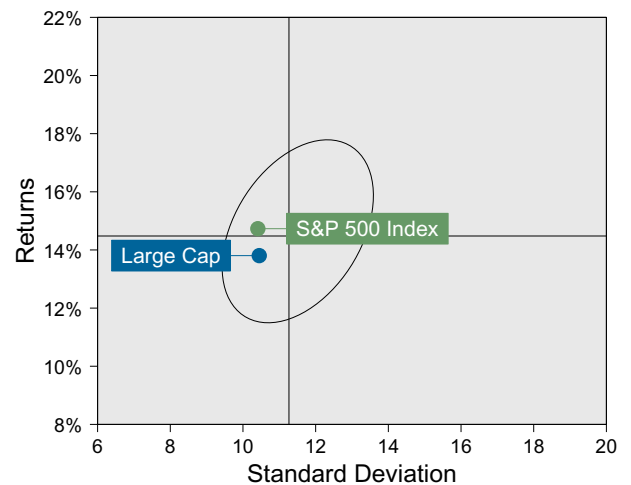


10th Percentile	11.07	37.69	22.73	15.16	17.56	17.68
25th Percentile	10.05	33.97	19.37	13.57	16.42	16.50
Median	8.82	30.68	15.13	11.15	14.48	14.94
75th Percentile	7.77	26.88	10.71	8.87	12.75	13.52
90th Percentile	6.45	24.16	9.51	7.82	12.02	12.65
Large Cap ●	8.65	27.77	13.17	10.18	13.80	14.54
S&P 500 Index ▲	9.07	31.49	15.27	11.70	14.73	15.15

Relative Return vs S&P 500 Index



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

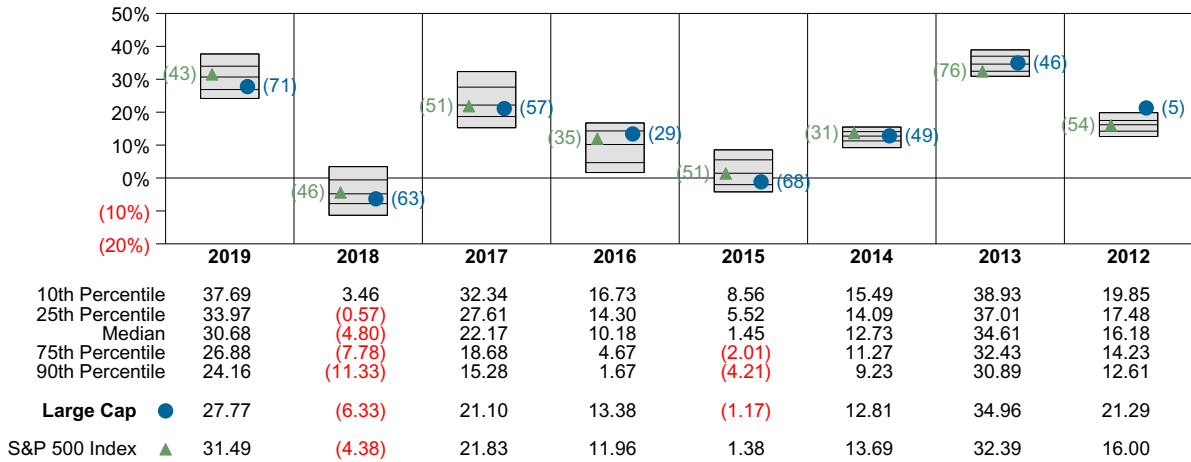


Large Cap Return Analysis Summary

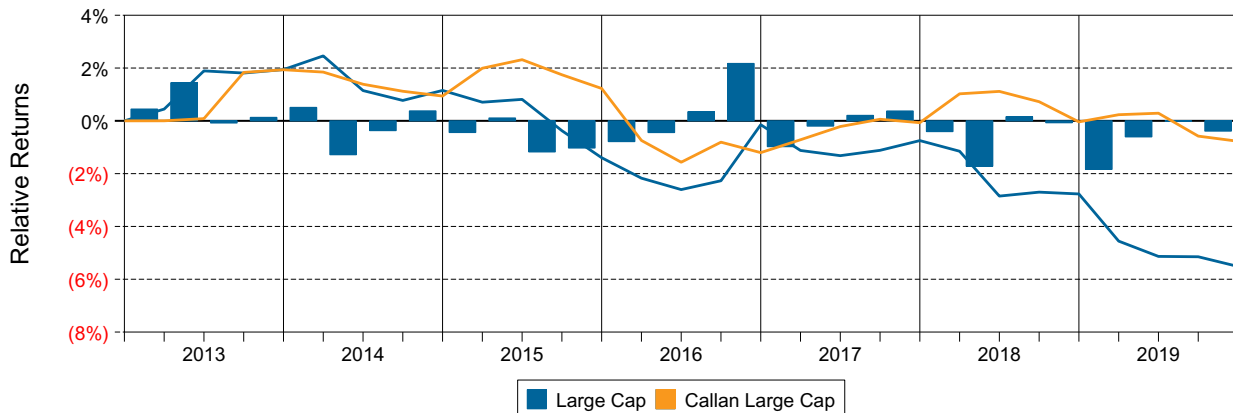
Return Analysis

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.

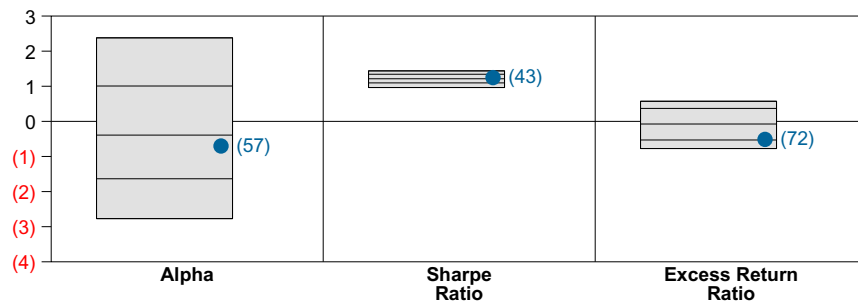
Performance vs Callan Large Capitalization (Gross)



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, 2019



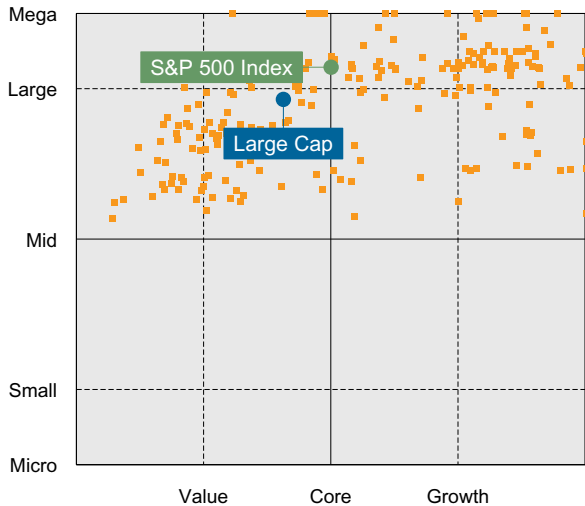
Current Holdings Based Style Analysis

Large Cap

As of December 31, 2019

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, 2019

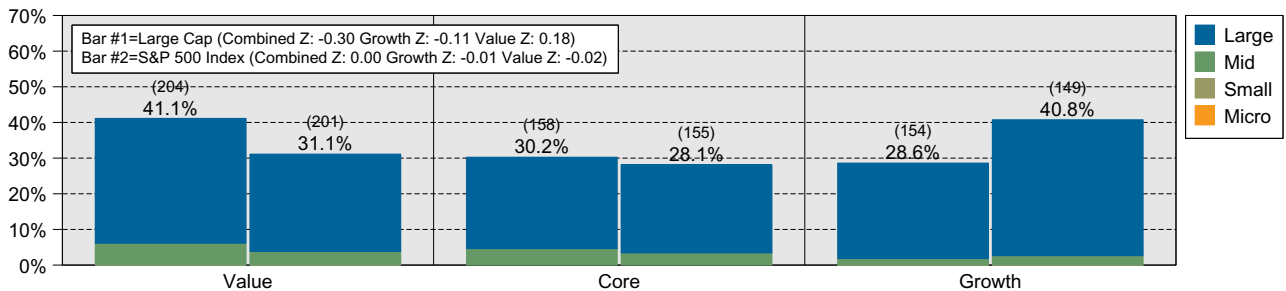


Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Large	35.0% (106)	25.6% (85)	26.8% (100)	87.4% (291)
	27.3% (104)	24.7% (84)	38.1% (96)	90.1% (284)
Mid	6.1% (97)	4.6% (73)	1.8% (53)	12.6% (223)
	3.8% (96)	3.4% (71)	2.6% (52)	9.8% (219)
Small	0.0% (1)	0.0% (0)	0.0% (1)	0.0% (2)
	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)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	41.1% (204)	30.2% (158)	28.6% (154)	100.0% (516)
	31.1% (201)	28.1% (155)	40.8% (149)	100.0% (505)

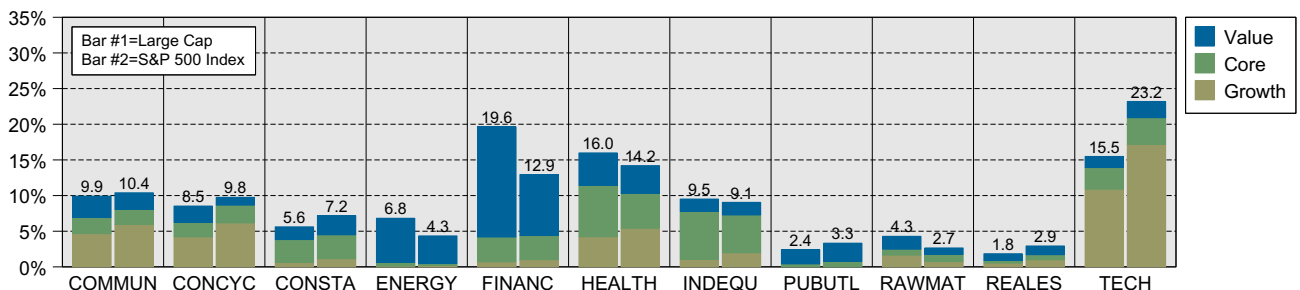
Combined Z-Score Style Distribution

Holdings as of December 31, 2019



Sector Weights Distribution

Holdings as of December 31, 2019



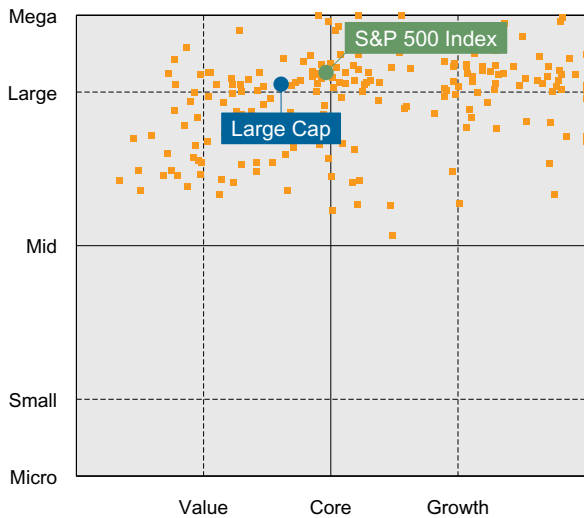
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended December 31, 2019

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.

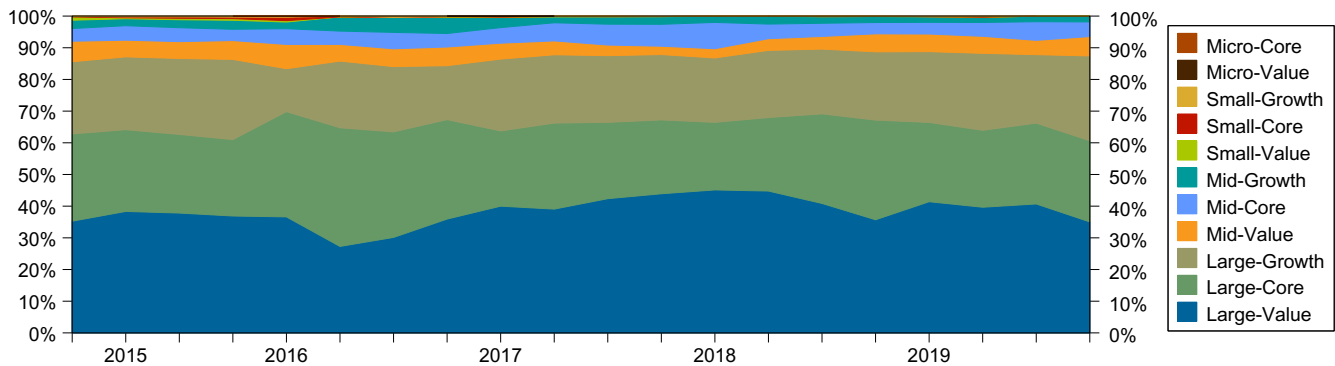
Average Style Map vs Callan Large Cap Holdings for Five Years Ended December 31, 2019



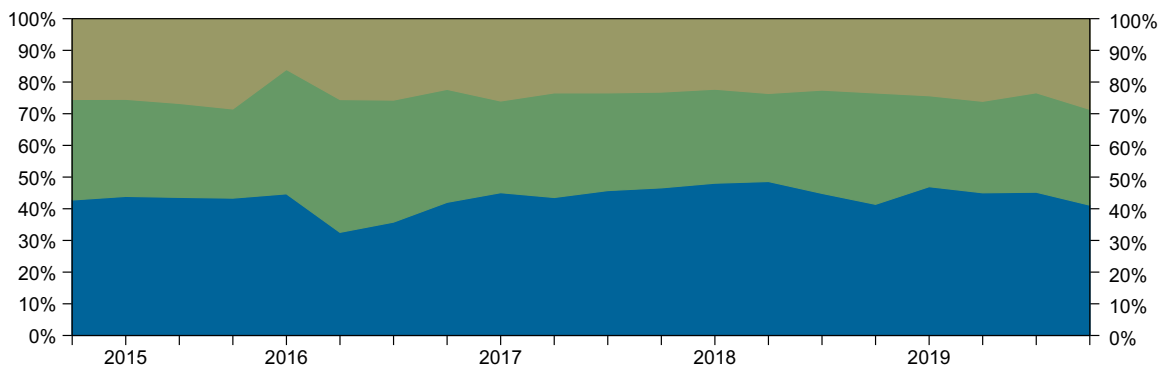
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

Large	38.3% (99)	27.0% (93)	21.6% (88)	87.0% (280)
	31.7% (101)	26.9% (95)	30.8% (89)	89.4% (285)
Mid	5.0% (84)	4.9% (79)	2.6% (50)	12.5% (213)
	3.9% (85)	3.9% (79)	2.7% (50)	10.5% (214)
Small	0.2% (4)	0.2% (2)	0.1% (2)	0.5% (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	43.6% (187)	32.2% (174)	24.3% (140)	100.0% (501)
	35.7% (189)	30.8% (175)	33.5% (140)	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 December 31, 2019

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.

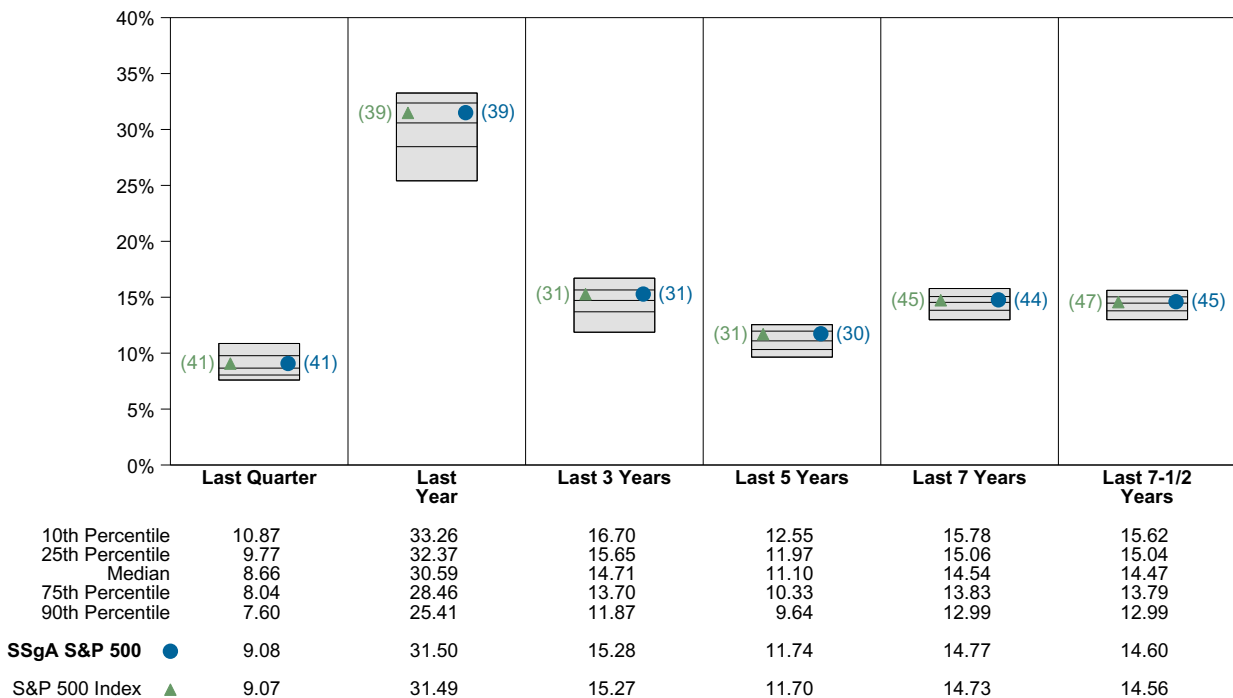
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 9.08% return for the quarter placing it in the 41 percentile of the Callan Large Cap Core group for the quarter and in the 39 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.02%.

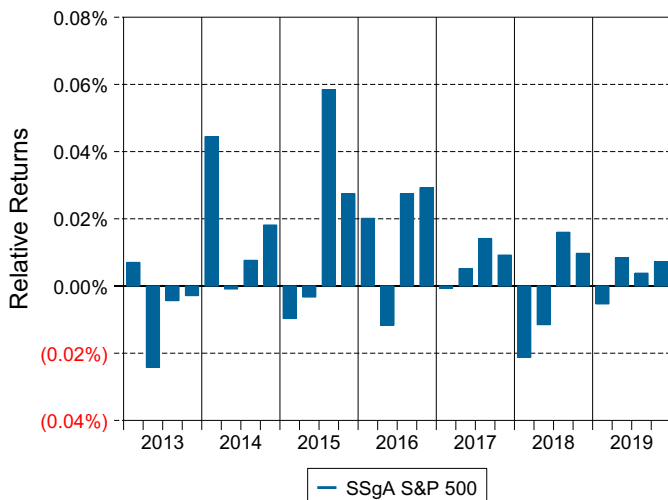
Quarterly Asset Growth

Beginning Market Value	\$50,921,136
Net New Investment	\$-465,242
Investment Gains/(Losses)	\$4,618,642
Ending Market Value	\$55,074,536

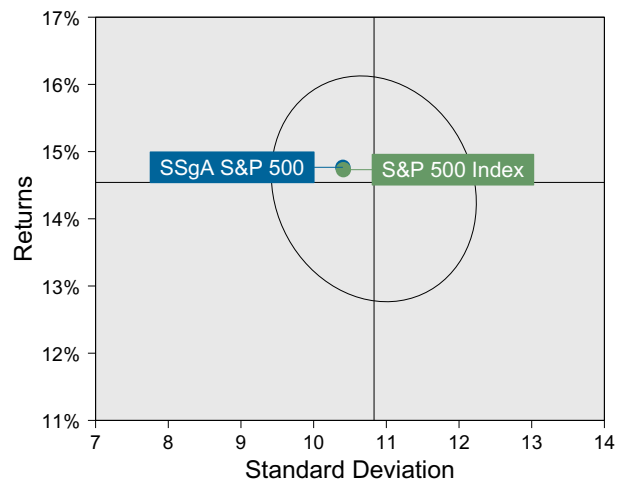
Performance vs Callan Large Cap Core (Gross)



Relative Return vs S&P 500 Index



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

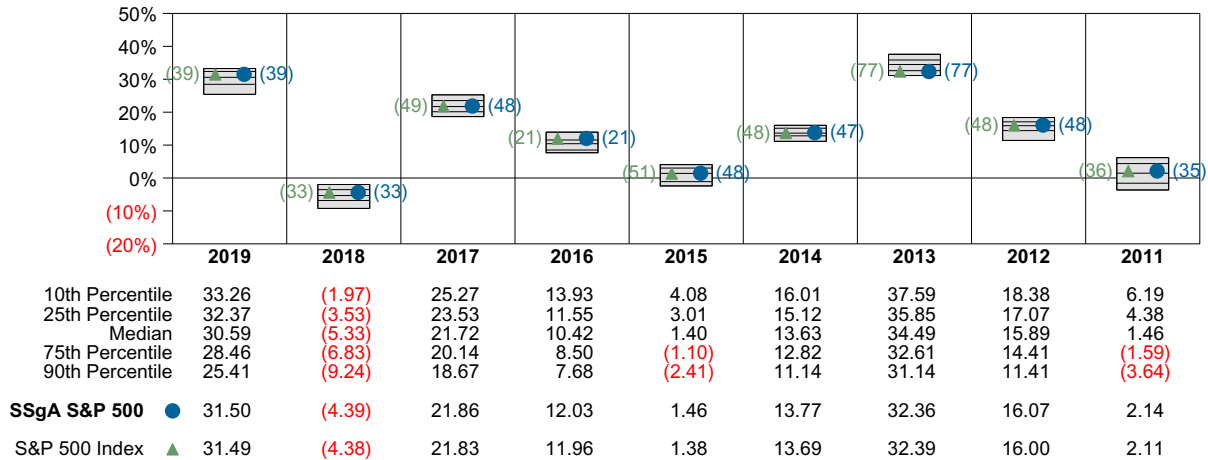


SSgA S&P 500 Return Analysis Summary

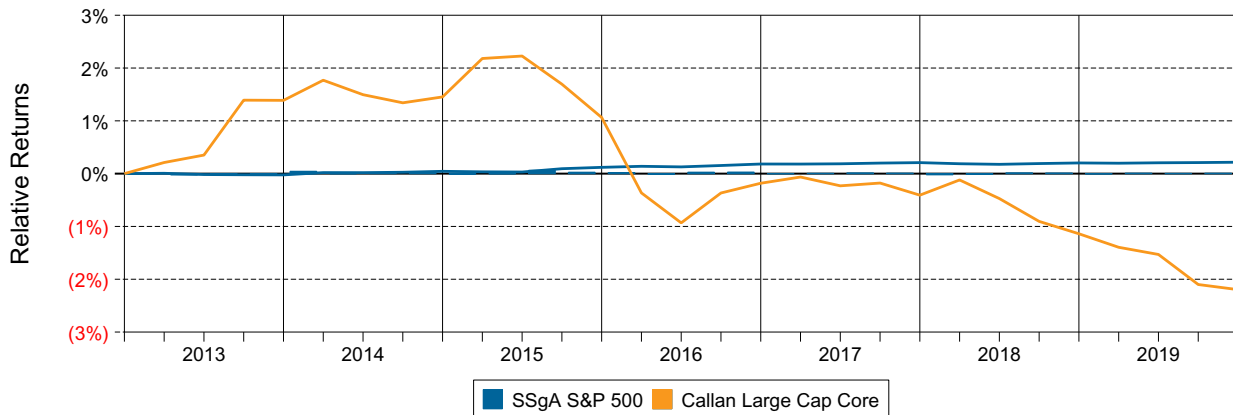
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

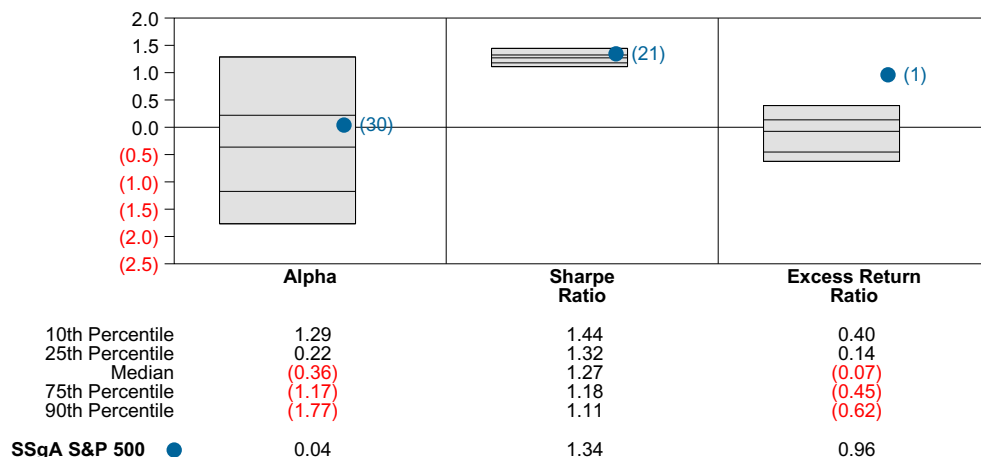
Performance vs Callan Large Cap Core (Gross)



Cumulative and Quarterly Relative Return vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended December 31, 2019

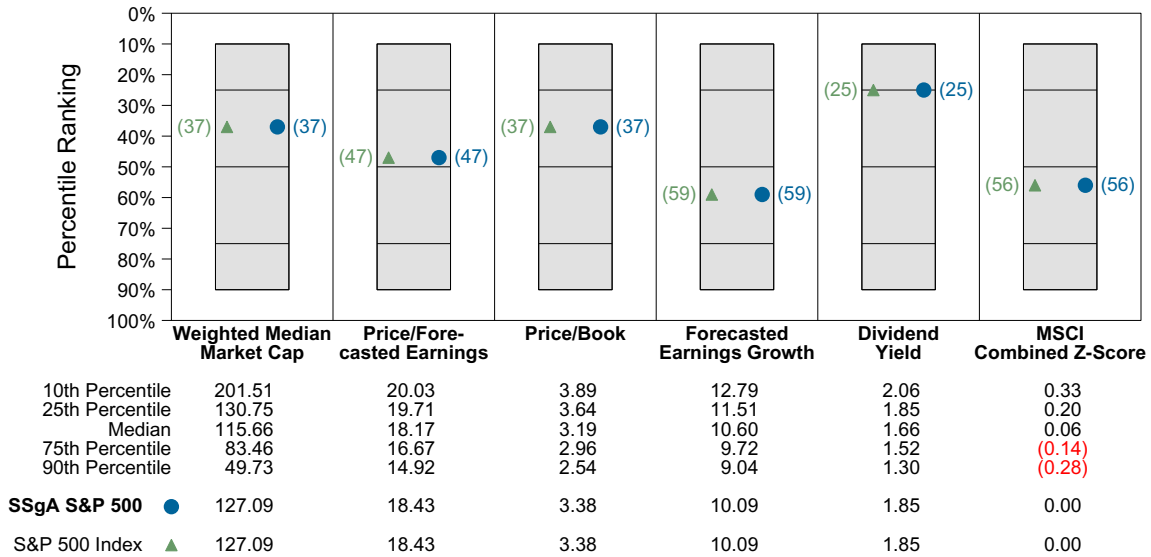


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

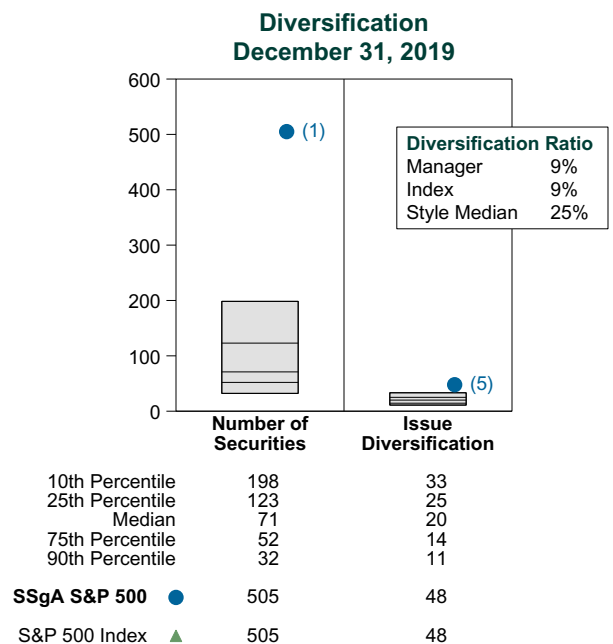
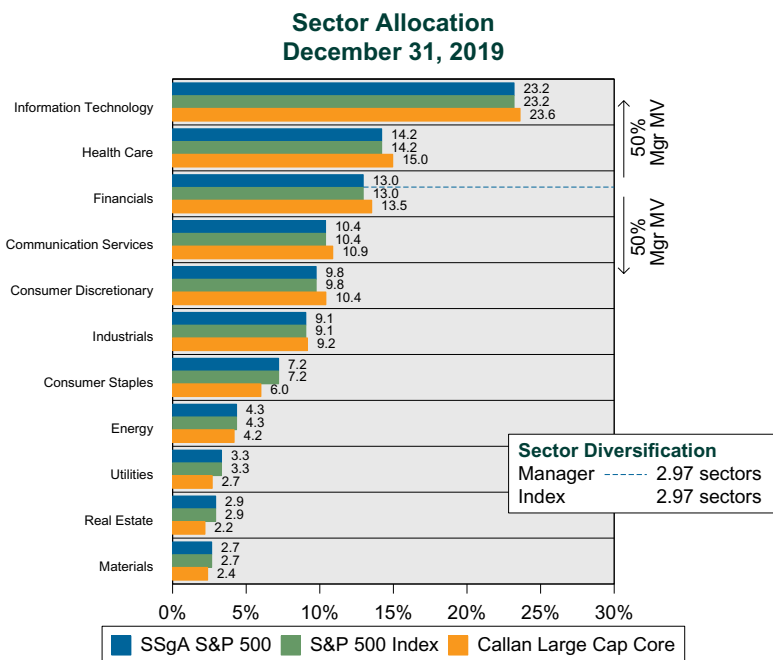
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of December 31, 2019



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.



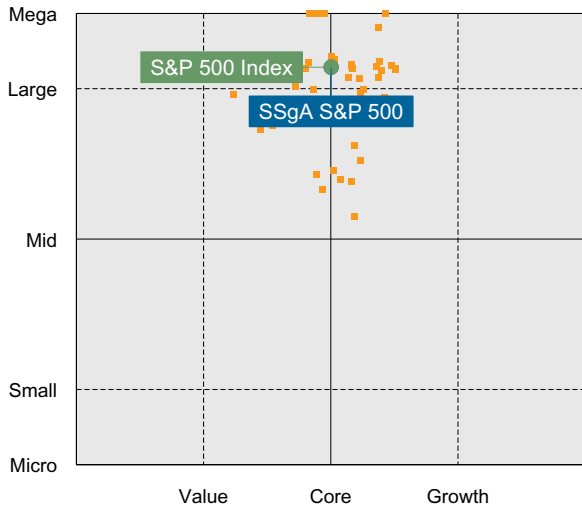
Current Holdings Based Style Analysis

SSgA S&P 500

As of December 31, 2019

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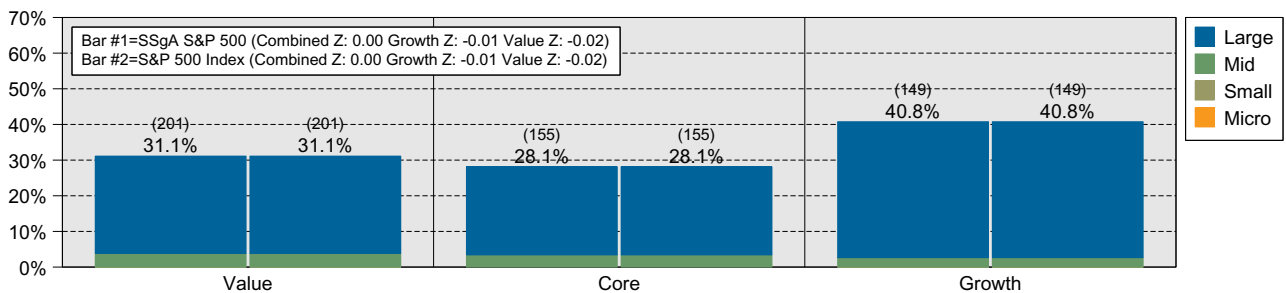
Style Map vs Callan Large Cap Core Holdings as of December 31, 2019



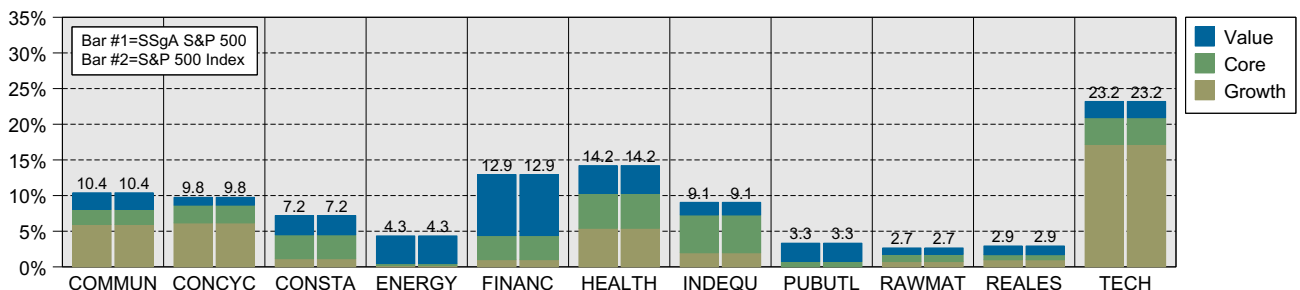
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Large	27.3% (104)	24.7% (84)	38.1% (96)	90.1% (284)
Mid	3.8% (96)	3.4% (71)	2.6% (52)	9.8% (219)
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	31.1% (201)	28.1% (155)	40.8% (149)	100.0% (505)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019



Boston Partners

Period Ended December 31, 2019

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.

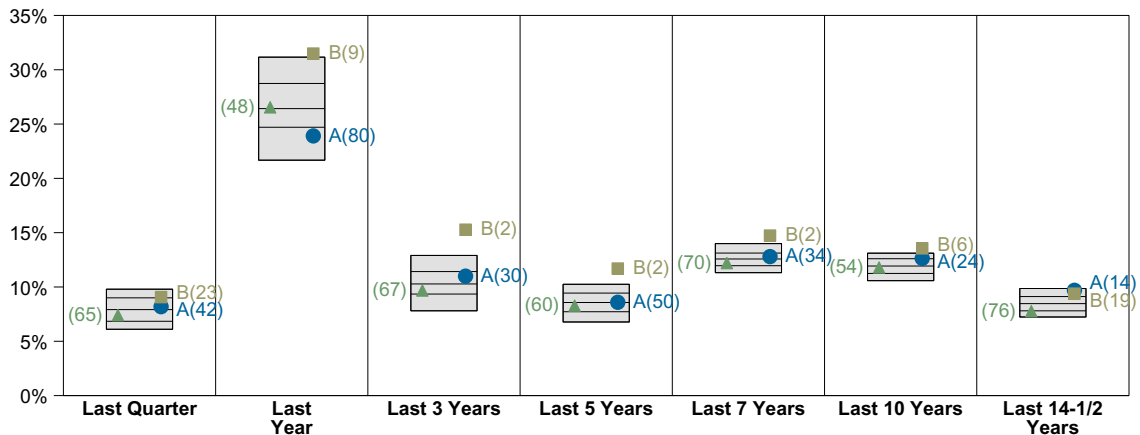
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 8.18% return for the quarter placing it in the 42 percentile of the Callan Large Cap Value group for the quarter and in the 80 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 0.78% for the quarter and underperformed the Russell 1000 Value Index for the year by 2.63%.

Quarterly Asset Growth

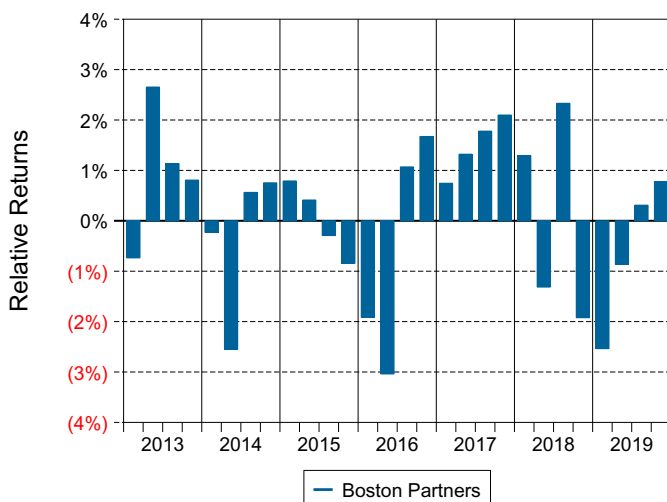
Beginning Market Value	\$47,010,196
Net New Investment	\$0
Investment Gains/(Losses)	\$3,847,412
Ending Market Value	\$50,857,608

Performance vs Callan Large Cap Value (Gross)

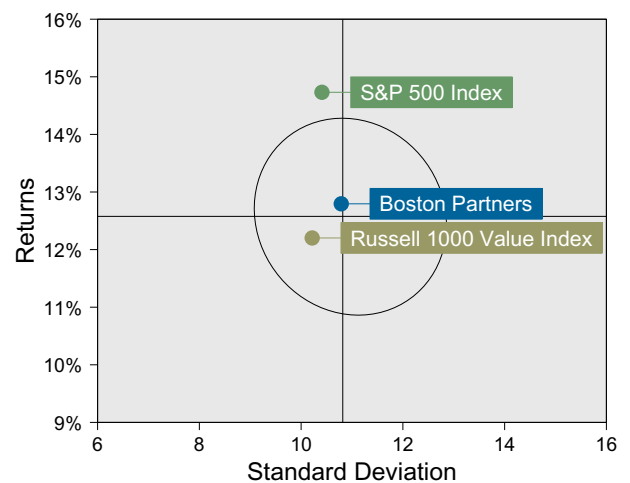


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 14-1/2 Years
10th Percentile	9.80	31.16	12.90	10.25	14.00	13.11	9.86
25th Percentile	9.00	28.74	11.42	9.44	13.12	12.60	9.12
Median	7.92	26.42	10.28	8.57	12.58	11.93	8.47
75th Percentile	6.84	24.71	9.35	7.72	11.96	11.25	7.80
90th Percentile	6.11	21.67	7.81	6.78	11.32	10.58	7.23
Boston Partners ● A	8.18	23.91	11.00	8.59	12.79	12.63	9.70
S&P 500 Index ■ B	9.07	31.49	15.27	11.70	14.73	13.56	9.38
Russell 1000 Value Index ▲	7.41	26.54	9.68	8.29	12.20	11.80	7.77

Relative Return vs Russell 1000 Value Index



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

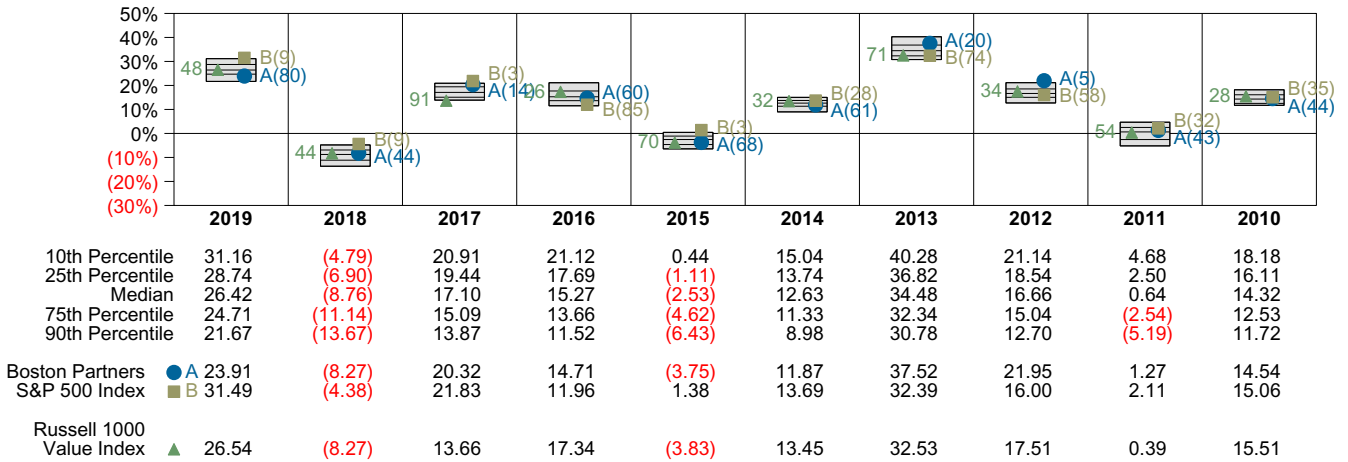


Boston Partners Return Analysis Summary

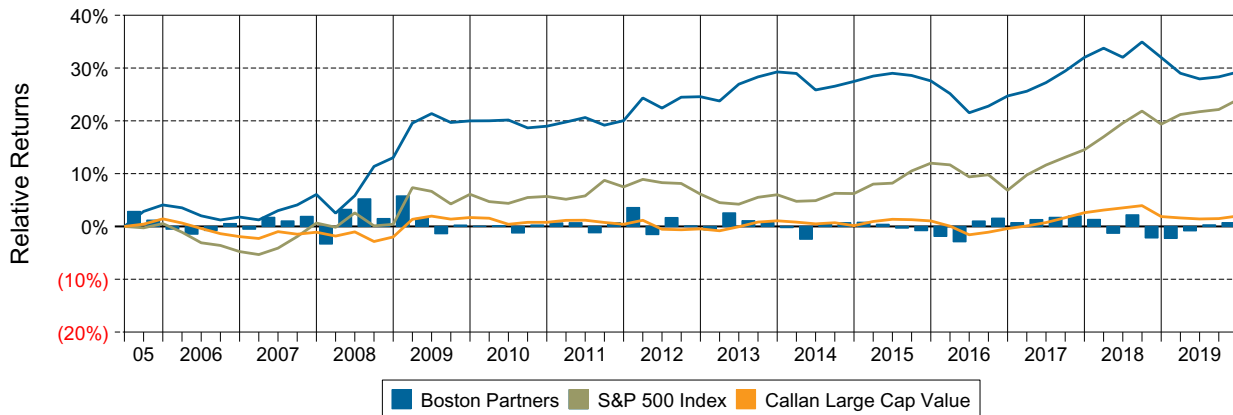
Return Analysis

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.

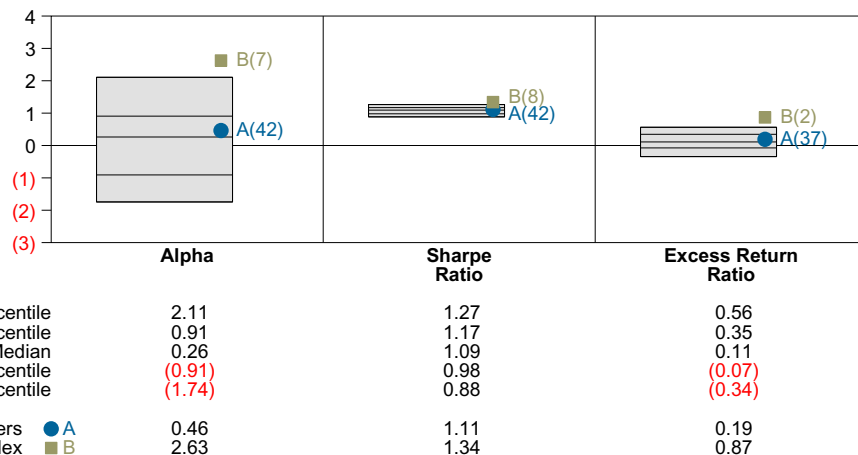
Performance vs Callan Large Cap Value (Gross)



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, 2019



Boston Partners Risk Analysis Summary

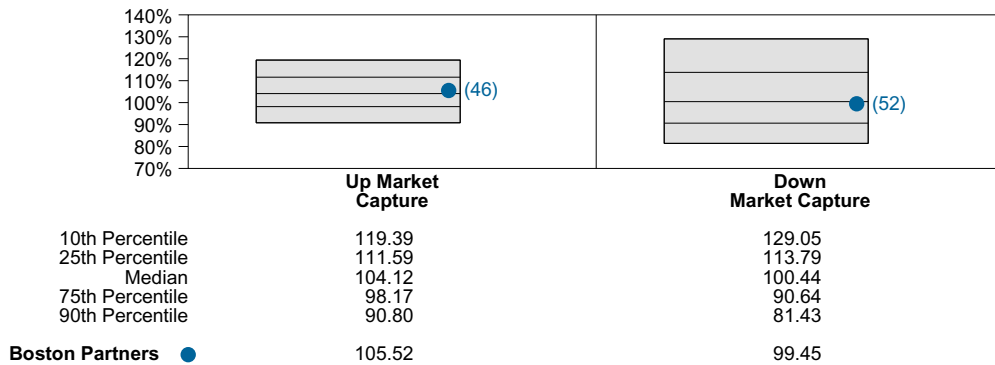
Risk Analysis

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.

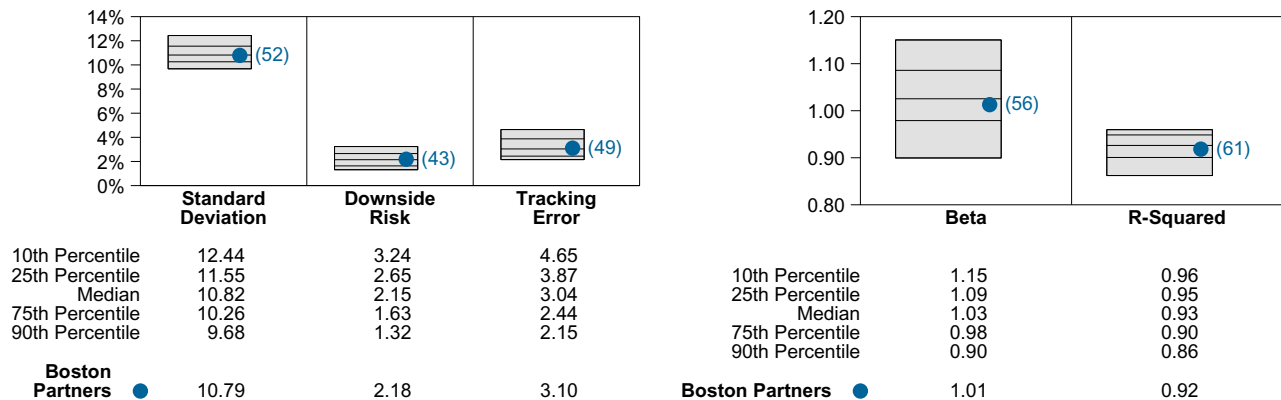
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended December 31, 2019



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2019



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2019

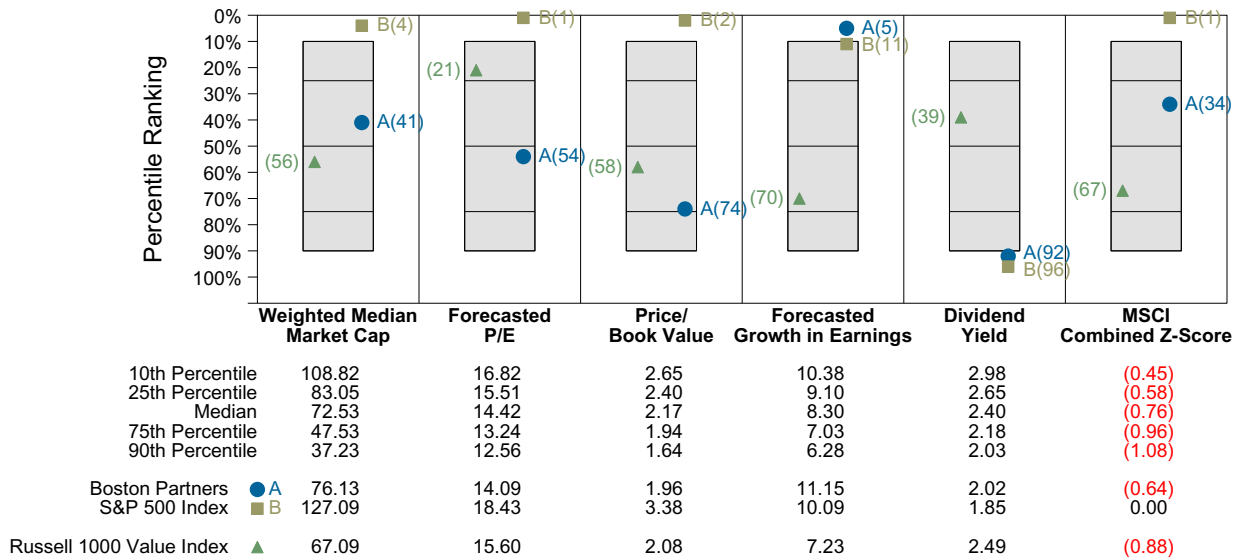


Boston Partners Equity Characteristics Analysis Summary

Portfolio Characteristics

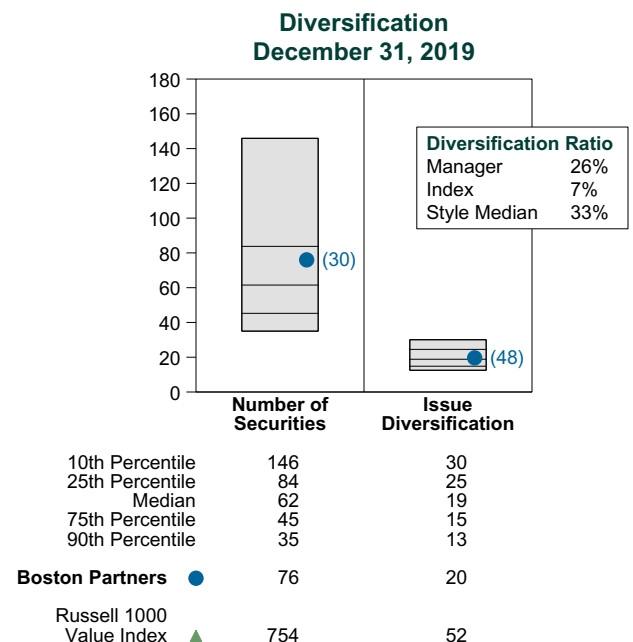
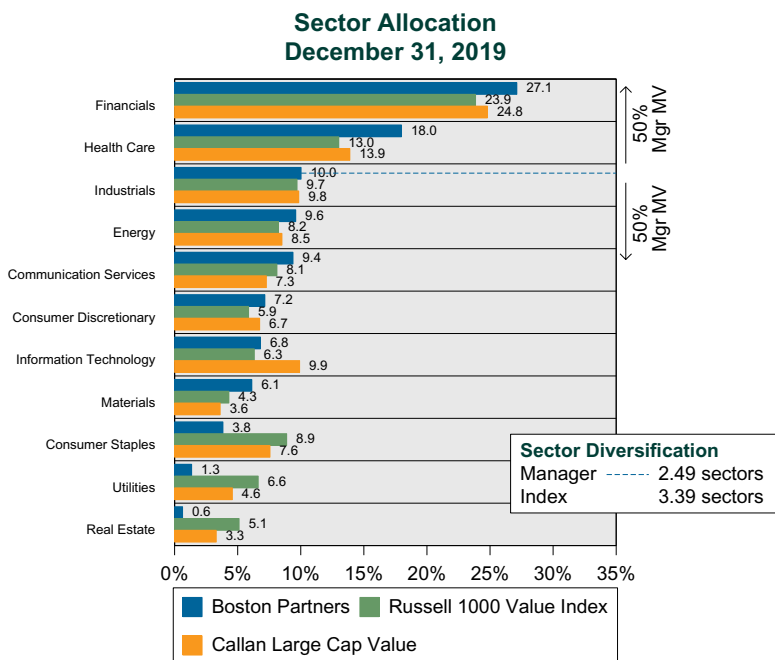
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of December 31, 2019



Sector Weights

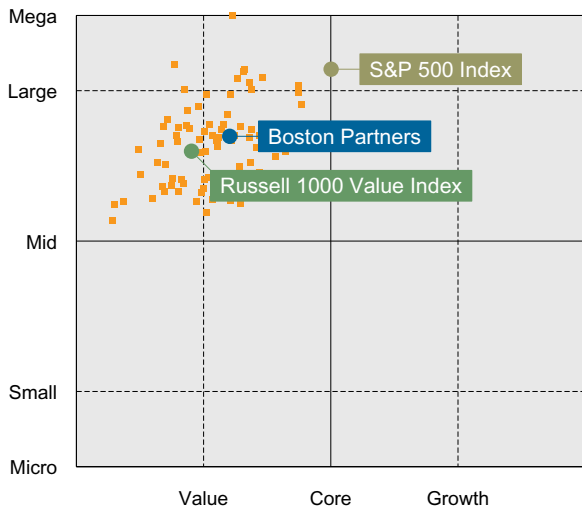
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



Current Holdings Based Style Analysis Boston Partners As of December 31, 2019

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.

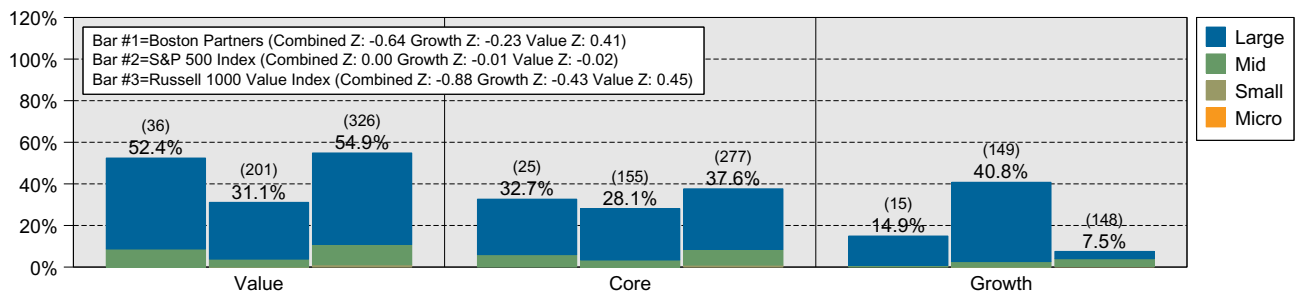
Style Map vs Callan Large Cap Value Holdings as of December 31, 2019



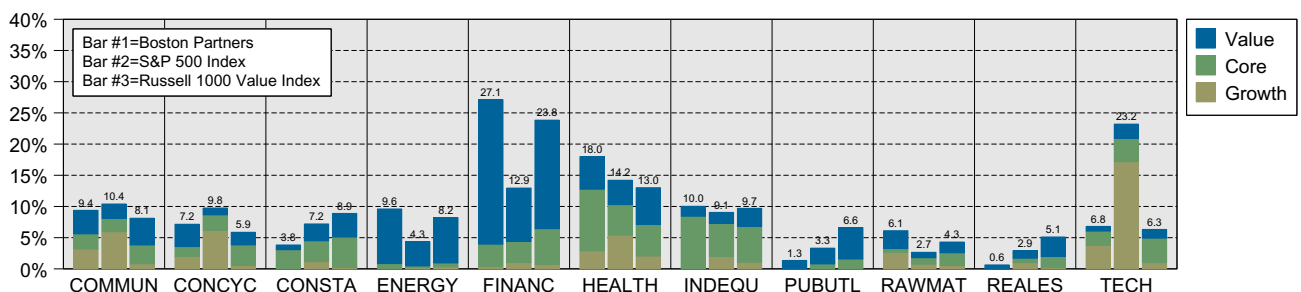
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Large	43.7% (25)	26.7% (17)	14.0% (13)	84.4% (55)
	27.3% (104)	24.7% (84)	38.1% (96)	90.1% (284)
	44.0% (103)	29.1% (75)	3.5% (25)	76.6% (203)
Mid	8.7% (11)	6.0% (8)	0.9% (2)	15.6% (21)
	3.8% (96)	3.4% (71)	2.6% (52)	9.8% (219)
	9.7% (164)	7.5% (148)	3.7% (99)	20.9% (411)
Small	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.0% (0)	0.0% (1)	0.0% (2)
	1.1% (59)	1.0% (54)	0.4% (24)	2.5% (137)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	52.4% (36)	32.7% (25)	14.9% (15)	100.0% (76)
	31.1% (201)	28.1% (155)	40.8% (149)	100.0% (505)
	54.9% (326)	37.6% (277)	7.5% (148)	100.0% (751)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



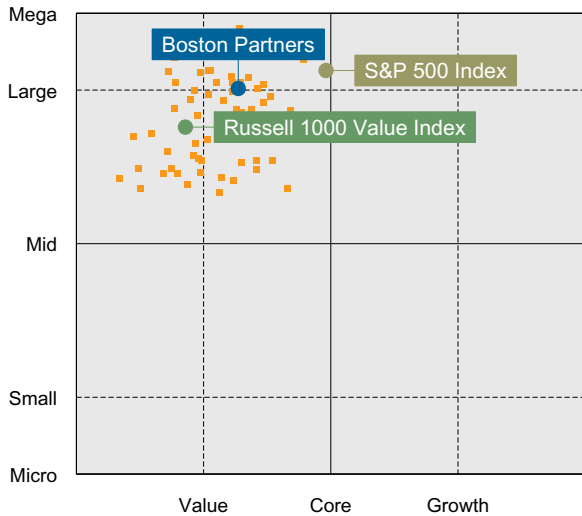
Sector Weights Distribution Holdings as of December 31, 2019



Historical Holdings Based Style Analysis Boston Partners For Five Years Ended December 31, 2019

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.

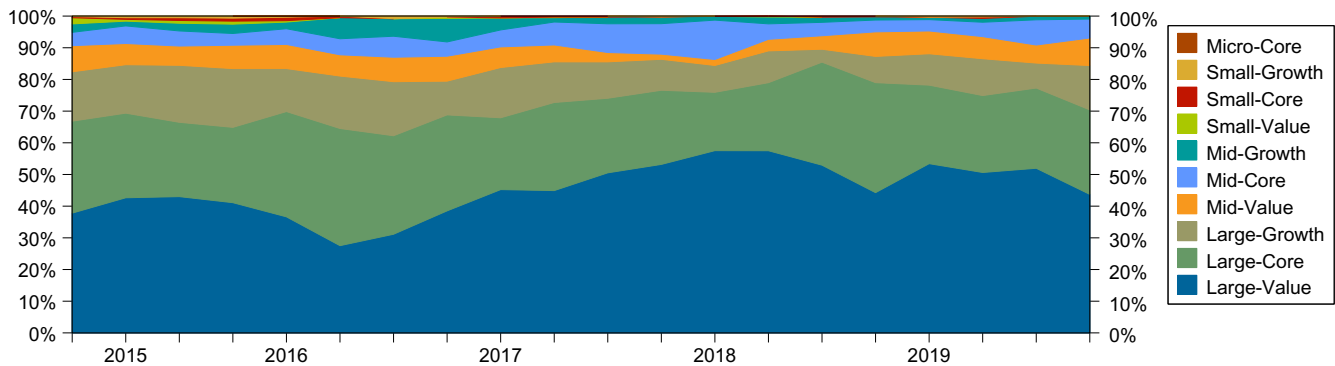
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended December 31, 2019



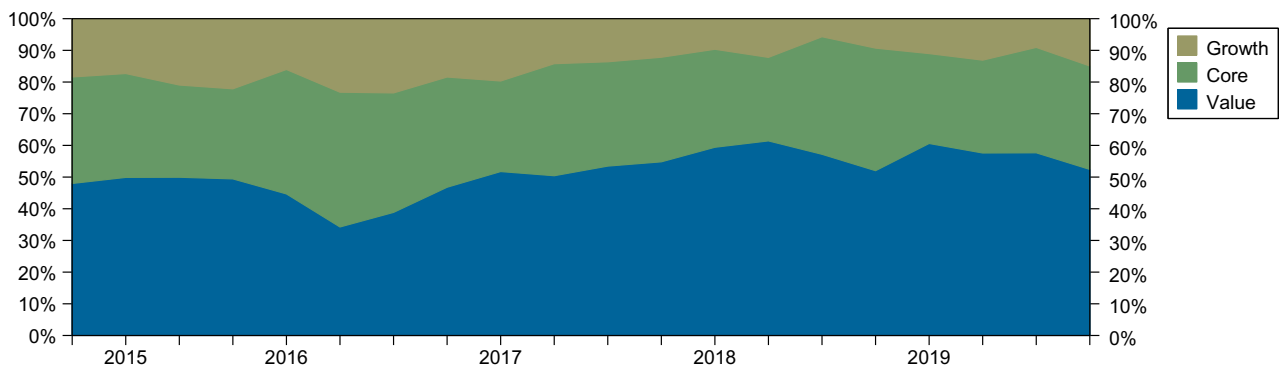
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	Value	Core	Growth	Total
Large	45.2% (29)	27.0% (20)	12.5% (13)	84.7% (62)
	31.7% (101)	26.9% (95)	30.8% (89)	89.4% (285)
Mid	50.8% (99)	23.2% (72)	3.8% (26)	77.8% (197)
	6.0% (9)	5.9% (9)	2.5% (4)	14.5% (22)
Small	3.9% (85)	3.9% (79)	2.7% (50)	10.5% (214)
	10.0% (162)	7.4% (156)	2.4% (67)	19.9% (385)
Micro	0.3% (1)	0.3% (1)	0.2% (1)	0.8% (3)
	0.0% (3)	0.0% (1)	0.0% (1)	0.1% (5)
Total	1.3% (61)	0.8% (44)	0.2% (17)	2.3% (122)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Total	51.5% (39)	33.2% (30)	15.2% (18)	100.0% (87)
	35.7% (189)	30.8% (175)	33.5% (140)	100.0% (504)
	62.1% (322)	31.4% (273)	6.4% (110)	100.0% (705)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures



Boston Partners vs Russell 1000 Value Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 2019

Manager Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Manager Perf	Contrib Excess Return
Bank Amer Corp	Financials	3.92%	92	1.91%	21.37%	21.40%	0.78%	0.25%
Cigna Corp New	Health Care	2.37%	92	0.33%	34.72%	34.72%	0.72%	0.47%
JPMorgan Chase & Co	Financials	3.50%	92	2.88%	19.15%	19.40%	0.64%	0.06%
Unitedhealth Group	Health Care	1.41%	92	-	35.80%	-	0.44%	0.34%
Berkshire Hathaway Inc Del Cl B New	Financials	4.66%	92	3.04%	8.88%	8.88%	0.40%	0.02%
Citigroup Inc	Financials	2.40%	92	1.18%	16.39%	16.45%	0.38%	0.10%
Anthem Inc	Health Care	1.36%	92	0.35%	26.14%	26.14%	0.32%	0.17%
ConocoPhillips	Energy	1.71%	92	0.46%	14.39%	15.01%	0.27%	0.11%
Cvs Health Corp	Health Care	1.41%	92	0.64%	18.69%	18.69%	0.25%	0.08%
Micron Technology Inc	Information Technology	1.01%	92	0.37%	24.21%	25.51%	0.23%	0.08%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
JPMorgan Chase & Co	Financials	3.50%	92	2.88%	19.15%	19.40%	0.52%	0.06%
Bank Amer Corp	Financials	3.92%	92	1.91%	21.37%	21.40%	0.38%	0.25%
Johnson & Johnson	Health Care	-	-	2.18%	-	13.53%	0.28%	(0.13)%
Intel Corp	Information Technology	-	-	1.78%	-	16.78%	0.28%	(0.15)%
Berkshire Hathaway Inc Del Cl B New	Financials	4.66%	92	3.04%	8.88%	8.88%	0.26%	0.02%
Disney Walt Co Com Disney	Communication Services	-	-	1.74%	-	11.65%	0.20%	(0.07)%
Citigroup Inc	Financials	2.40%	92	1.18%	16.39%	16.45%	0.18%	0.10%
Pfizer	Health Care	2.05%	92	1.52%	10.24%	10.11%	0.15%	0.01%
General Electric Co	Industrials	-	-	0.63%	-	24.95%	0.14%	(0.10)%
Bristol-Myers Squibb Co	Health Care	-	-	0.46%	-	27.63%	0.12%	(0.08)%

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
Cigna Corp New	Health Care	2.37%	92	0.33%	34.72%	34.72%	0.72%	0.47%
Unitedhealth Group	Health Care	1.41%	92	-	35.80%	-	0.44%	0.34%
Bank Amer Corp	Financials	3.92%	92	1.91%	21.37%	21.40%	0.78%	0.25%
Anthem Inc	Health Care	1.36%	92	0.35%	26.14%	26.14%	0.32%	0.17%
Exxon Mobil Corp	Energy	-	-	2.12%	-	0.04%	-	0.15%
Mcdonald's Corp	Consumer Discretionary	-	-	0.95%	-	(7.37)%	-	0.14%
Humana	Health Care	0.64%	92	0.17%	42.80%	43.57%	0.23%	0.13%
Las Vegas Sands Corp	Consumer Discretionary	1.10%	92	0.08%	20.88%	20.88%	0.22%	0.13%
Lam Research Corp	Information Technology	0.72%	92	0.03%	26.51%	27.06%	0.17%	0.12%
ConocoPhillips	Energy	1.71%	92	0.46%	14.39%	15.01%	0.27%	0.11%

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
American Intl Group Inc	Financials	2.23%	92	0.34%	(7.26)%	(7.26)%	(0.17)%	(0.28)%
Chubb Limited	Financials	2.42%	92	0.51%	(3.25)%	(3.11)%	(0.08)%	(0.20)%
Dowdupont Inc	Materials	1.39%	92	0.37%	(10.14)%	(9.56)%	(0.14)%	(0.17)%
Marathon Pete Corp	Energy	1.99%	92	0.29%	(0.55)%	0.03%	(0.04)%	(0.16)%
Cisco Sys Inc	Information Technology	0.87%	67	-	(10.69)%	-	(0.15)%	(0.16)%
United Parcel Service B	Industrials	1.74%	92	-	(1.55)%	-	(0.03)%	(0.15)%
Comcast Corp A (New)	Communication Services	2.89%	92	0.78%	0.23%	0.23%	(0.01)%	(0.15)%
Intel Corp	Information Technology	-	-	1.78%	-	16.78%	-	(0.15)%
Johnson & Johnson	Health Care	-	-	2.18%	-	13.53%	-	(0.13)%
Travelers Cos Inc	Financials	1.00%	92	0.22%	(7.34)%	(7.34)%	(0.08)%	(0.12)%

Atlanta Capital Period Ended December 31, 2019

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.

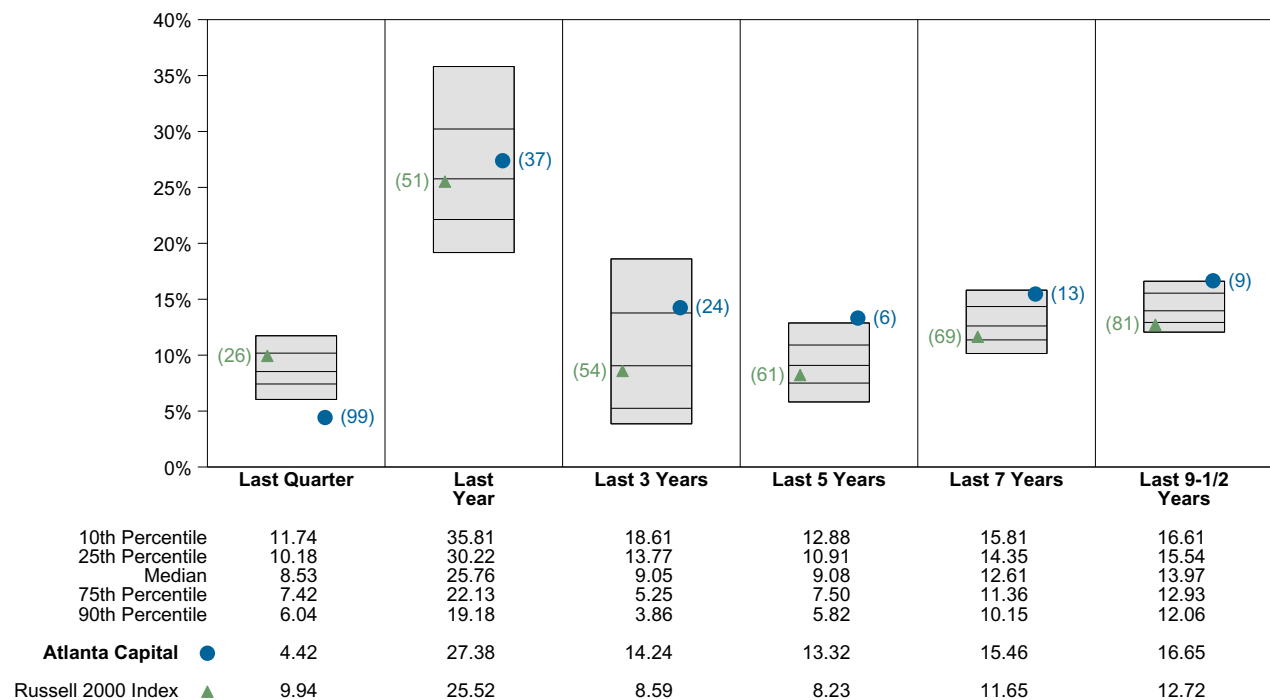
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 4.42% return for the quarter placing it in the 99 percentile of the Callan Small Capitalization group for the quarter and in the 37 percentile for the last year.
- Atlanta Capital's portfolio underperformed the Russell 2000 Index by 5.52% for the quarter and outperformed the Russell 2000 Index for the year by 1.86%.

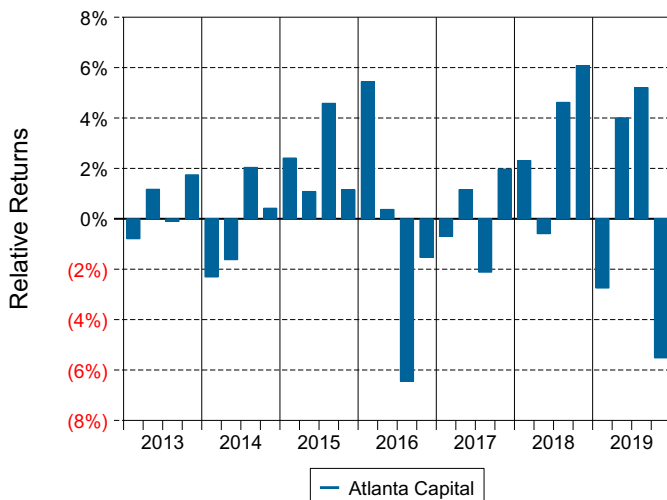
Quarterly Asset Growth

Beginning Market Value	\$26,149,365
Net New Investment	\$-0
Investment Gains/(Losses)	\$1,156,517
Ending Market Value	\$27,305,881

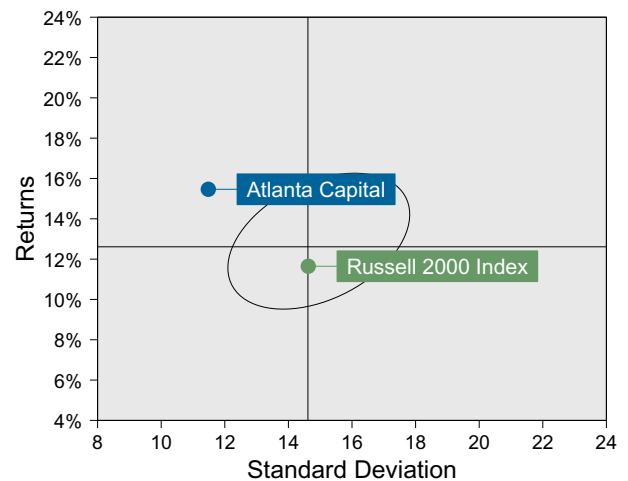
Performance vs Callan Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

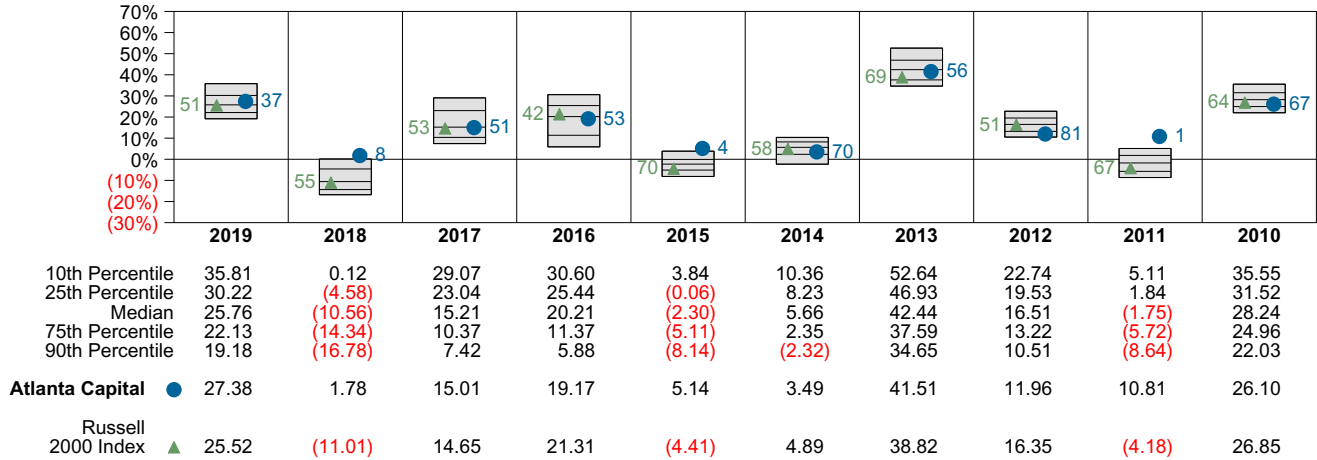


Atlanta Capital Return Analysis Summary

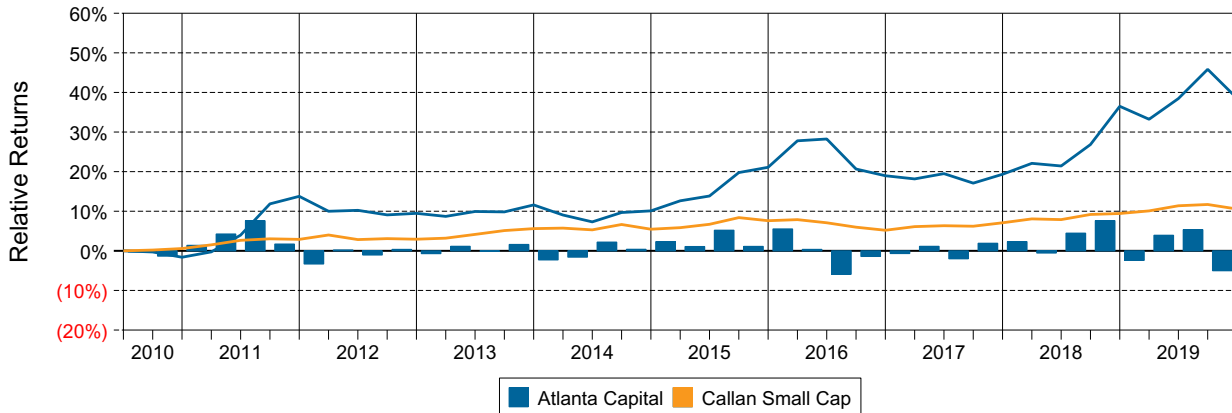
Return Analysis

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.

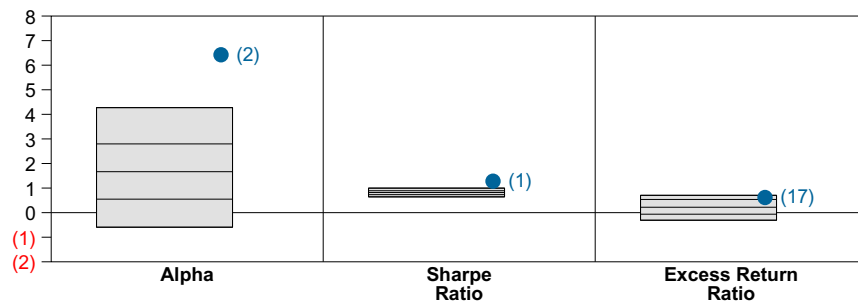
Performance vs Callan Small Capitalization (Gross)



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, 2019



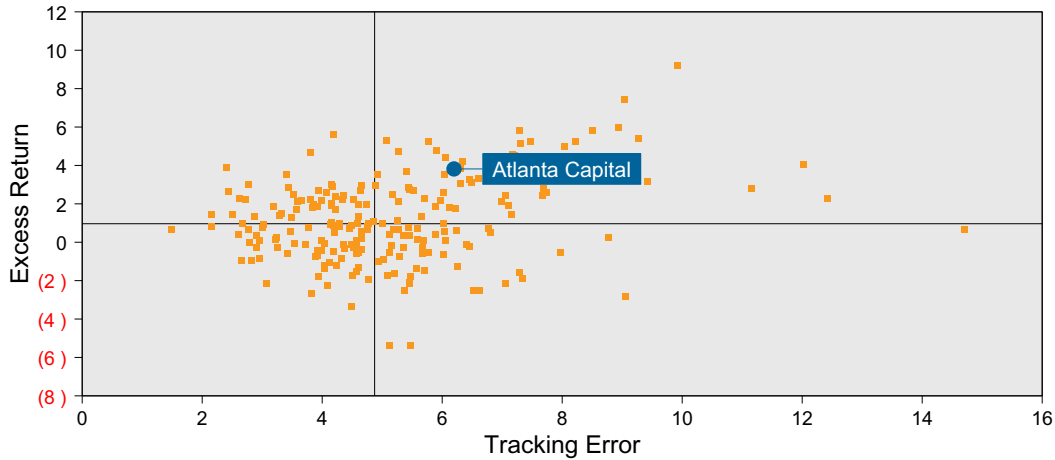
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.27	1.00	0.70
25th Percentile	2.80	0.89	0.54
Median	1.67	0.82	0.22
75th Percentile	0.55	0.73	(0.06)
90th Percentile	(0.59)	0.64	(0.31)
Atlanta Capital	● 6.42	1.28	0.62

Atlanta Capital Risk Analysis Summary

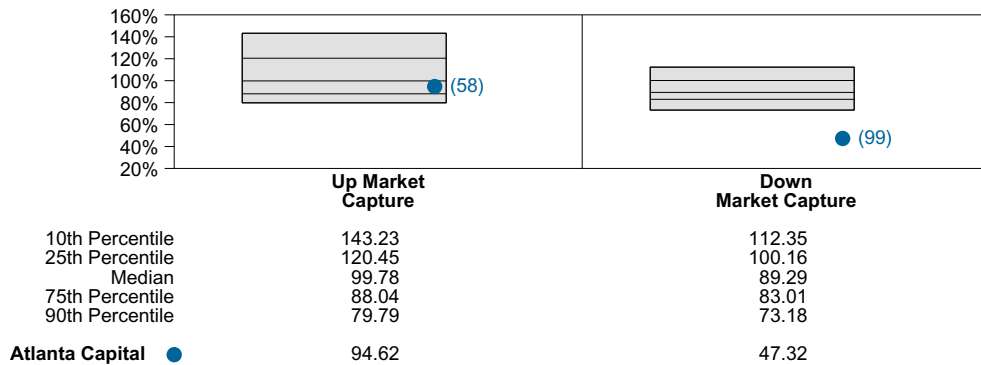
Risk Analysis

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.

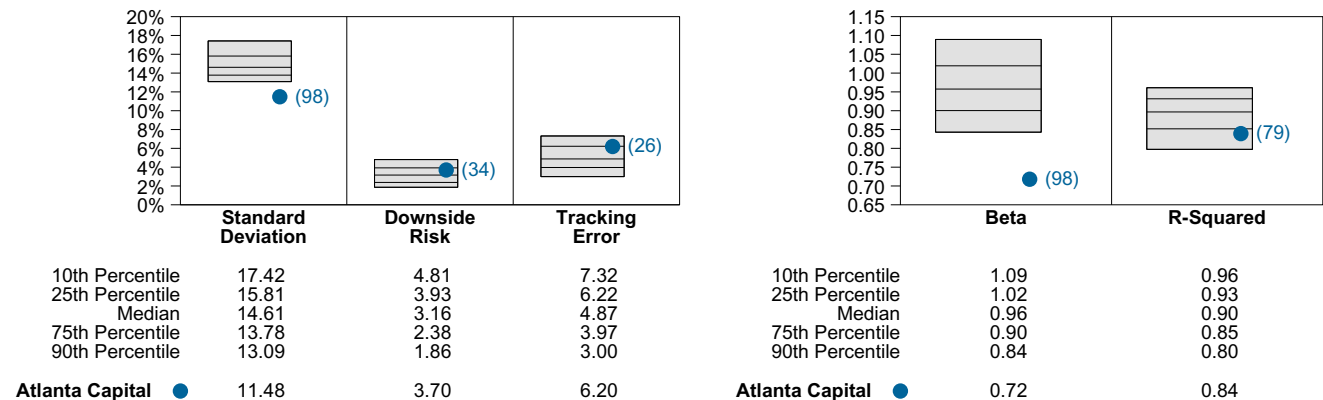
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended December 31, 2019



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2019



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2019

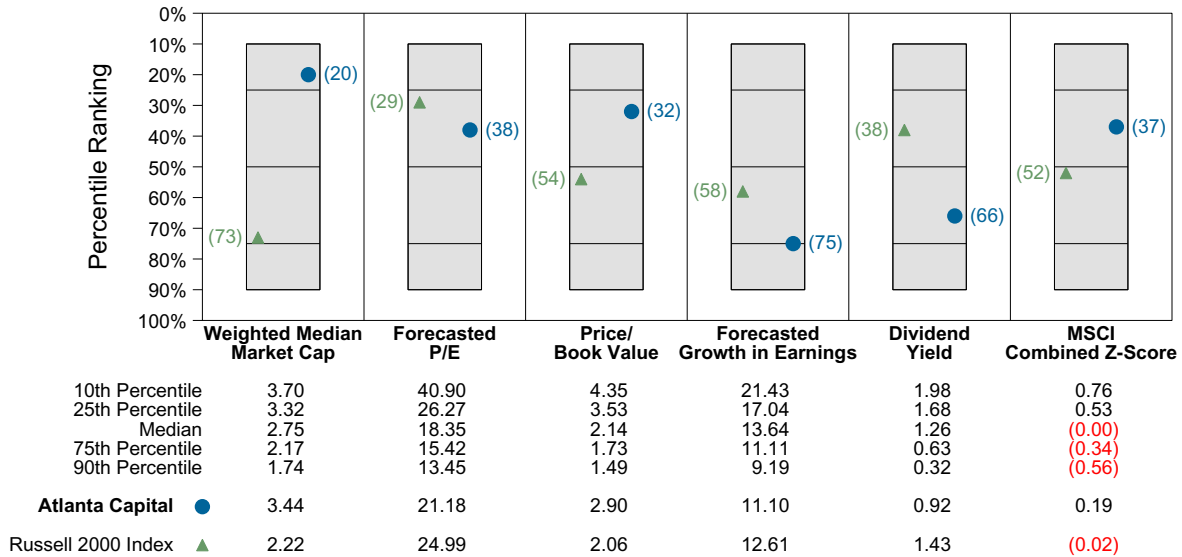


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

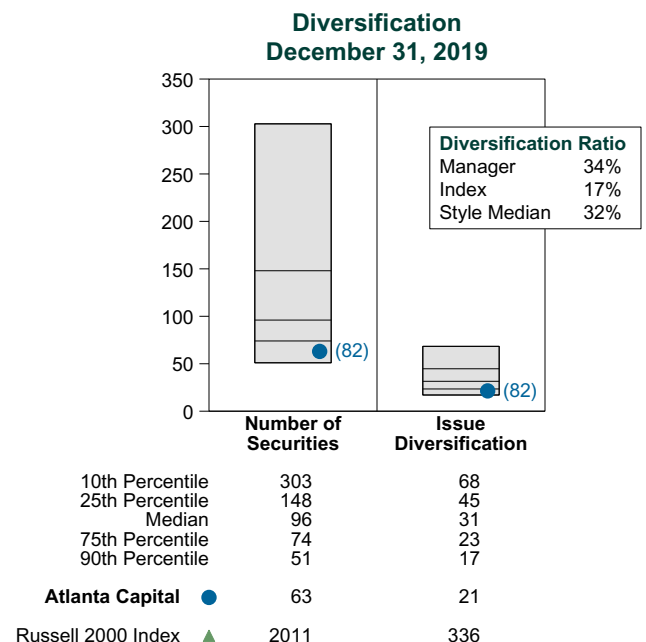
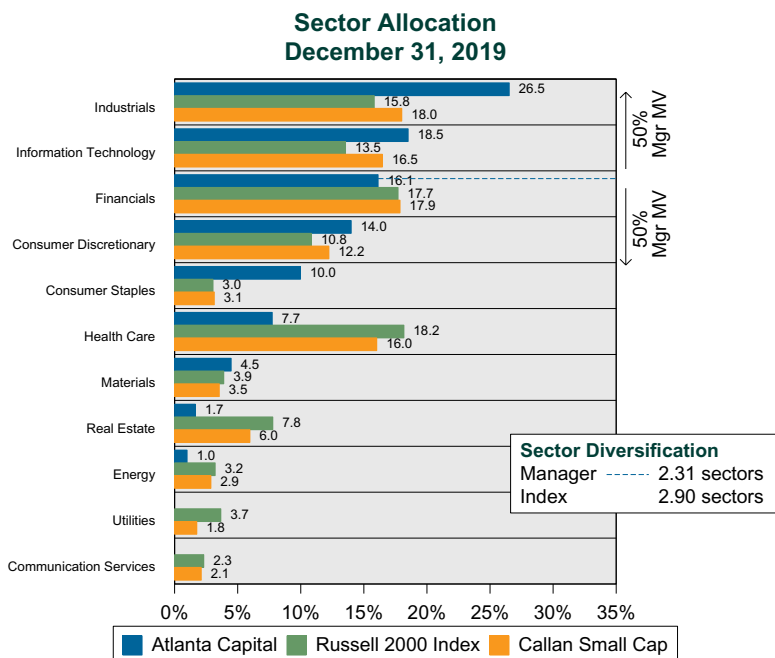
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of December 31, 2019



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.



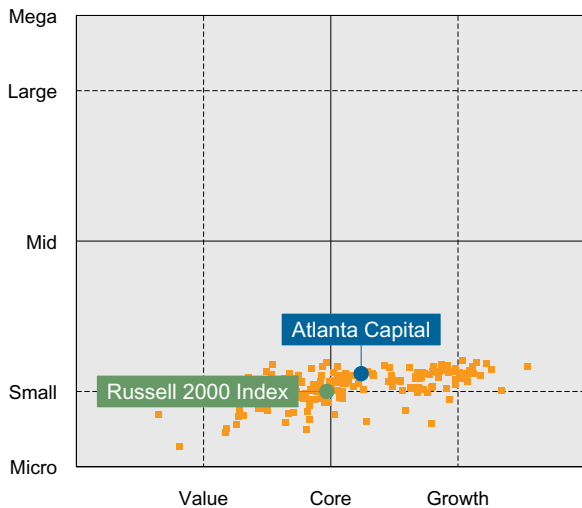
Current Holdings Based Style Analysis

Atlanta Capital

As of December 31, 2019

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.

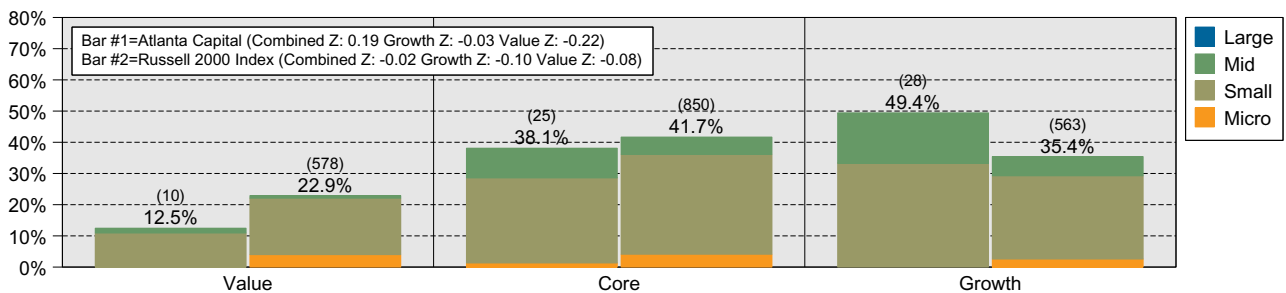
Style Map vs Callan Small Cap Holdings as of December 31, 2019



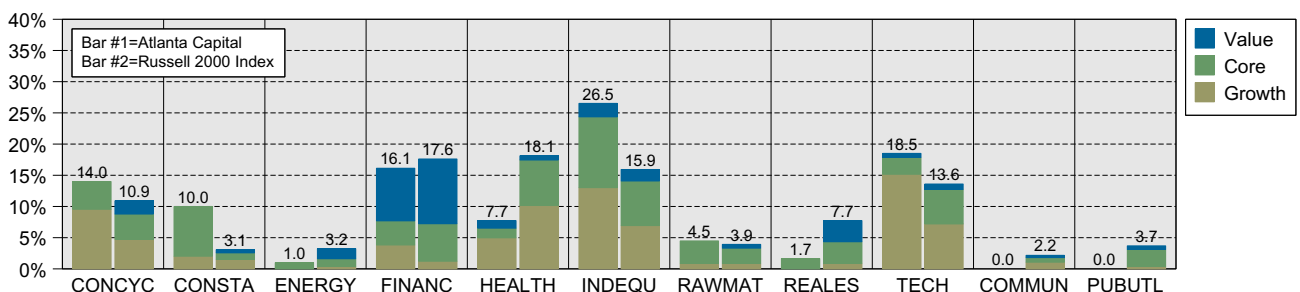
Style Exposure Matrix Holdings as of December 31, 2019

Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	1.5% (1)	9.5% (5)	16.2% (8)	27.2% (14)
	0.8% (4)	5.5% (26)	6.2% (26)	12.5% (56)
Small	10.9% (9)	27.3% (19)	33.3% (20)	71.4% (48)
	18.1% (261)	32.0% (439)	26.7% (340)	76.8% (1040)
Micro	0.0% (0)	1.3% (1)	0.0% (0)	1.3% (1)
	4.0% (313)	4.1% (385)	2.6% (197)	10.7% (895)
Total	12.5% (10)	38.1% (25)	49.4% (28)	100.0% (63)
	22.9% (578)	41.7% (850)	35.4% (563)	100.0% (1991)
	Value	Core	Growth	Total

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019



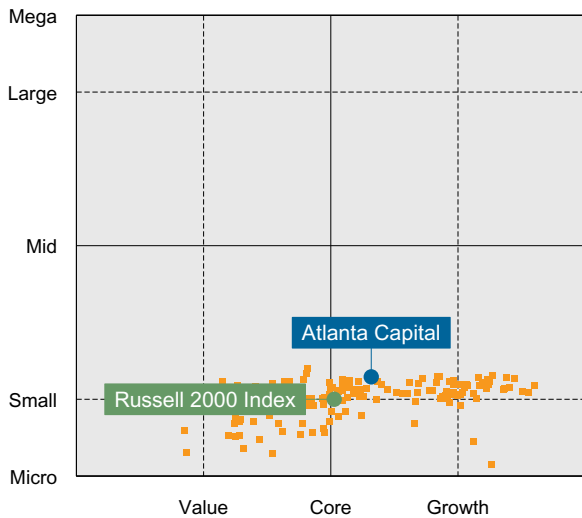
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended December 31, 2019

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.

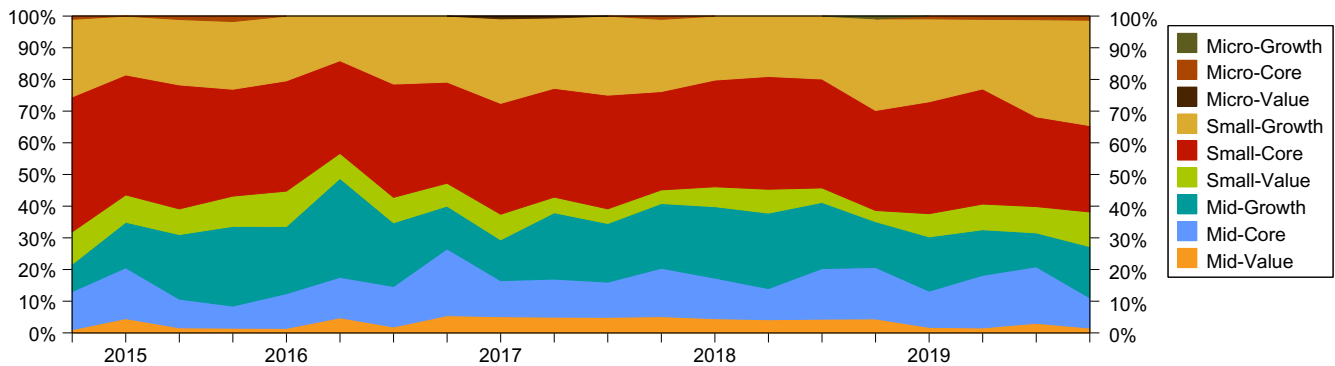
Average Style Map vs Callan Small Cap Holdings for Five Years Ended December 31, 2019



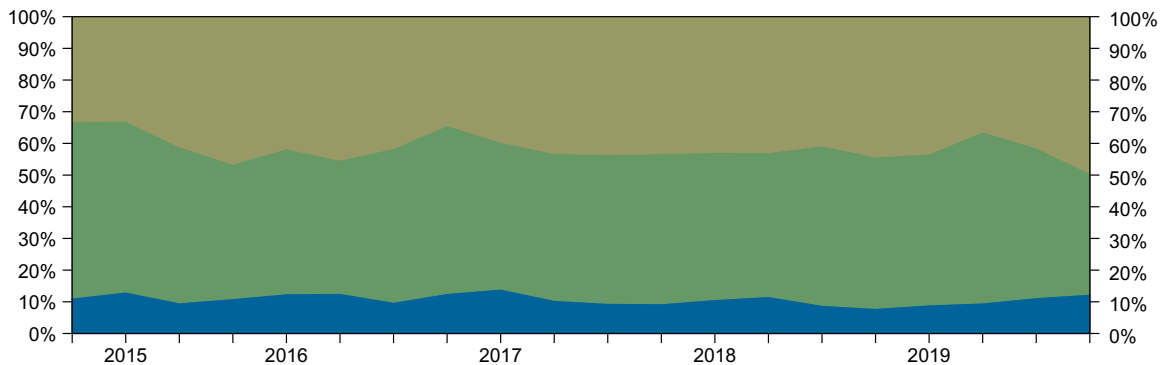
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	3.4% (2)	13.1% (6)	18.4% (8)	34.8% (16)
Small	7.5% (6)	34.2% (23)	22.9% (13)	64.6% (42)
Micro	0.1% (0)	0.5% (0)	0.0% (0)	0.6% (0)
Total	10.9% (8)	47.7% (29)	41.4% (21)	100.0% (58)
	25.6% (563)	40.2% (828)	34.2% (585)	100.0% (1976)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures



Atlanta Capital vs Russell 2000 Index Domestic Equity Top 10 Contribution Holdings One Quarter Ended December 31, 2019

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
Choice Hotels Intl Inc	Consumer Discretionary	3.04%	92	-	16.80%	-	0.49%	0.20%
Generac Hldgs Inc	Industrials	1.66%	92	0.28%	28.40%	28.40%	0.41%	0.20%
Wolverine World Wide Inc	Consumer Discretionary	1.84%	92	0.13%	19.75%	19.75%	0.34%	0.15%
Blackbaud Inc	Information Technology	2.69%	92	0.21%	(11.76)%	(11.76)%	(0.33)%	(0.54)%
South St Corp	Financials	2.03%	92	0.13%	15.85%	15.85%	0.31%	0.10%
Icu Med Inc	Health Care	1.81%	92	-	17.24%	-	0.30%	0.12%
Envestnet Inc	Information Technology	1.20%	92	0.15%	22.80%	22.80%	0.25%	0.11%
Simpson Manufacturing Co Inc	Industrials	1.55%	92	0.18%	16.38%	16.38%	0.23%	0.07%
Sally Beauty Hldgs Inc	Consumer Discretionary	1.06%	92	0.10%	22.57%	22.57%	0.22%	0.11%
Kirby Corp	Industrials	2.32%	92	-	8.97%	-	0.21%	(0.02)%

Index Holdings with Largest (+ or -) Contribution to Performance

Issue	Sector	Manager Eff Wt	Days Held	Index Eff Wt	Manager Return	Index Return	Contrib Index Perf	Contrib Excess Return
Arrowhead Pharmaceuticals Inc	Health Care	-	-	0.22%	-	125.09%	0.17%	(0.15)%
The Medicines Company	Health Care	-	-	0.24%	-	69.88%	0.13%	(0.11)%
Reata Pharmaceuticals Inc Cl A	Health Care	-	-	0.17%	-	154.61%	0.13%	(0.11)%
Axsome Therapeutics Inc.	Health Care	-	-	0.04%	-	410.67%	0.10%	(0.10)%
Lumentum Holdings	Information Technology	-	-	0.24%	-	48.06%	0.10%	(0.08)%
Global Blood Therapeutics Inc	Health Care	-	-	0.16%	-	63.83%	0.09%	(0.07)%
Cirrus Logic Inc	Information Technology	-	-	0.19%	-	53.81%	0.09%	(0.07)%
Tenet Healthcare Corp	Health Care	-	-	0.14%	-	71.93%	0.08%	(0.07)%
Tech Data Corp	Information Technology	-	-	0.23%	-	37.76%	0.07%	(0.05)%
Darling Ingredients Inc	Consumer Staples	-	-	0.17%	-	46.79%	0.07%	(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
Generac Hldgs Inc	Industrials	1.66%	92	0.28%	28.40%	28.40%	0.41%	0.20%
Choice Hotels Intl Inc	Consumer Discretionary	3.04%	92	-	16.80%	-	0.49%	0.20%
Wolverine World Wide Inc	Consumer Discretionary	1.84%	92	0.13%	19.75%	19.75%	0.34%	0.15%
Icu Med Inc	Health Care	1.81%	92	-	17.24%	-	0.30%	0.12%
Envestnet Inc	Information Technology	1.20%	92	0.15%	22.80%	22.80%	0.25%	0.11%
Sally Beauty Hldgs Inc	Consumer Discretionary	1.06%	92	0.10%	22.57%	22.57%	0.22%	0.11%
South St Corp	Financials	2.03%	92	0.13%	15.85%	15.85%	0.31%	0.10%
Aci Worldwide, Inc.	Information Technology	1.03%	92	0.19%	20.94%	20.94%	0.20%	0.08%
Shake Shack Inc Cl A	Consumer Discretionary	-	-	0.12%	-	(39.24)%	-	0.07%
Simpson Manufacturing Co Inc	Industrials	1.55%	92	0.18%	16.38%	16.38%	0.23%	0.07%

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	2.69%	92	0.21%	(11.76)%	(11.76)%	(0.33)%	(0.54)%
Corelogic Inc	Information Technology	2.67%	92	-	(5.53)%	-	(0.17)%	(0.42)%
Manhattan Associates	Information Technology	3.59%	92	-	(0.99)%	-	(0.07)%	(0.41)%
Dorman Products Inc	Consumer Discretionary	2.67%	92	0.10%	(4.80)%	(4.80)%	(0.14)%	(0.38)%
J & J Snack Foods Corp	Consumer Staples	2.72%	92	0.14%	(3.73)%	(3.73)%	(0.10)%	(0.35)%
Caseys General Stores	Consumer Staples	3.46%	92	-	(1.16)%	-	(0.00)%	(0.33)%
Beacon Roofing Supply Inc	Industrials	2.16%	92	0.11%	(4.62)%	(4.62)%	(0.11)%	(0.30)%
Frontdoor Inc Com	Consumer Discretionary	1.90%	92	-	(2.37)%	-	(0.05)%	(0.23)%
Kinsale Cap Group Inc	Financials	2.14%	92	0.11%	(1.55)%	(1.52)%	(0.03)%	(0.23)%
Integra Lifesciences Hldgs C	Health Care	1.80%	92	-	(2.98)%	-	(0.05)%	(0.23)%

International Equity Period Ended December 31, 2019

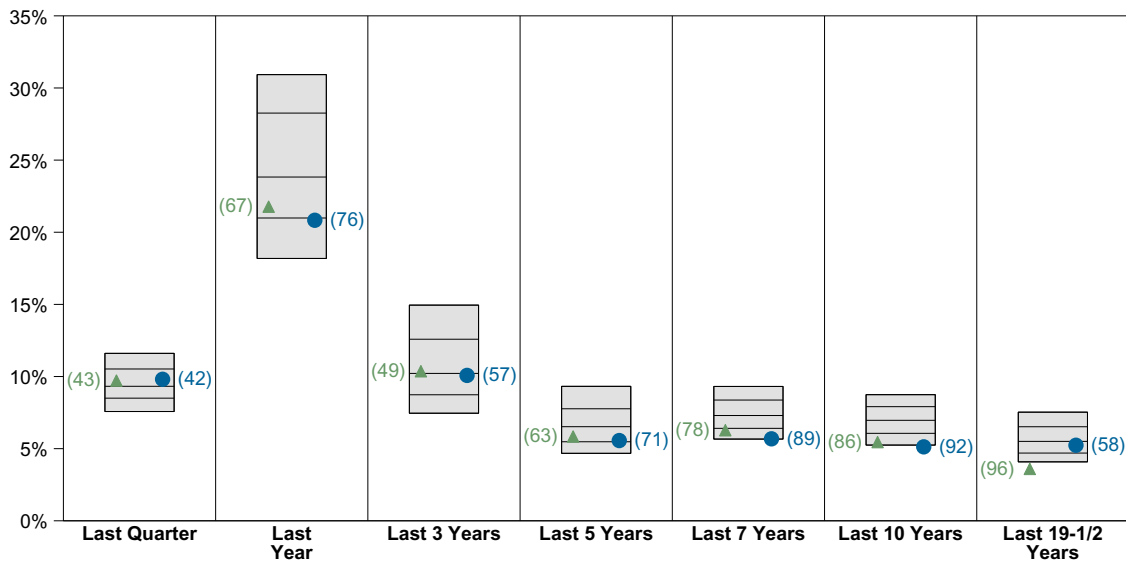
Investment Philosophy

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

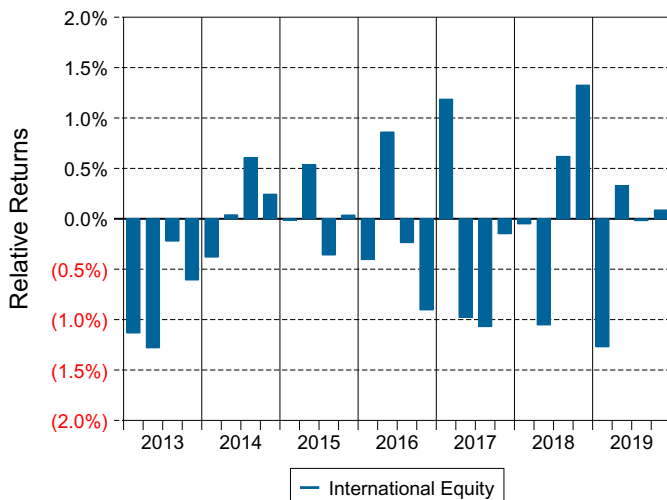
- International Equity's portfolio posted a 9.81% return for the quarter placing it in the 42 percentile of the Callan Non-US Equity group for the quarter and in the 76 percentile for the last year.
- International Equity's portfolio outperformed the International Benchmark by 0.09% for the quarter and underperformed the International Benchmark for the year by 0.95%.

Performance vs Callan Non-US Equity (Gross)

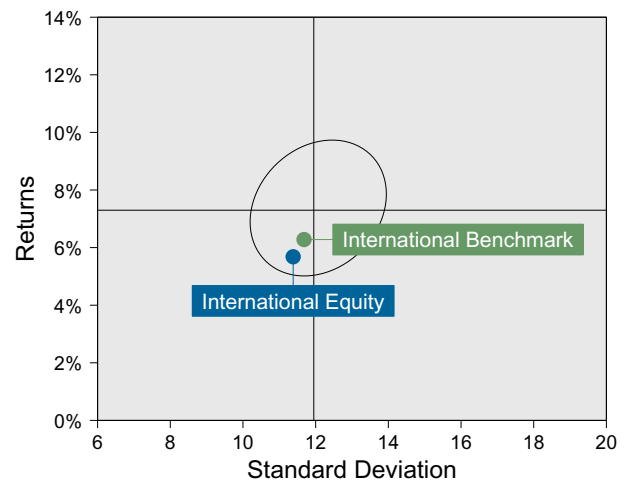


10th Percentile	11.61	30.93	14.95	9.32	9.31	8.74	7.53
25th Percentile	10.52	28.26	12.58	7.76	8.37	7.91	6.52
Median	9.32	23.83	10.22	6.52	7.30	6.96	5.51
75th Percentile	8.50	20.99	8.74	5.48	6.41	6.06	4.69
90th Percentile	7.58	18.18	7.46	4.68	5.66	5.25	4.08
International Equity	9.81	20.83	10.08	5.56	5.68	5.12	5.24
International Benchmark	9.72	21.78	10.37	5.84	6.28	5.46	3.60

Relative Return vs International Benchmark



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

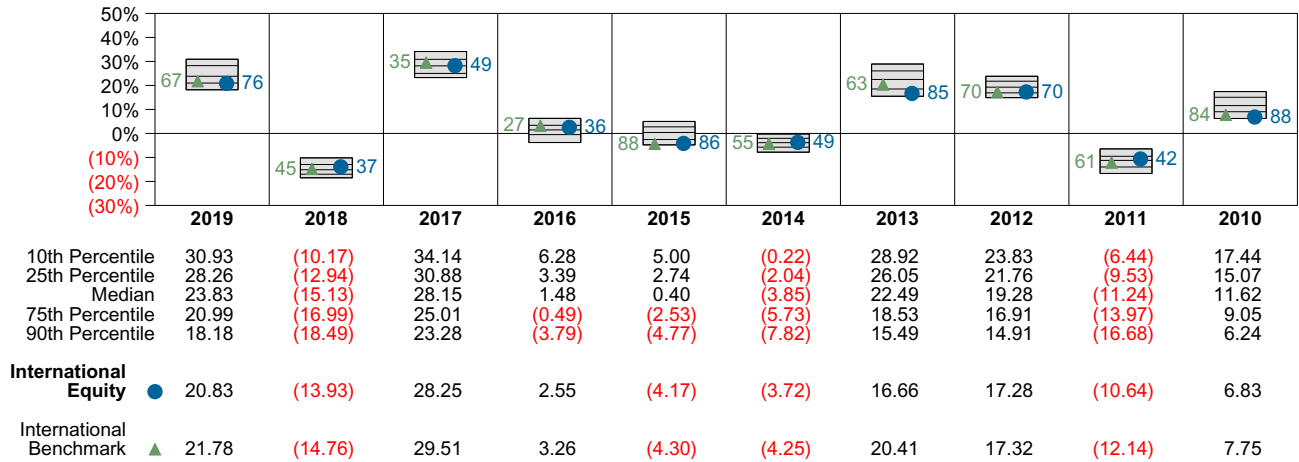


International Equity Return Analysis Summary

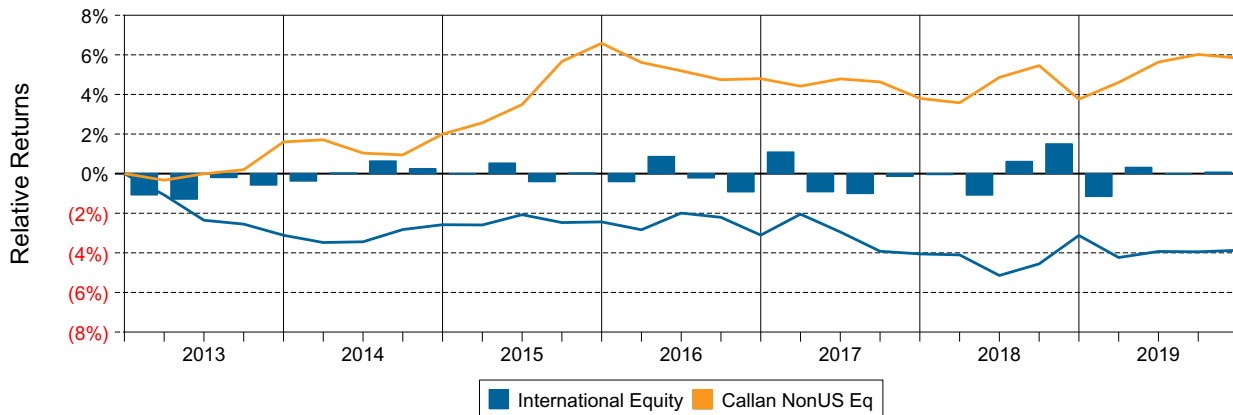
Return Analysis

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.

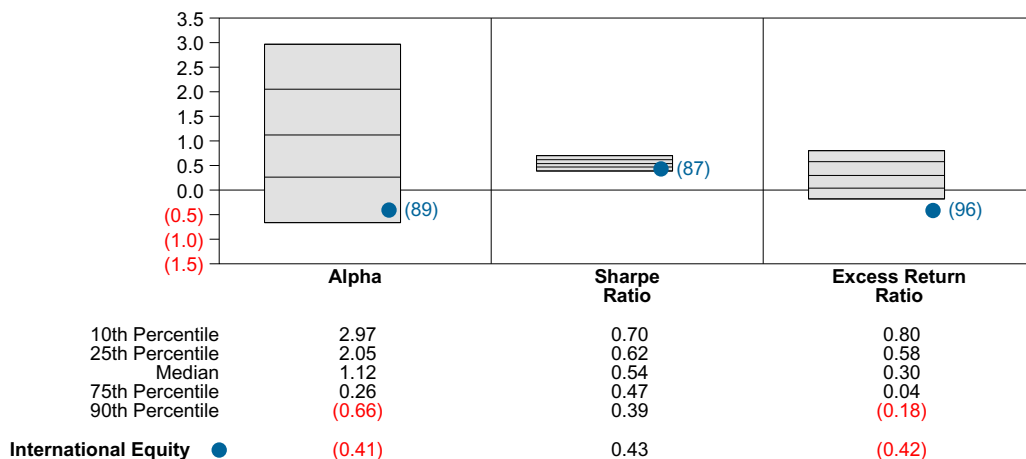
Performance vs Callan Non-US Equity (Gross)



Cumulative and Quarterly Relative Return vs International Benchmark



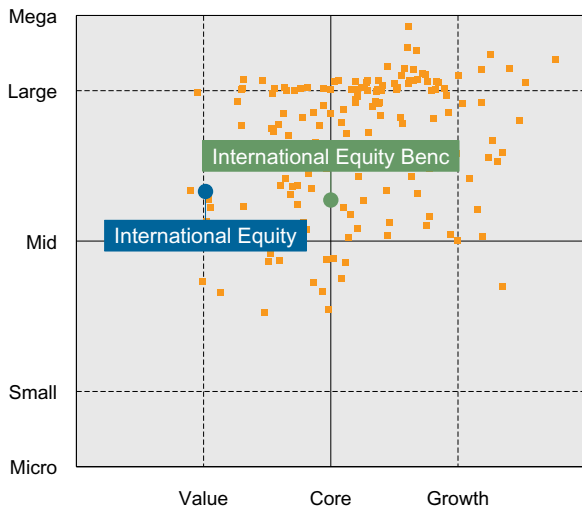
Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended December 31, 2019



Current Holdings Based Style Analysis International Equity As of December 31, 2019

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.

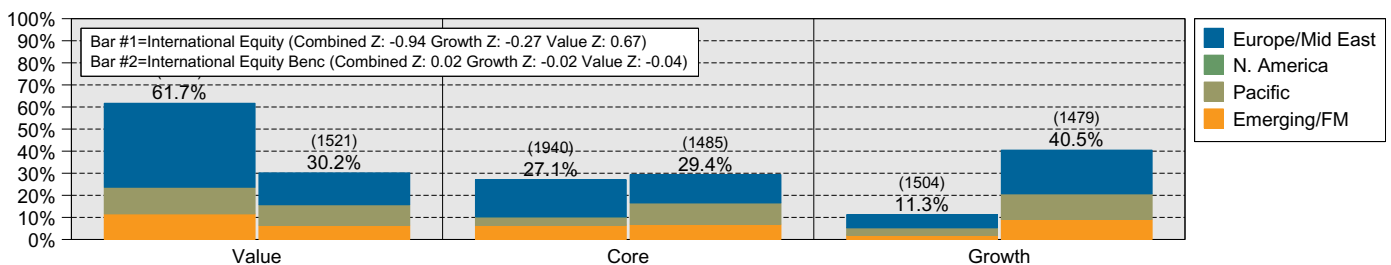
Style Map vs Callan NonUS Eq Holdings as of December 31, 2019



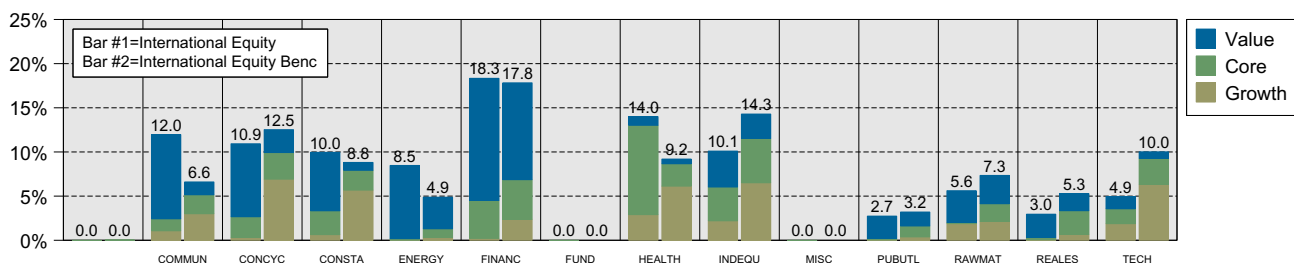
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	38.0% (243)	16.8% (212)	6.0% (238)	60.9% (693)
N. America	14.5% (446)	12.8% (489)	19.8% (474)	47.1% (1409)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (2)
Emerging/ FM	12.1% (306)	3.7% (262)	3.4% (239)	19.2% (807)
Total	61.7% (2248)	27.1% (1940)	11.3% (1504)	100.0% (5692)
	30.2% (1521)	29.4% (1485)	40.5% (1479)	100.0% (4485)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



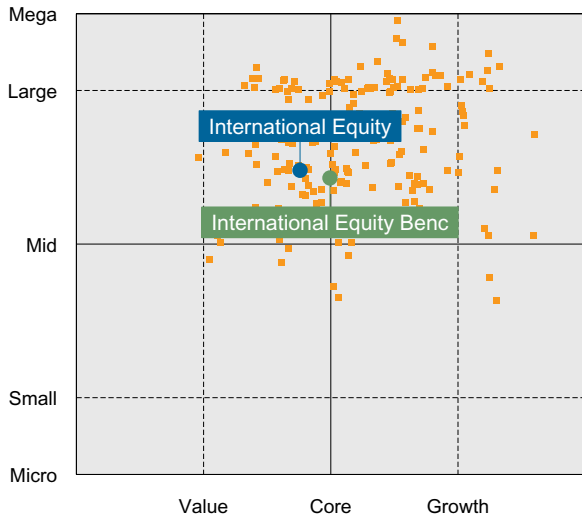
Sector Weights Distribution Holdings as of December 31, 2019



Historical Holdings Based Style Analysis International Equity For Five Years Ended December 31, 2019

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.

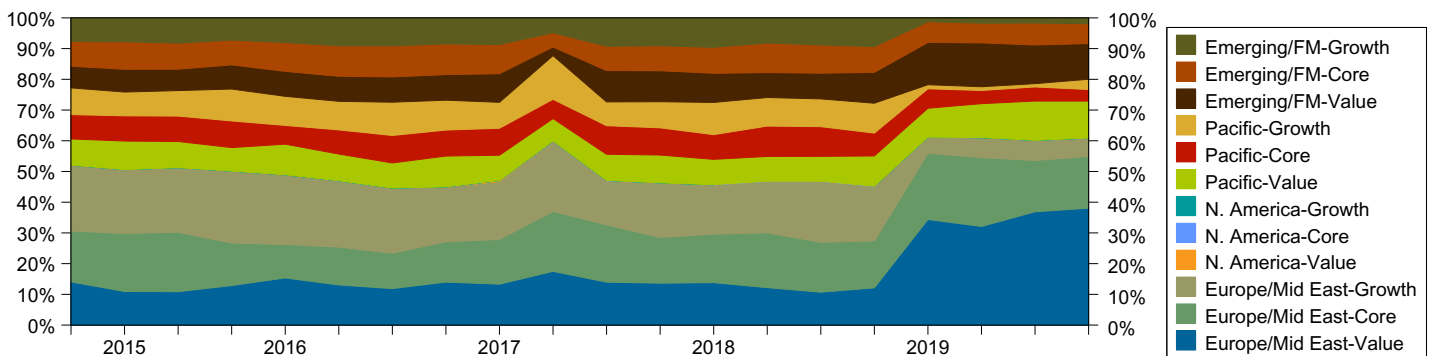
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended December 31, 2019



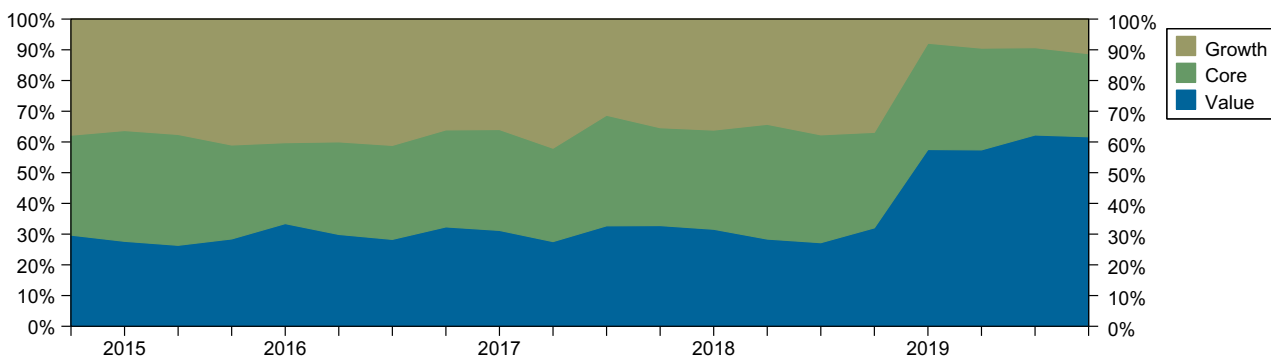
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	17.6% (199)	16.3% (212)	16.9% (241)	50.8% (652)
	14.4% (350)	14.5% (403)	18.9% (417)	47.9% (1170)
N. America	0.0% (2)	0.0% (4)	0.0% (1)	0.0% (7)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	9.2% (245)	7.6% (245)	7.9% (235)	24.7% (725)
	9.3% (454)	9.1% (447)	10.1% (446)	28.5% (1347)
Emerging/ FM	9.1% (1562)	8.3% (1509)	7.0% (998)	24.4% (4069)
	7.4% (338)	7.4% (301)	8.8% (306)	23.6% (945)
Total	35.9% (2008)	32.2% (1970)	31.9% (1475)	100.0% (5453)
	31.1% (1142)	31.1% (1151)	37.8% (1169)	100.0% (3462)

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



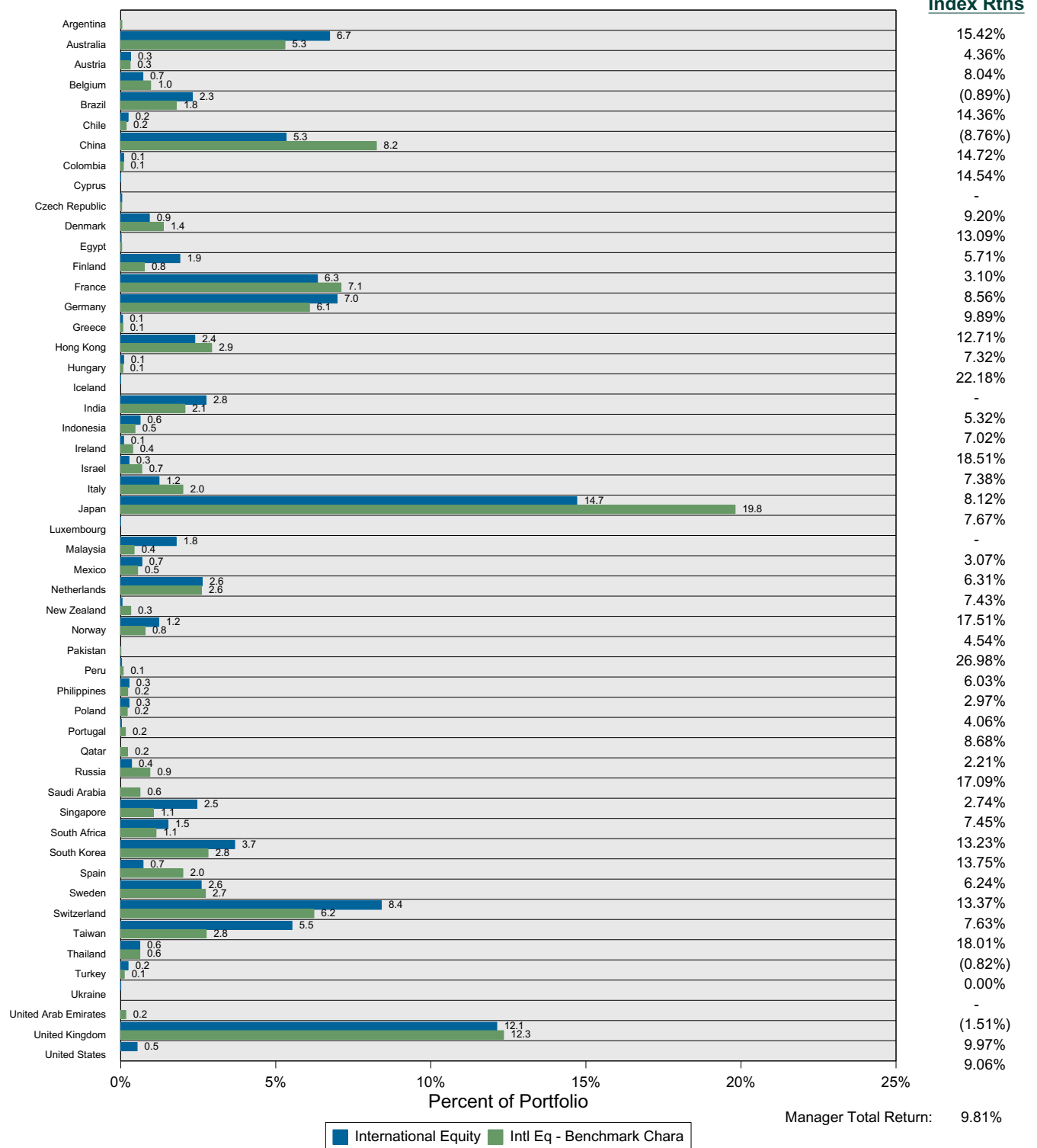
Country Allocation

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, 2019. 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, 2019



SSgA EAFE

Period Ended December 31, 2019

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.

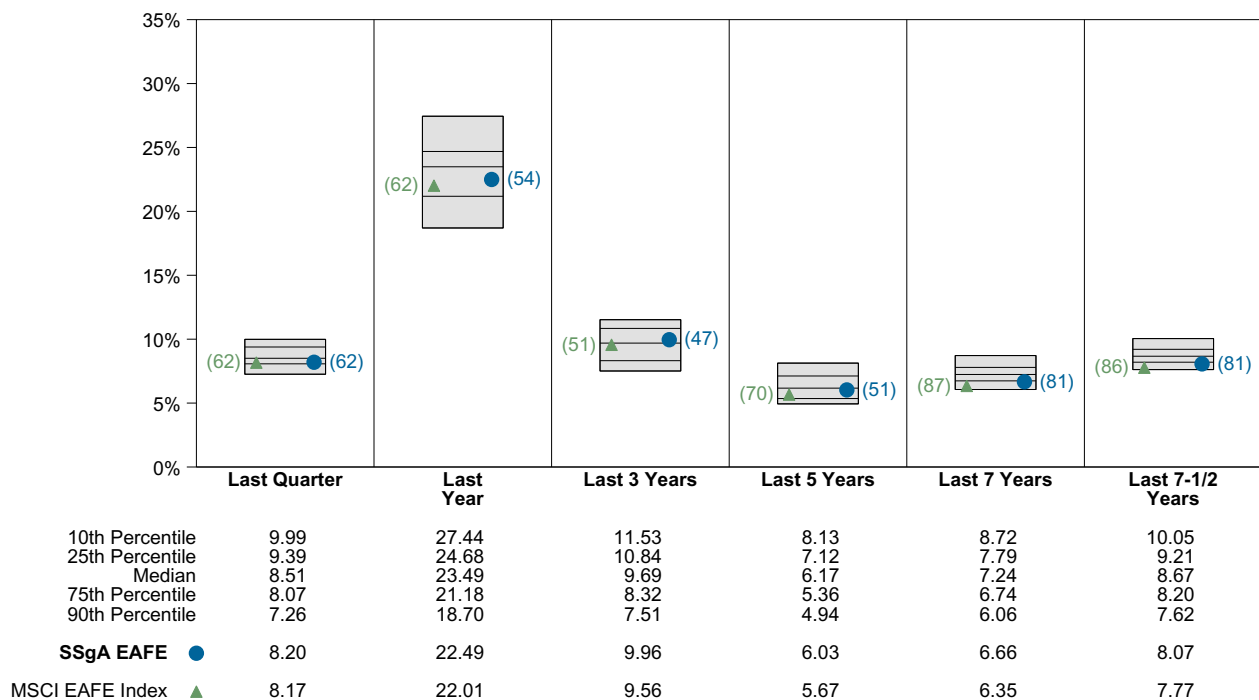
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 8.20% return for the quarter placing it in the 62 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 54 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.03% for the quarter and outperformed the MSCI EAFE Index for the year by 0.48%.

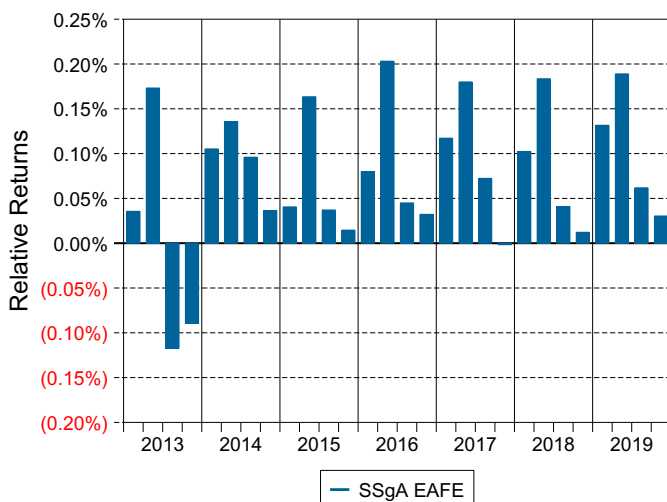
Quarterly Asset Growth

Beginning Market Value	\$11,287,778
Net New Investment	\$0
Investment Gains/(Losses)	\$925,111
Ending Market Value	\$12,212,889

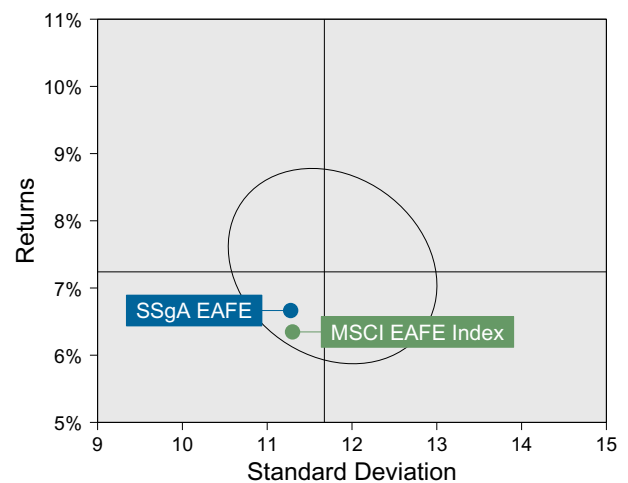
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

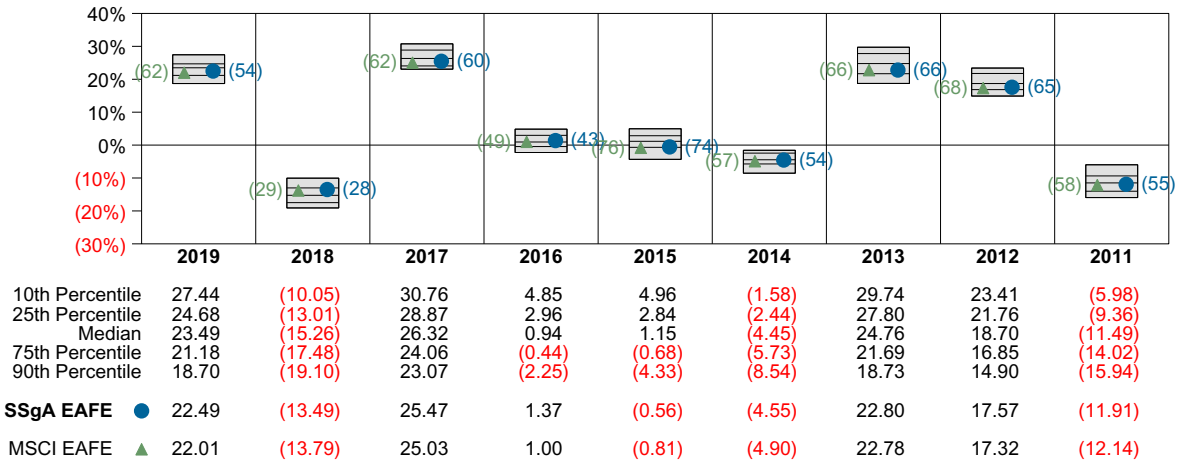


SSgA EAFE Return Analysis Summary

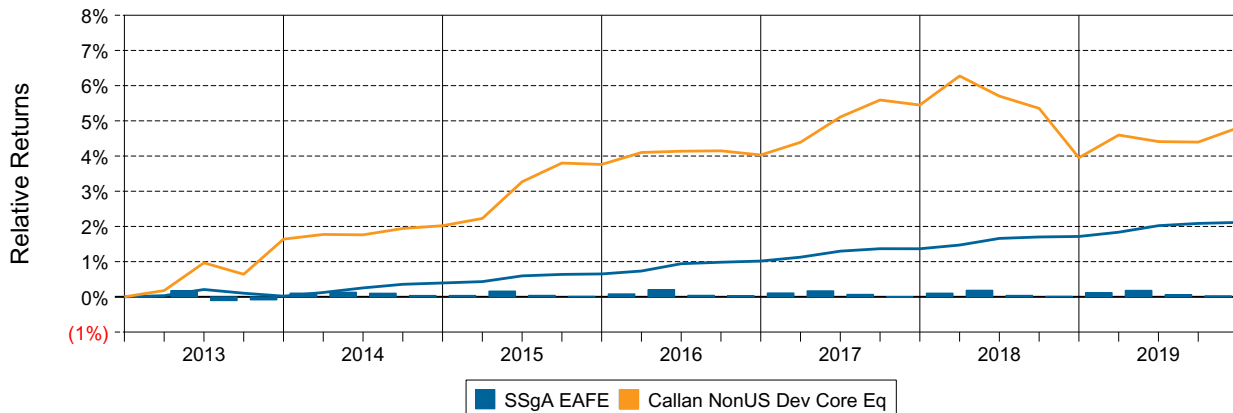
Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

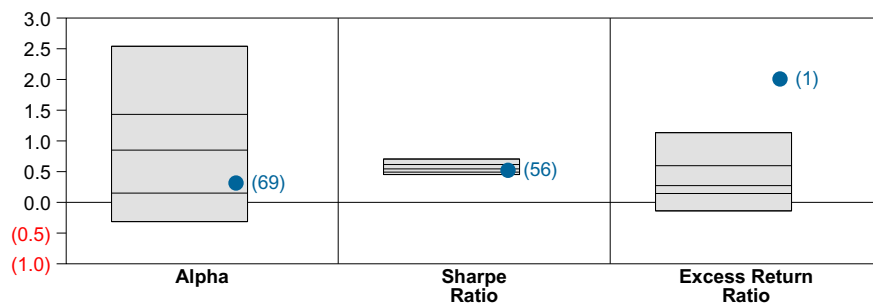
Performance vs Callan Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Return vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2019

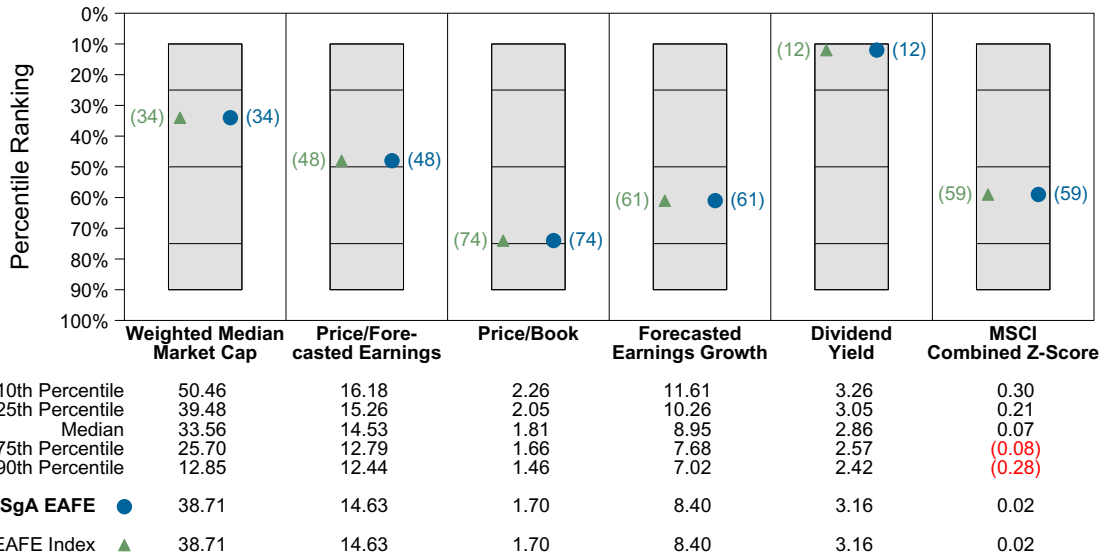


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

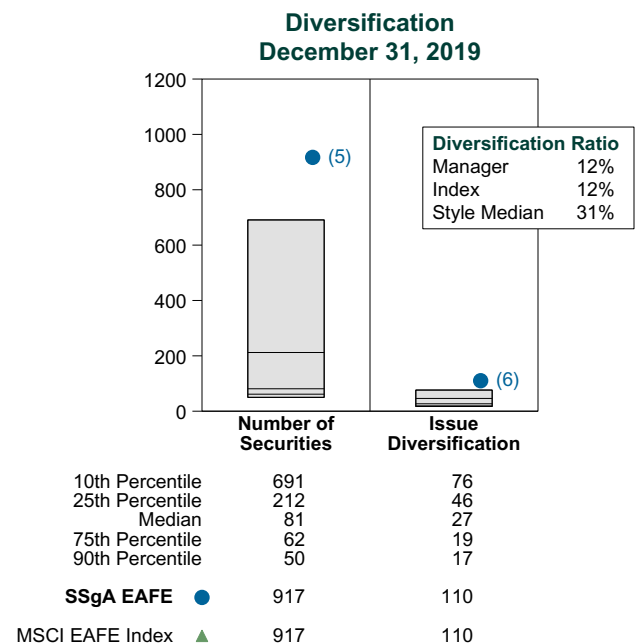
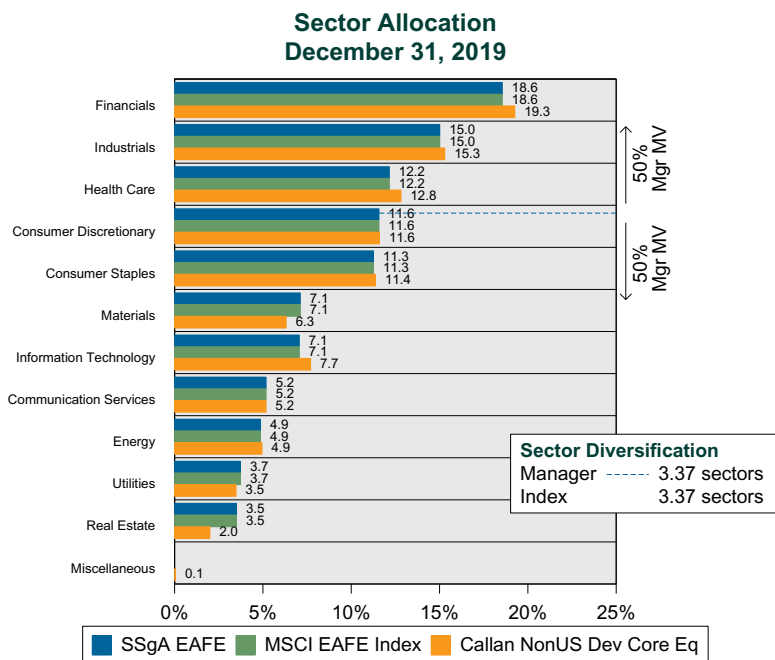
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2019



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.



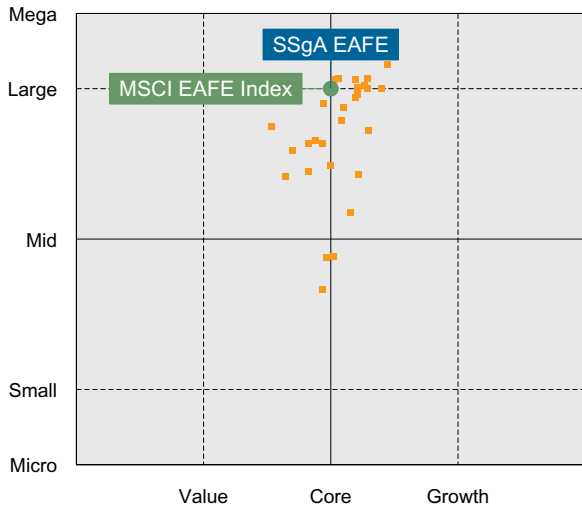
Current Holdings Based Style Analysis

SSgA EAFE

As of December 31, 2019

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.

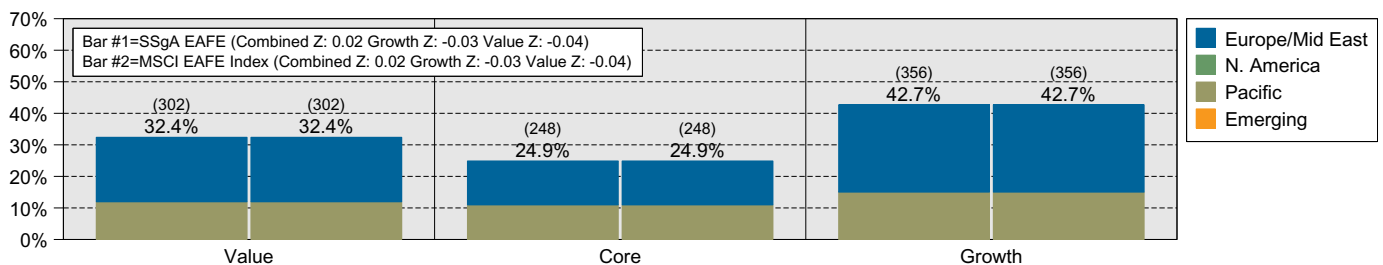
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2019



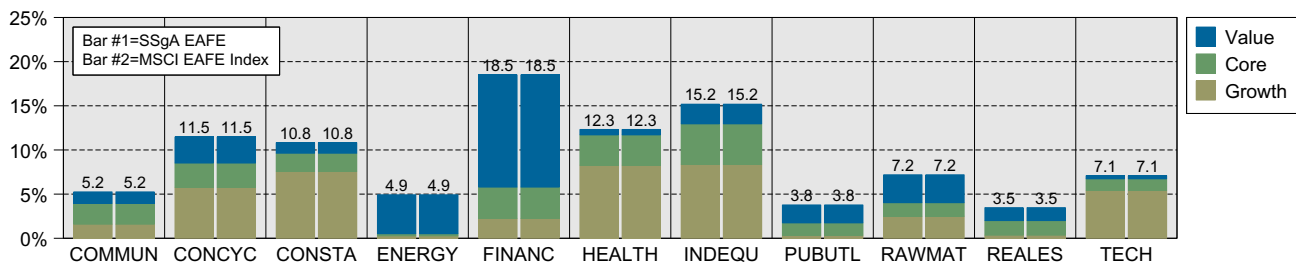
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Europe/Mid East	20.5% (147)	13.9% (107)	27.7% (182)	62.1% (436)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.9% (155)	11.0% (141)	15.0% (174)	37.9% (470)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	32.4% (302)	24.9% (248)	42.7% (356)	100.0% (906)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019

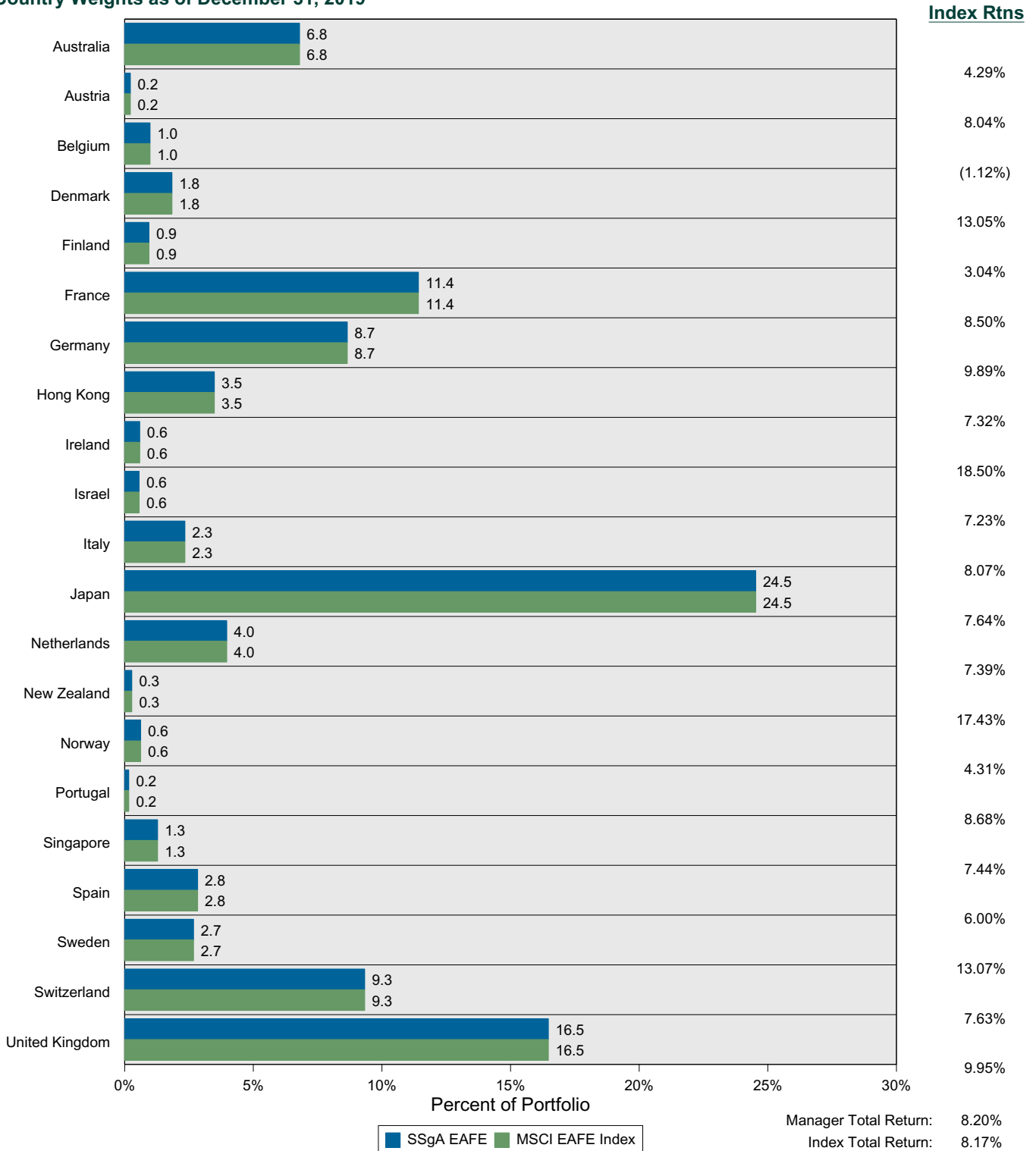


Country Allocation SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2019. 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, 2019



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of December 31, 2019

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	\$264,491	2.2%	(0.36)%	322.01	22.10	2.34%	8.81%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$187,117	1.5%	11.32%	227.81	15.36	2.64%	7.10%
Novartis	Health Care	\$167,457	1.4%	9.35%	239.85	16.56	3.10%	8.18%
Toyota Motor Corp	Consumer Discretionary	\$133,167	1.1%	7.74%	231.61	9.35	2.85%	12.54%
Hsbc Holdings (Gb)	Financials	\$130,030	1.1%	3.26%	159.28	11.20	6.73%	1.52%
Sap Se Shs	Information Technology	\$109,024	0.9%	14.60%	165.92	22.20	1.25%	13.20%
Total Sa Act	Energy	\$108,869	0.9%	5.79%	143.70	10.54	5.24%	5.20%
Astrazeneca Plc Ord	Health Care	\$108,586	0.9%	12.62%	132.23	23.54	2.83%	17.10%
Lvmh Moet Hennessy Lou Vuitt Ord	Consumer Discretionary	\$106,158	0.9%	17.60%	235.00	25.36	1.50%	11.32%
Bp Plc Shs	Energy	\$104,536	0.9%	(0.21)%	127.28	11.16	6.78%	6.05%

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
Delivery Hero	Consumer Discretionary	\$7,368	0.1%	80.05%	15.01	(35.24)	0.00%	-
Mitsubishi Tanabe Pharma Cor Shs	Health Care	\$3,408	0.0%	68.48%	10.37	118.46	2.79%	(44.19)%
Z Hldgs Corp Shs	Communication Services	\$9,238	0.1%	50.81%	20.46	23.82	1.92%	9.62%
Eisai Co	Health Care	\$15,630	0.1%	48.58%	22.39	31.71	1.95%	11.54%
Teva Pharmaceutical Inds Ltd Adr	Health Care	\$8,799	0.1%	42.44%	10.71	4.00	0.00%	(4.05)%
Sharp Corp Osaka Shs	Consumer Discretionary	\$2,712	0.0%	40.27%	8.26	15.35	1.19%	(10.08)%
Stmicroelectronics N V Shs	Information Technology	\$15,092	0.1%	39.46%	24.52	20.08	0.89%	7.03%
Bank Ireland Group Plc Ord Shs	Financials	\$4,357	0.0%	39.37%	5.91	8.13	3.28%	4.36%
Fisher & Paykel Healthcare C Ord	Health Care	\$7,061	0.1%	38.98%	8.60	43.67	1.15%	19.39%
Iliad Act	Communication Services	\$2,835	0.0%	37.99%	7.67	21.80	0.78%	2.90%

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
Nmc Health	Health Care	\$1,806	0.0%	(29.90)%	4.89	12.07	1.02%	28.55%
Wisetech Global	Information Technology	\$1,932	0.0%	(29.87)%	5.23	74.00	0.19%	39.20%
Nokia Ord A Eur 0.24	Information Technology	\$17,127	0.1%	(27.02)%	20.87	13.17	4.48%	15.71%
Infogenie Europe Nm	Information Technology	\$11,634	0.1%	(24.70)%	14.93	18.63	0.19%	36.45%
Suzuken Co	Health Care	\$2,441	0.0%	(23.68)%	4.25	16.67	1.43%	15.79%
Ses Global Sa Cert Global	Communication Services	\$4,198	0.0%	(22.11)%	5.38	18.93	5.44%	8.53%
Air Water Inc Osaka Shs	Materials	\$2,184	0.0%	(17.61)%	3.32	10.17	2.56%	19.68%
Renault Sa Shs Sicovam	Consumer Discretionary	\$7,475	0.1%	(17.53)%	14.00	4.74	8.42%	(1.91)%
Cid Created On Bank Faith For Id Bg0	Consumer Discretionary	\$1,285	0.0%	(17.02)%	3.16	(26.41)	0.00%	-
Zozo Inc Shs	Consumer Discretionary	\$1,720	0.0%	(16.72)%	5.98	22.67	1.05%	5.85%

Pyrford

Period Ended December 31, 2019

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.

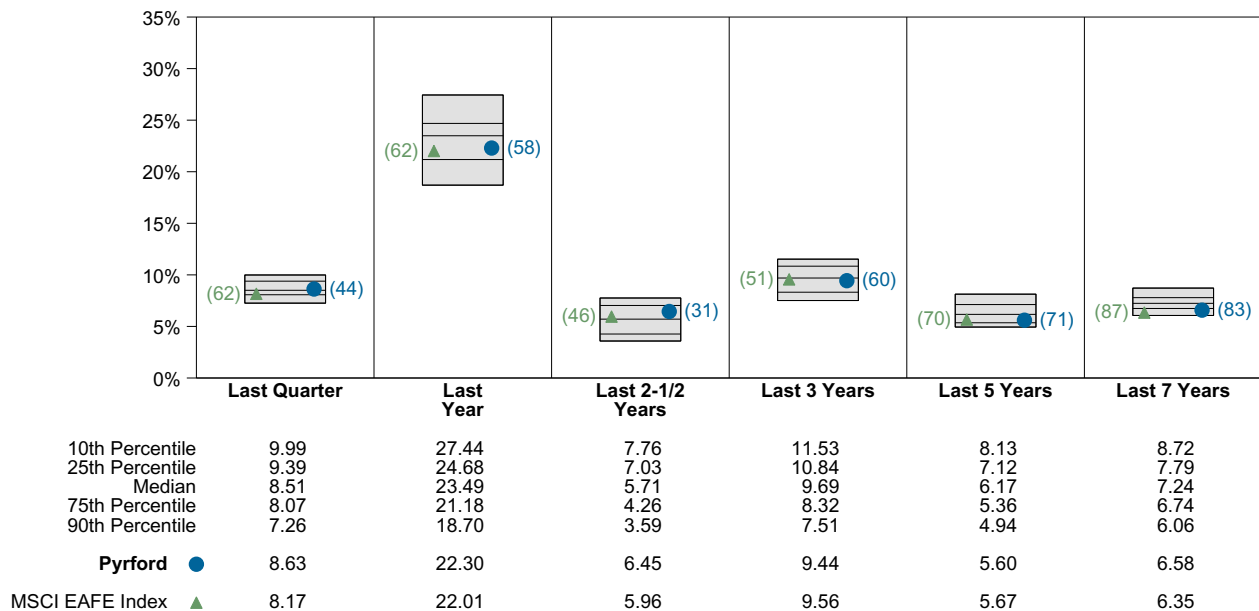
Quarterly Summary and Highlights

- Pyrford's portfolio posted a 8.63% return for the quarter placing it in the 44 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 58 percentile for the last year.
- Pyrford's portfolio outperformed the MSCI EAFE Index by 0.46% for the quarter and outperformed the MSCI EAFE Index for the year by 0.28%.

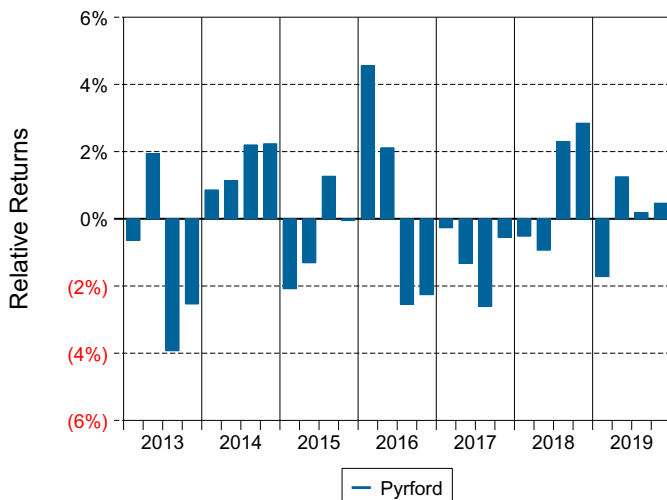
Quarterly Asset Growth

Beginning Market Value	\$27,548,449
Net New Investment	\$0
Investment Gains/(Losses)	\$2,376,439
Ending Market Value	\$29,924,887

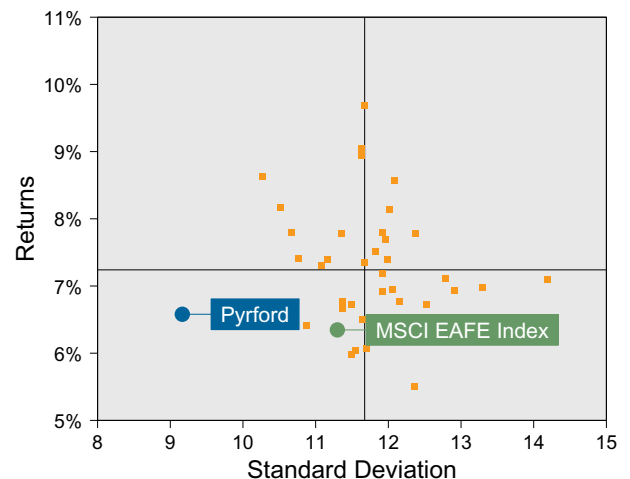
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

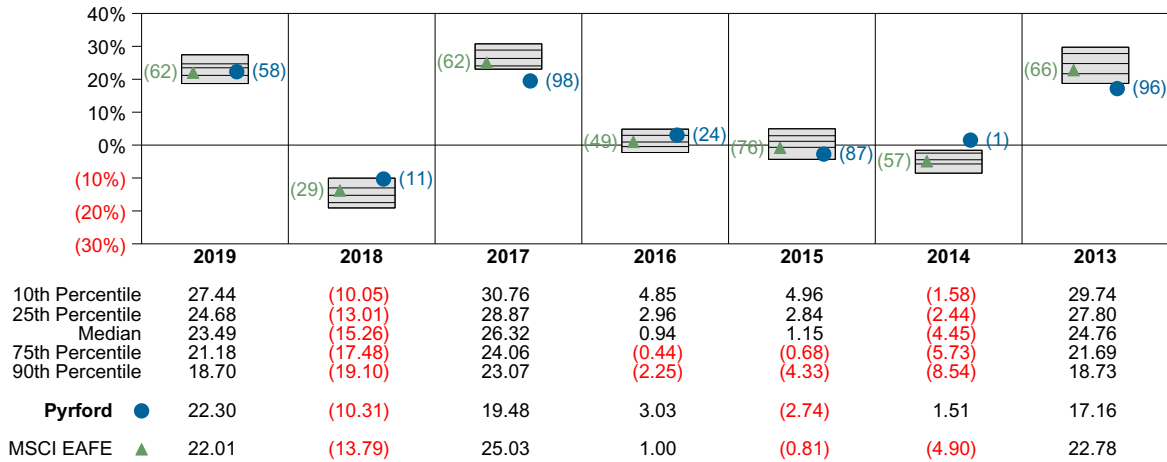


Pyrford Return Analysis Summary

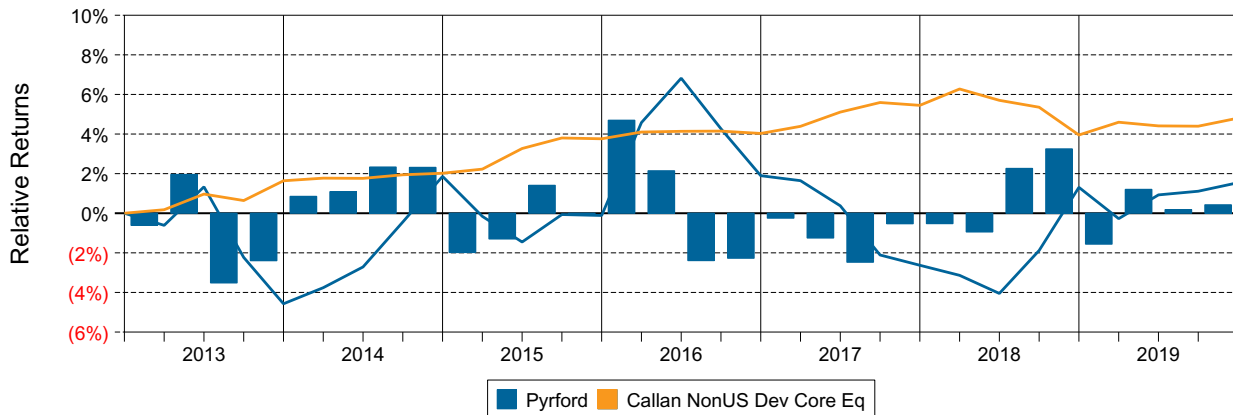
Return Analysis

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.

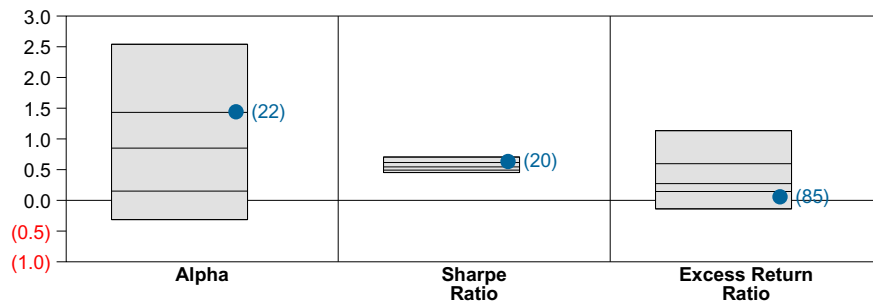
Performance vs Callan Non-US Developed Core Equity (Gross)



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, 2019

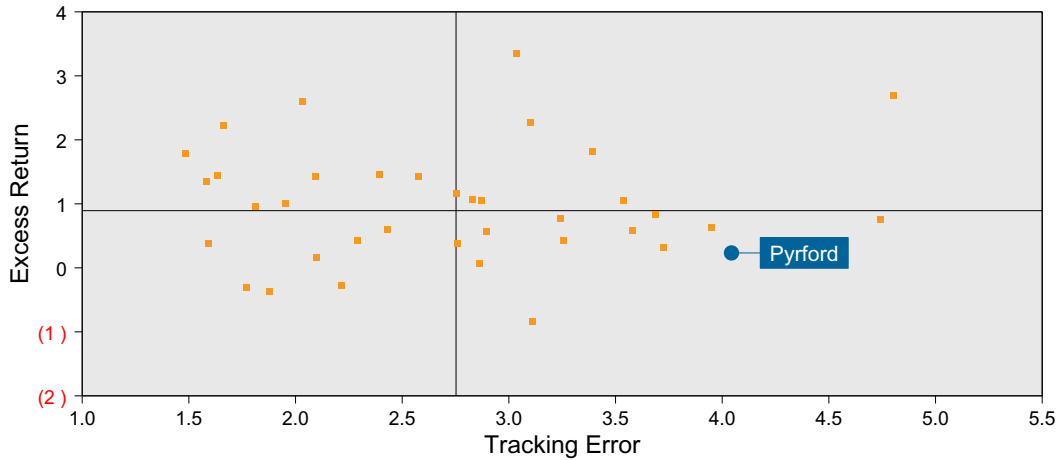


Pyrford Risk Analysis Summary

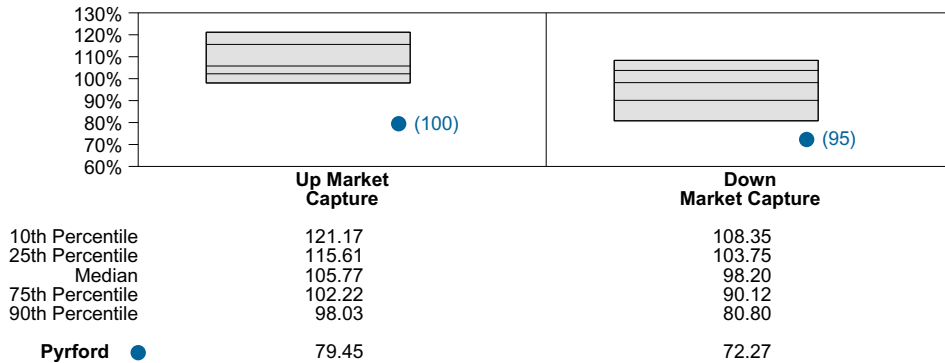
Risk Analysis

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.

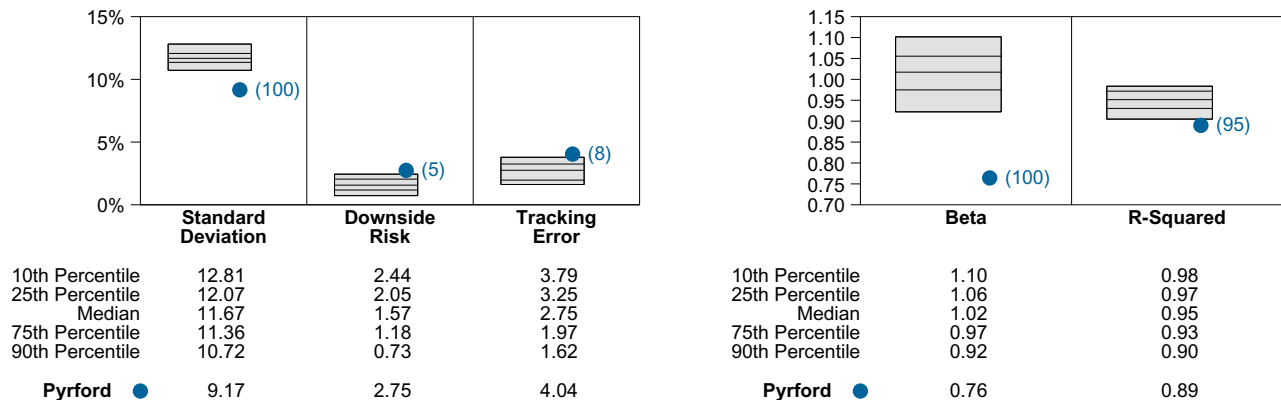
Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2019



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2019



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2019

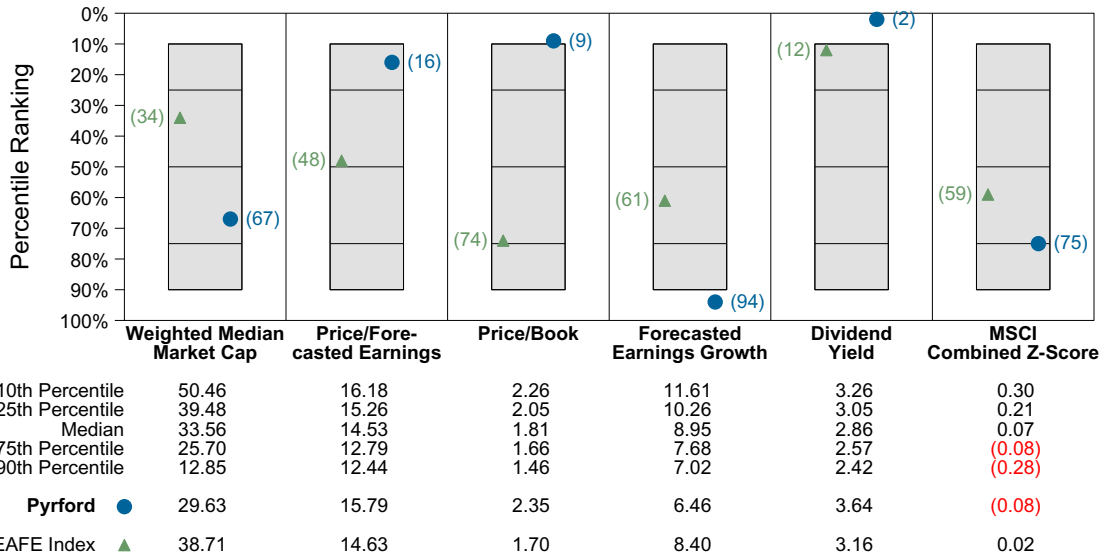


Pyrford Equity Characteristics Analysis Summary

Portfolio Characteristics

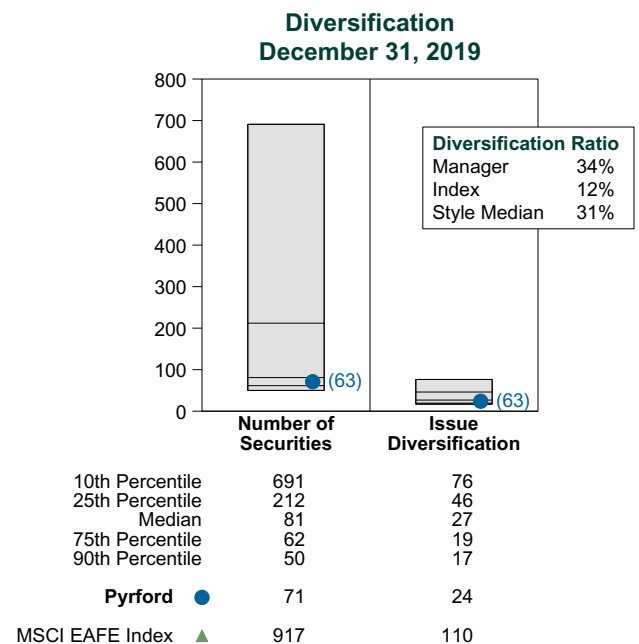
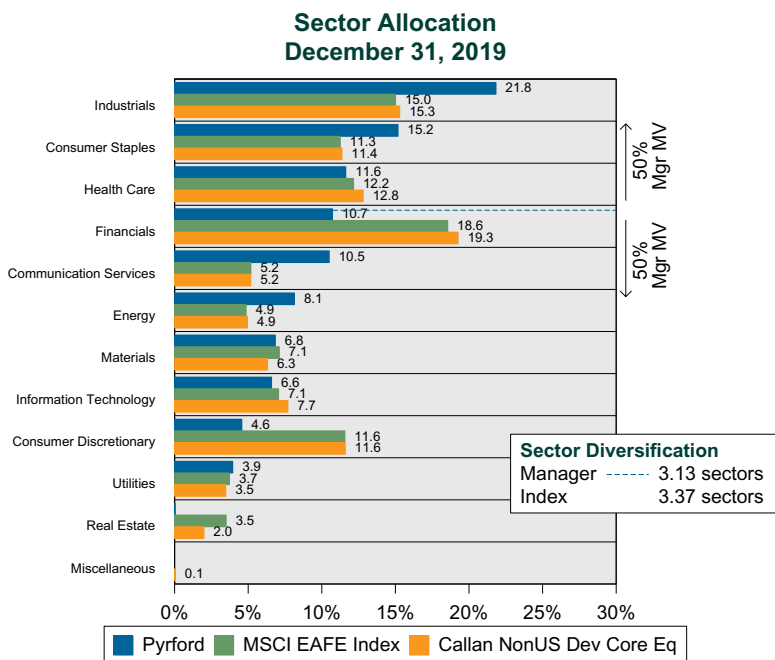
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of December 31, 2019



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.



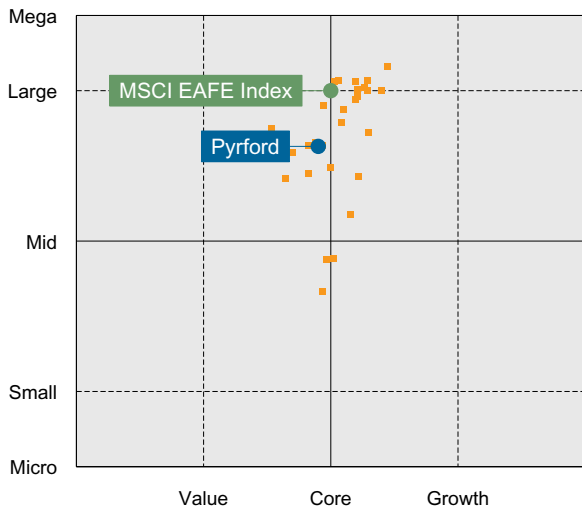
Current Holdings Based Style Analysis

Pyrford

As of December 31, 2019

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.

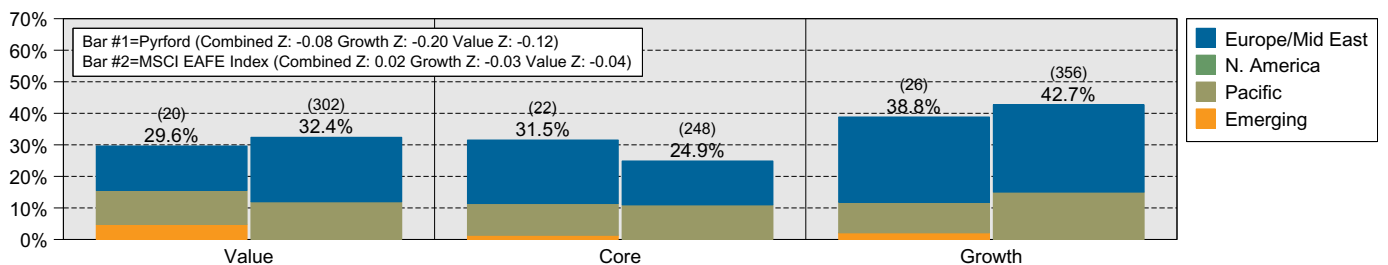
Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2019



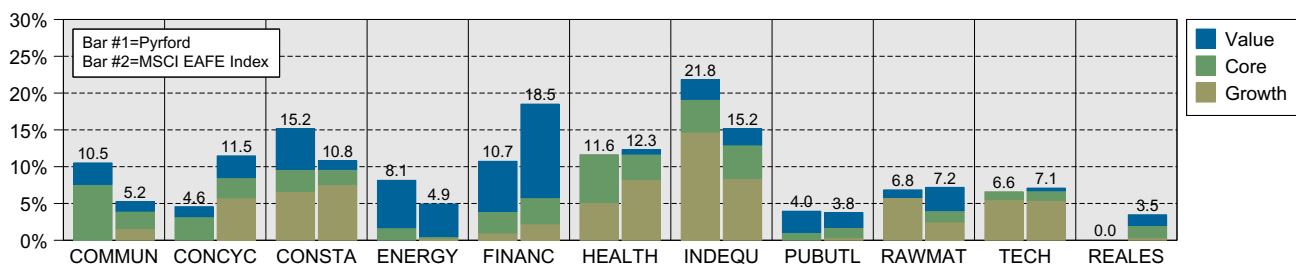
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	14.0% (10)	20.1% (13)	27.0% (17)	61.2% (40)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	10.8% (7)	10.1% (7)	9.7% (7)	30.6% (21)
Emerging	4.8% (3)	1.3% (2)	2.1% (2)	8.2% (7)
Total	29.6% (20)	31.5% (22)	38.8% (26)	100.0% (68)
	32.4% (302)	24.9% (248)	42.7% (356)	100.0% (906)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019



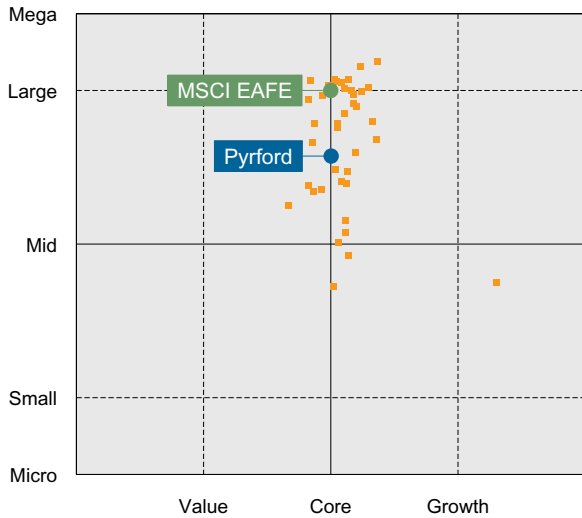
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended December 31, 2019

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.

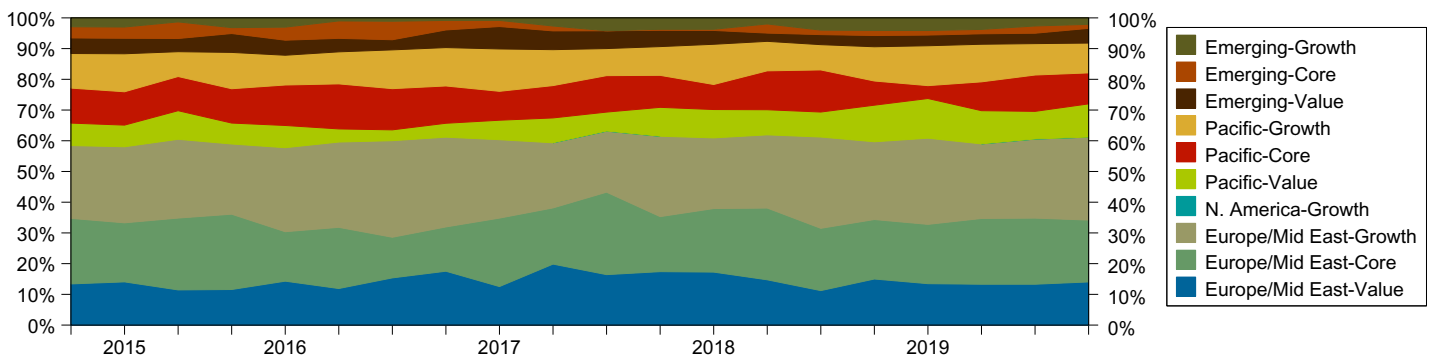
Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended December 31, 2019



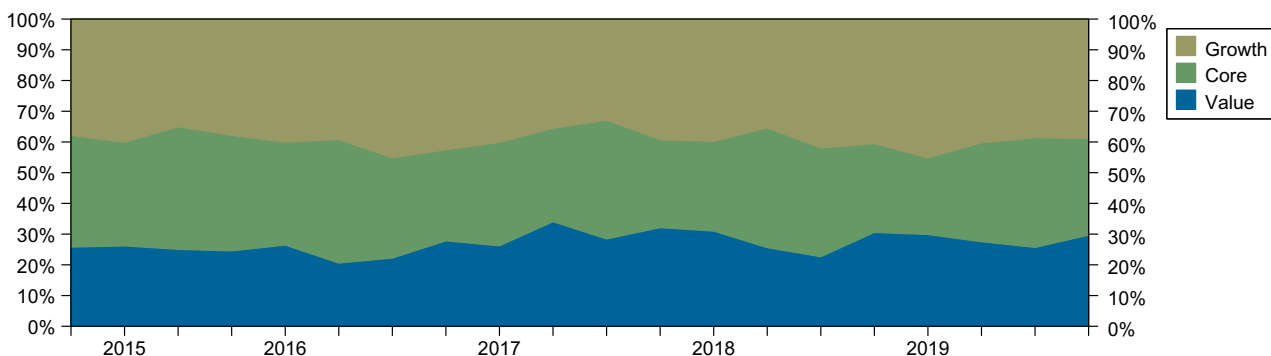
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	14.4% (10)	20.2% (12)	25.6% (17)	60.2% (39)
Europe/ Mid East	19.6% (130)	18.2% (130)	25.7% (192)	63.5% (452)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	8.0% (6)	10.9% (8)	11.0% (8)	29.9% (22)
Emerging	4.6% (3)	2.5% (2)	2.7% (3)	9.9% (8)
Total	27.1% (19)	33.6% (22)	39.3% (28)	100.0% (69)
	31.8% (272)	29.5% (280)	38.7% (368)	100.0% (920)
	Value	Core	Growth	Total

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures

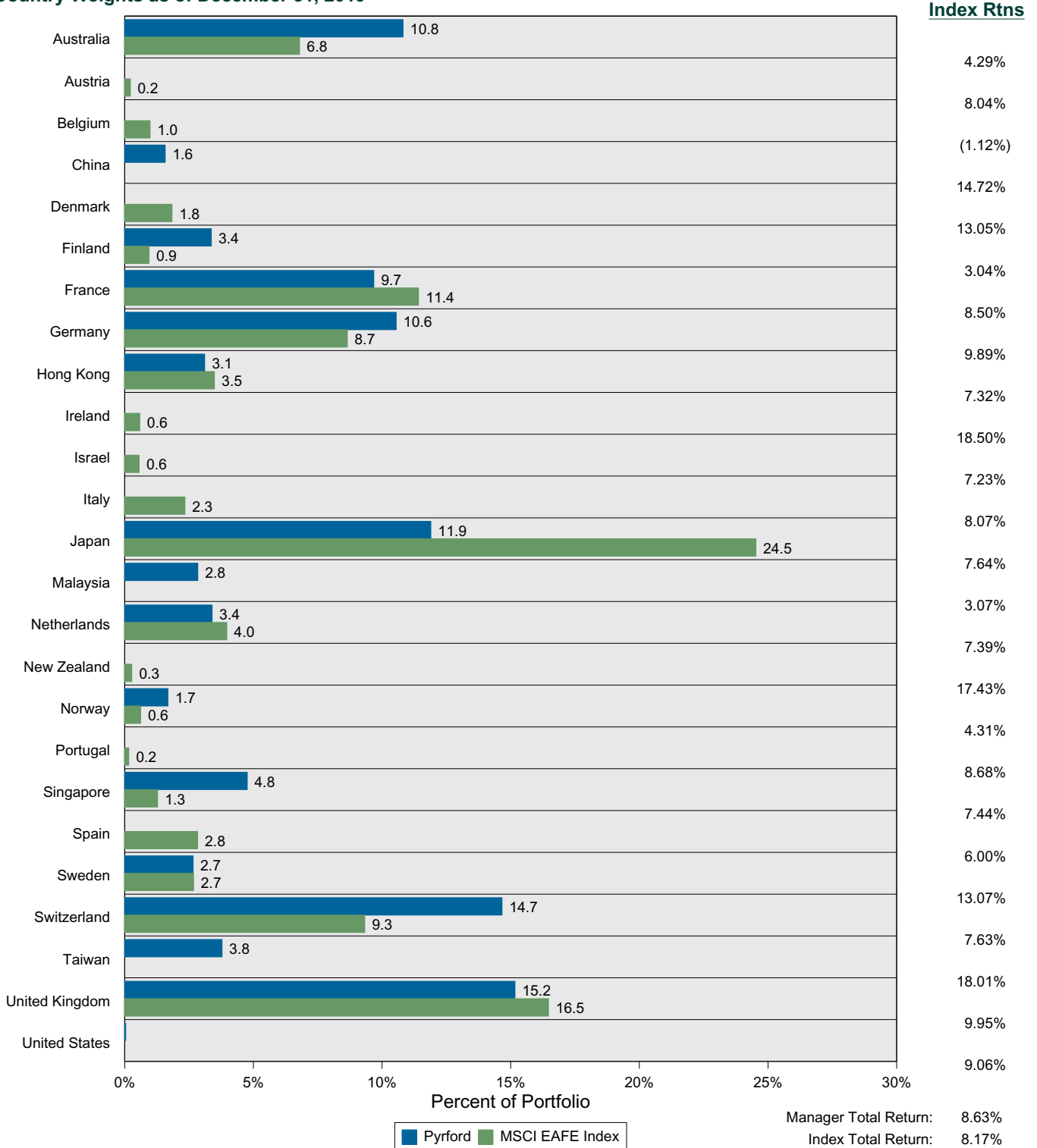


Country Allocation Pyrford VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2019. 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, 2019



Pyrford Top 10 Portfolio Holdings Characteristics as of December 31, 2019

10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$1,076,037	3.6%	11.32%	227.81	15.36	2.64%	7.10%
Nestle S A Shs Nom New	Consumer Staples	\$1,074,227	3.6%	(0.36)%	322.01	22.10	2.34%	8.81%
Japan Tobacco Inc Ord	Consumer Staples	\$850,942	2.8%	5.31%	44.77	12.41	6.25%	(6.79)%
Novartis	Health Care	\$847,430	2.8%	9.35%	239.85	16.56	3.10%	8.18%
Fuchs Petrolub Pref.	Materials	\$722,038	2.4%	31.77%	3.43	24.86	2.16%	(0.60)%
Brambles Ltd Npv	Industrials	\$610,989	2.0%	7.81%	12.76	22.27	2.47%	5.47%
Kddi	Communication Services	\$606,290	2.0%	14.37%	70.50	11.84	3.38%	2.83%
Woolworths Ltd	Consumer Staples	\$605,668	2.0%	1.09%	32.06	24.07	2.82%	6.59%
Sanofi Shs	Health Care	\$588,395	2.0%	8.48%	126.07	14.29	3.43%	7.50%
Brenntag Ag Muehlheim/Ruhr Shs New	Industrials	\$584,299	2.0%	12.77%	8.45	15.23	2.46%	2.51%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Imi Plc Shs New	Industrials	\$241,290	0.8%	32.00%	4.25	15.75	3.47%	5.36%
Fuchs Petrolub Pref.	Materials	\$722,038	2.4%	31.77%	3.43	24.86	2.16%	(0.60)%
Legal & General Group	Financials	\$545,905	1.8%	31.13%	23.94	9.33	5.53%	3.45%
Atlas Copco Ab Shs A	Industrials	\$269,703	0.9%	30.64%	33.50	25.08	1.82%	5.04%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$400,107	1.3%	26.88%	286.32	20.00	2.72%	11.17%
Mg Technologies	Industrials	\$479,500	1.6%	21.27%	5.99	21.90	2.88%	21.23%
British American Tobacco	Consumer Staples	\$505,599	1.7%	19.44%	98.20	9.48	6.10%	6.45%
Geberit Ag Jona Namen-Akt	Industrials	\$238,965	0.8%	17.36%	20.78	29.49	1.99%	5.11%
National Grid Ord	Utilities	\$528,831	1.8%	17.24%	43.55	15.46	5.07%	(1.72)%
Vtech Holdings Ltd Shs New	Information Technology	\$304,732	1.0%	15.41%	2.49	12.23	6.81%	(3.56)%

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
Newcrest Mng Ltd Ord	Materials	\$212,447	0.7%	(9.03)%	16.35	20.45	1.06%	5.83%
Telenor Asa Shs	Communication Services	\$503,716	1.7%	(8.85)%	25.85	14.66	5.34%	10.70%
Nihon Kohden Corp Shs	Health Care	\$453,697	1.5%	(5.09)%	2.47	21.73	1.16%	(3.51)%
Unilever (Wbo) Dead - Dead-30/12/99	Consumer Staples	\$505,480	1.7%	(3.61)%	84.00	18.70	3.11%	6.46%
Nestle S A Shs Nom New	Consumer Staples	\$1,074,227	3.6%	(0.36)%	322.01	22.10	2.34%	8.81%
Axiata Group Bhd Shs	Communication Services	\$281,261	0.9%	(0.27)%	9.27	28.91	2.29%	5.40%
Bp Plc Shs	Energy	\$277,207	0.9%	(0.21)%	127.28	11.16	6.78%	6.05%
Vodafone Group Plc New Shs New	Communication Services	\$473,854	1.6%	(0.19)%	52.05	18.13	5.13%	22.88%
Woolworths Ltd	Consumer Staples	\$605,668	2.0%	1.09%	32.06	24.07	2.82%	6.59%
China Mobile Hong Kong Limit Ord	Communication Services	\$471,158	1.6%	1.61%	172.12	10.96	4.96%	1.52%

AQR

Period Ended December 31, 2019

Investment Philosophy

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

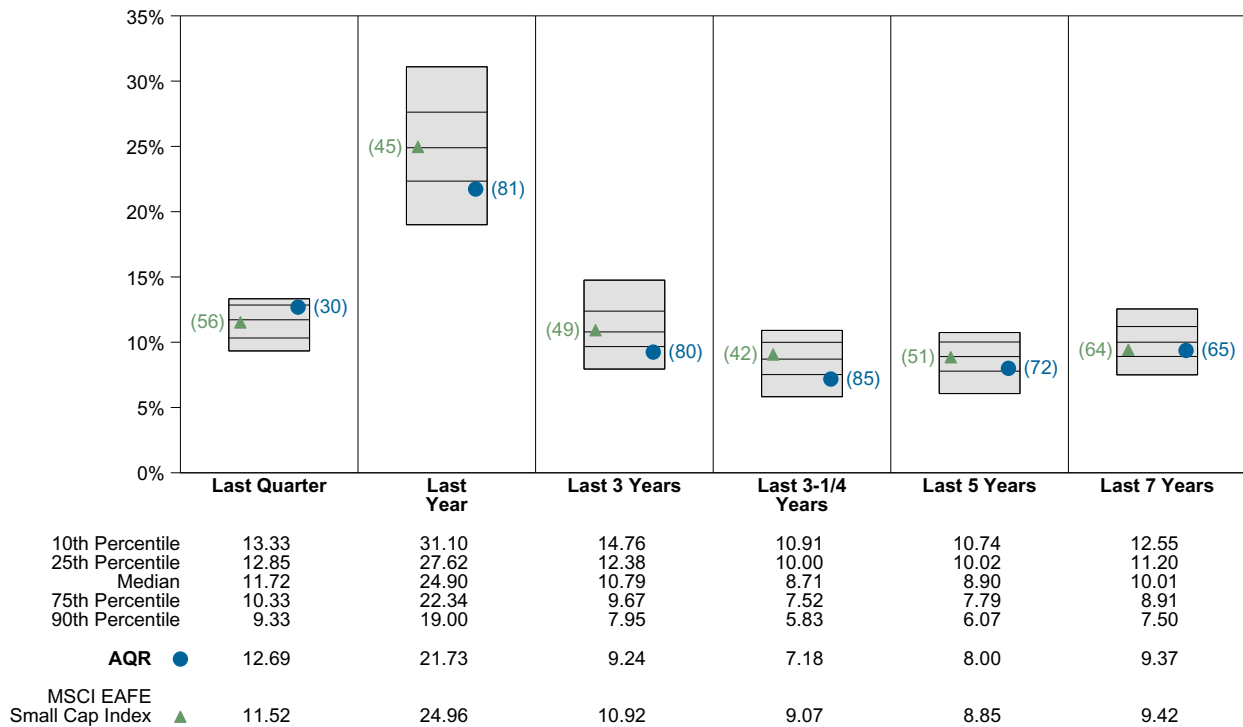
Quarterly Summary and Highlights

- AQR's portfolio posted a 12.69% return for the quarter placing it in the 30 percentile of the Callan International Small Cap group for the quarter and in the 81 percentile for the last year.
- AQR's portfolio outperformed the MSCI EAFE Small Cap Index by 1.17% for the quarter and underperformed the MSCI EAFE Small Cap Index for the year by 3.23%.

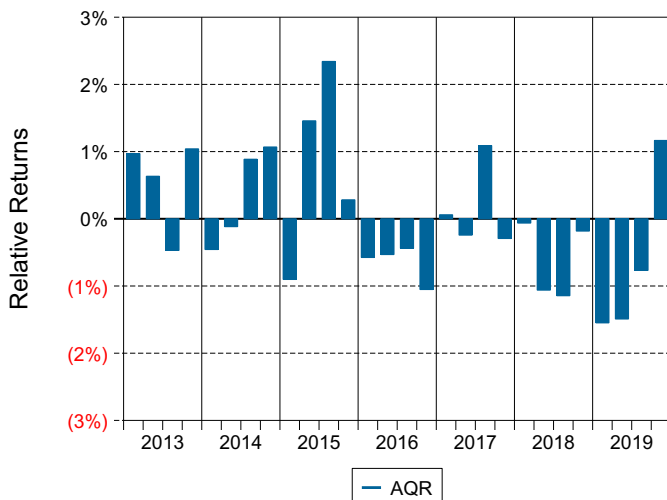
Quarterly Asset Growth

Beginning Market Value	\$12,803,403
Net New Investment	\$0
Investment Gains/(Losses)	\$1,594,107
Ending Market Value	\$14,397,510

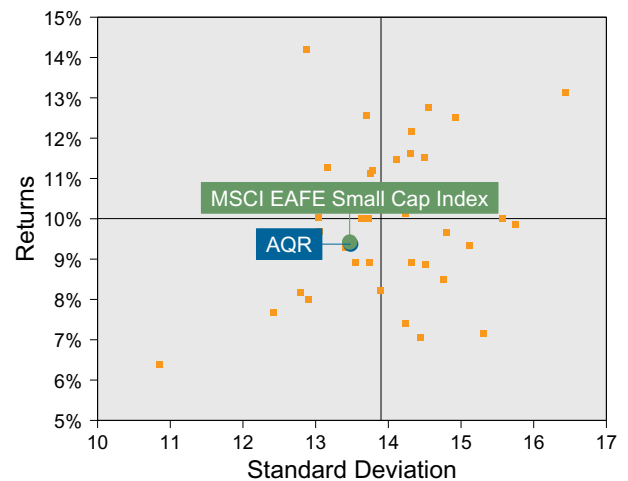
Performance vs Callan International Small Cap (Gross)



Relative Returns vs MSCI EAFE Small Cap Index



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

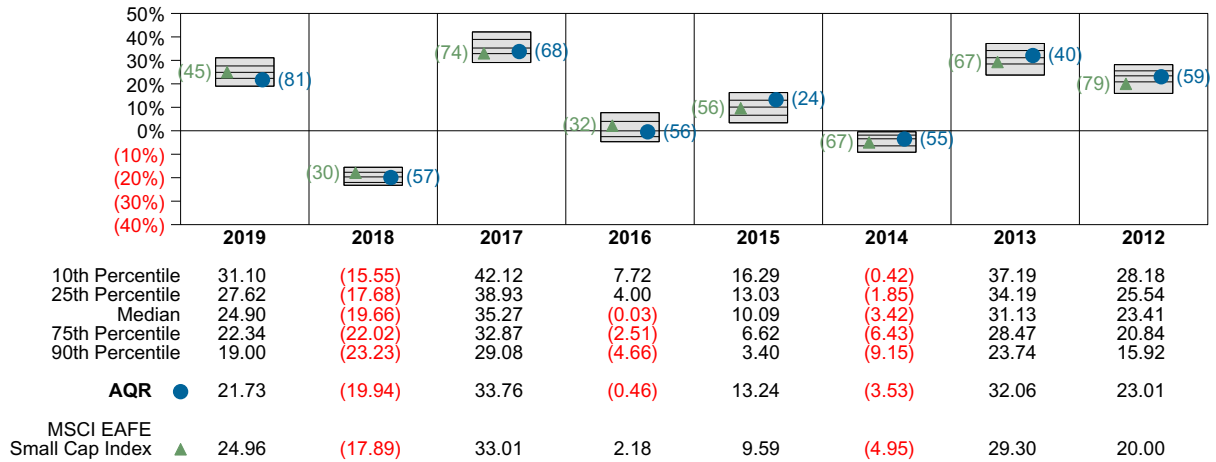


AQR Return Analysis Summary

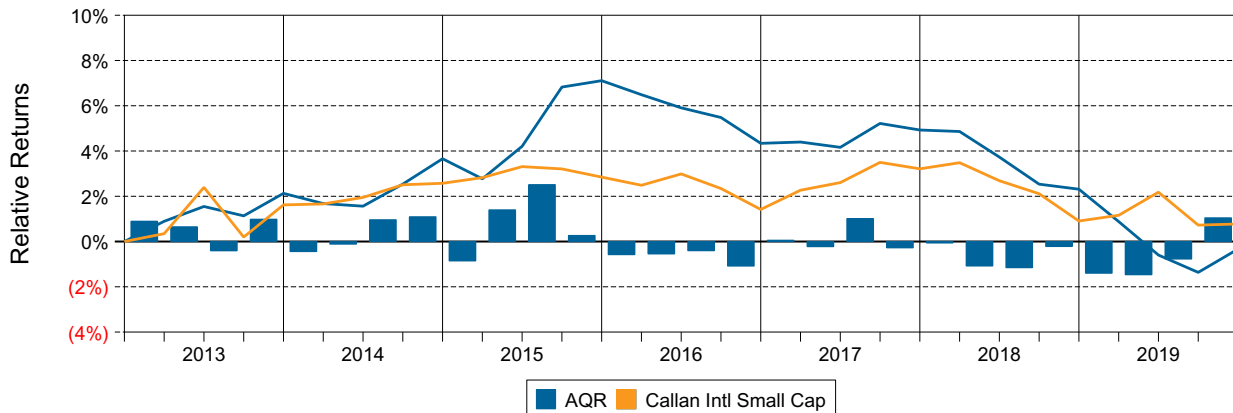
Return Analysis

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.

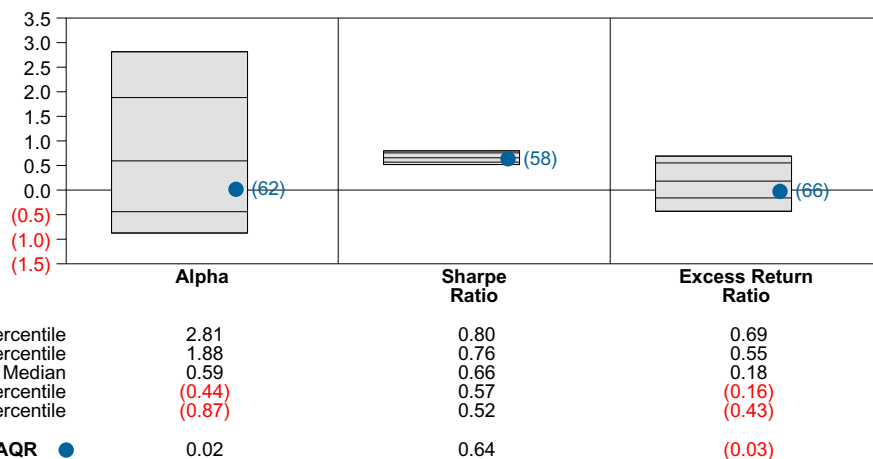
Performance vs Callan International Small Cap (Gross)



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, 2019

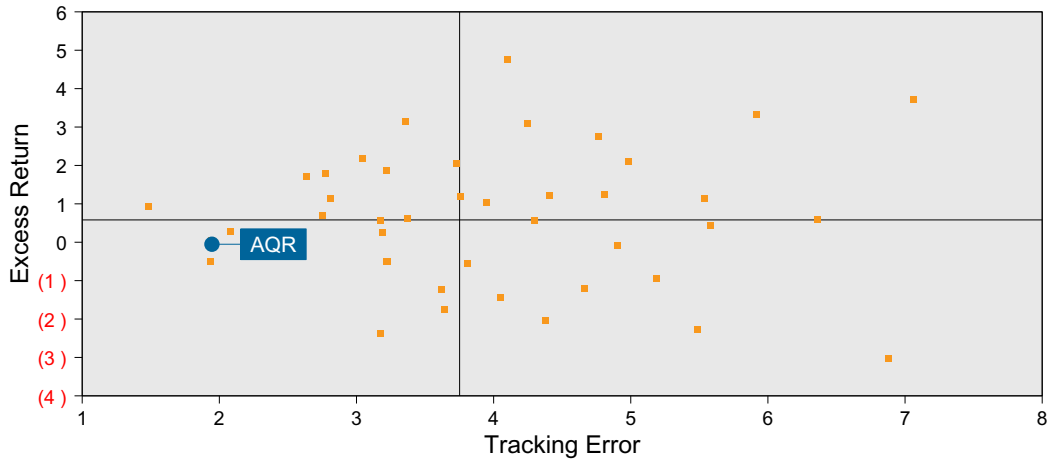


AQR Risk Analysis Summary

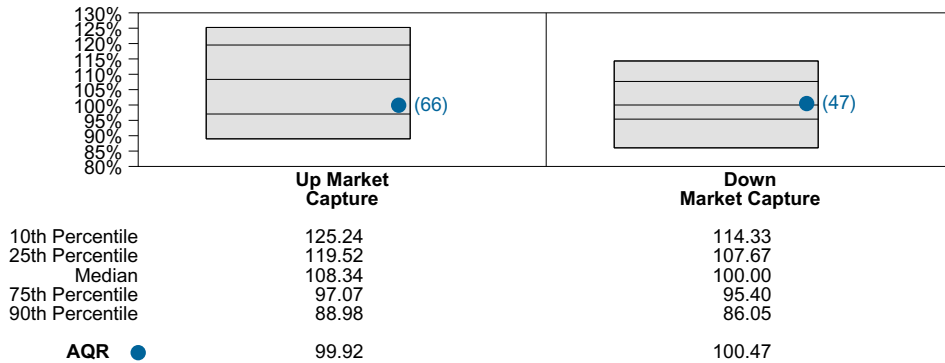
Risk Analysis

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.

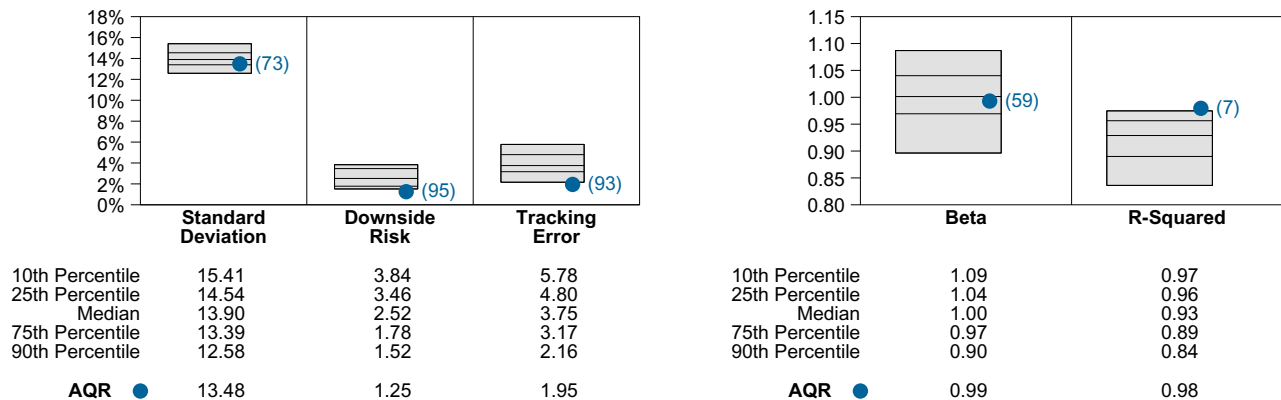
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended December 31, 2019



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2019



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2019

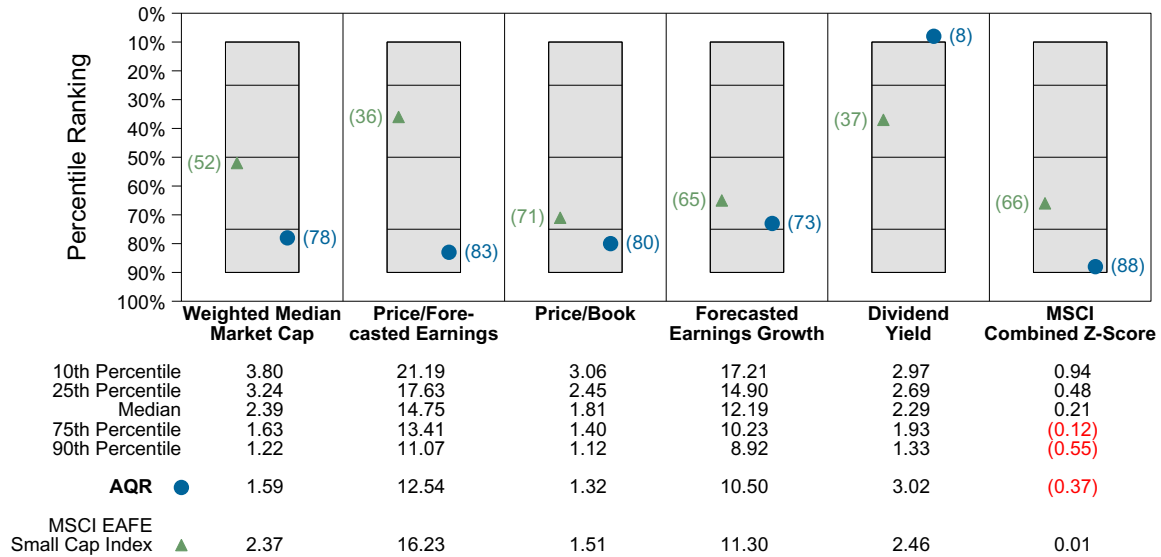


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

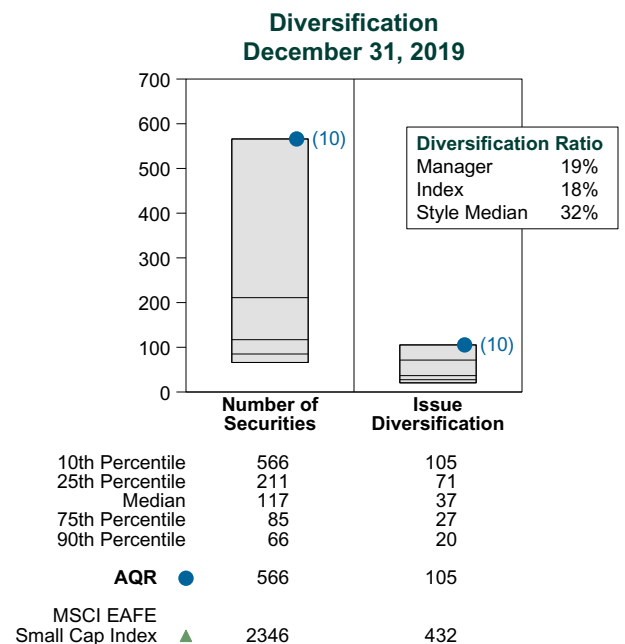
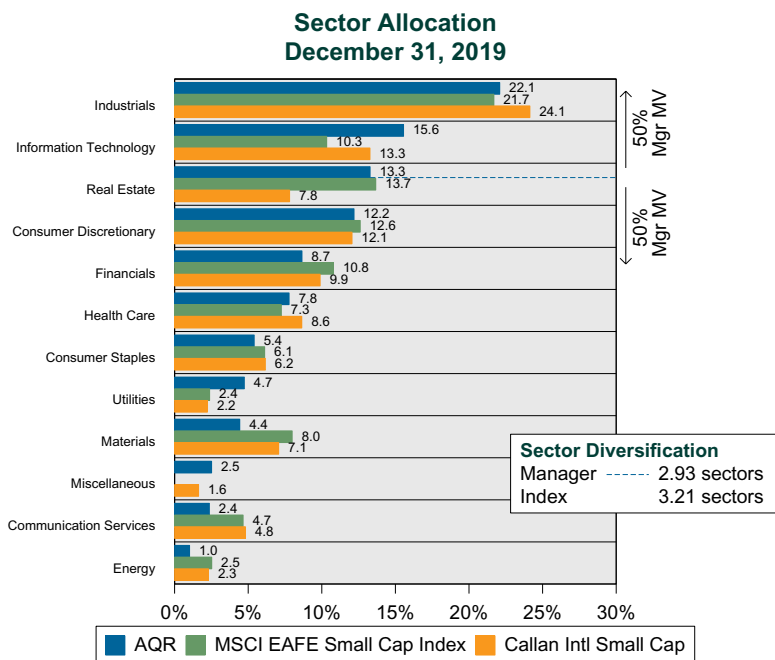
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of December 31, 2019



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.



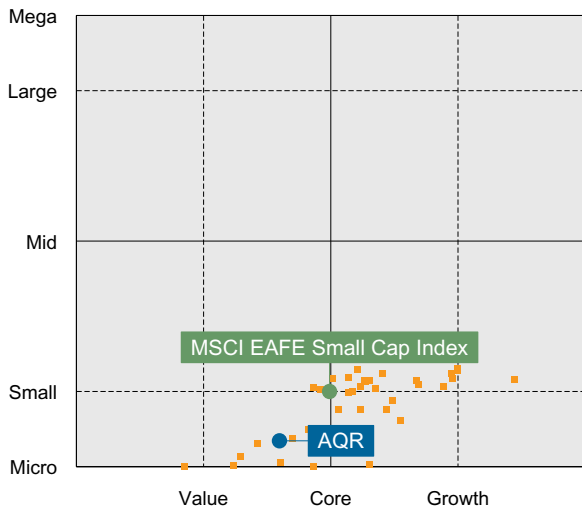
Current Holdings Based Style Analysis

AQR

As of December 31, 2019

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

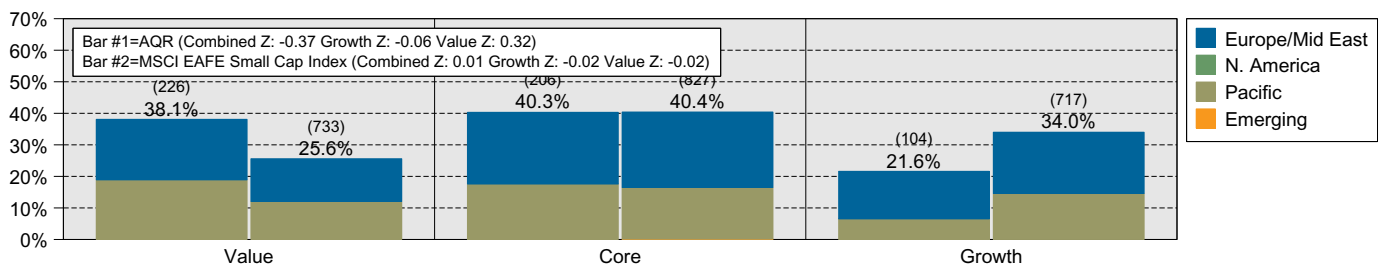
Style Map vs Callan Intl Small Cap Holdings as of December 31, 2019



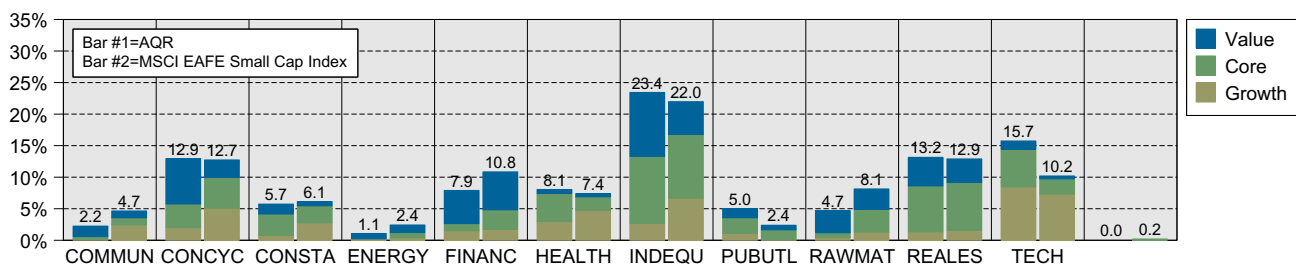
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	19.2% (95)	22.7% (101)	15.1% (56)	57.0% (252)
N. America	13.5% (299)	23.9% (382)	19.4% (292)	56.8% (973)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	18.9% (131)	17.6% (105)	6.5% (48)	43.0% (284)
Total	38.1% (226)	40.3% (206)	21.6% (104)	100.0% (536)
	25.6% (733)	40.4% (827)	34.0% (717)	100.0% (2277)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019



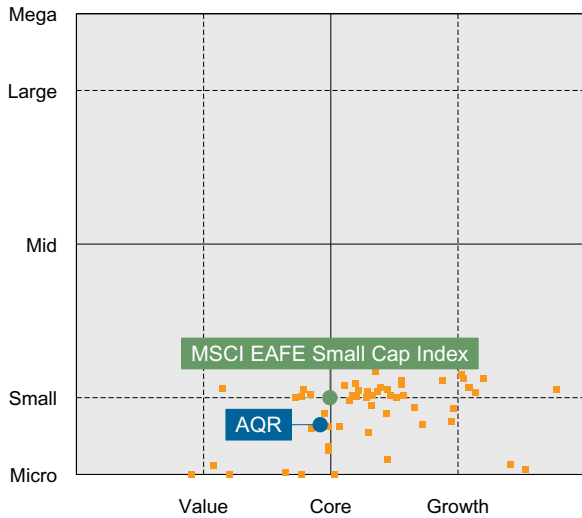
Historical Holdings Based Style Analysis

AQR

For Five Years Ended December 31, 2019

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

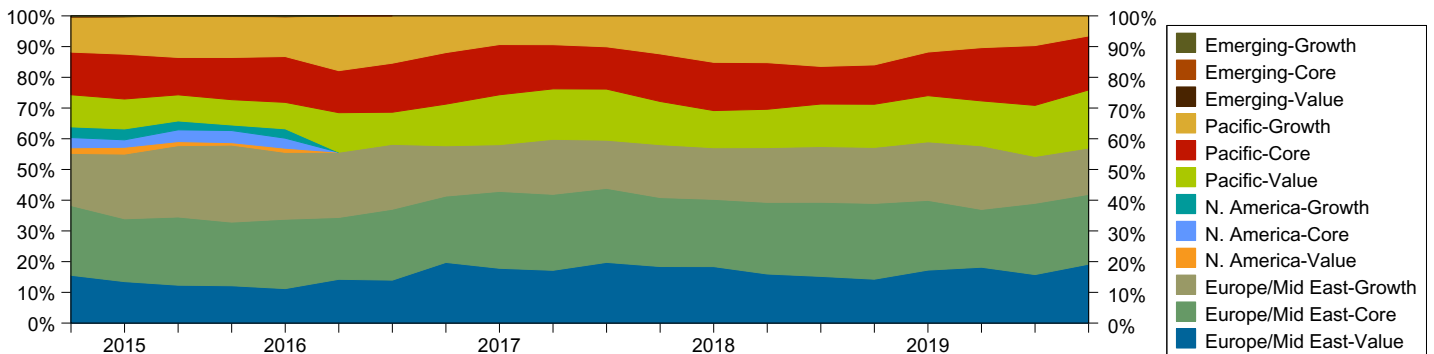
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended December 31, 2019



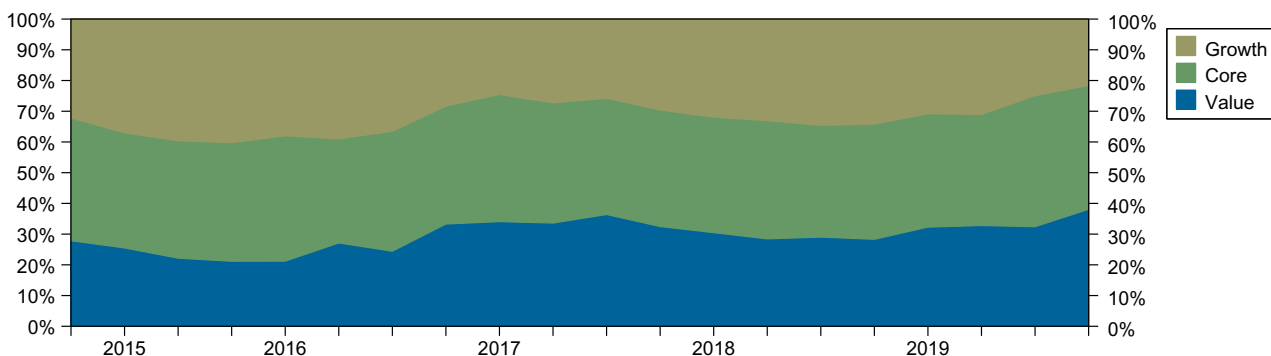
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

Europe/ Mid East	16.0% (102)	22.6% (119)	18.7% (83)	57.3% (304)
	15.0% (315)	22.2% (378)	20.2% (314)	57.4% (1007)
N. America	0.4% (4)	0.8% (6)	0.7% (5)	2.0% (15)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	13.2% (123)	15.0% (112)	12.5% (79)	40.7% (314)
	13.2% (439)	14.9% (426)	14.5% (377)	42.6% (1242)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.1% (0)
	0.0% (0)	0.0% (1)	0.0% (1)	0.0% (2)
Total	29.6% (229)	38.4% (237)	32.0% (167)	100.0% (633)
	28.2% (754)	37.1% (805)	34.7% (692)	100.0% (2251)
	Value	Core	Growth	Total

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures

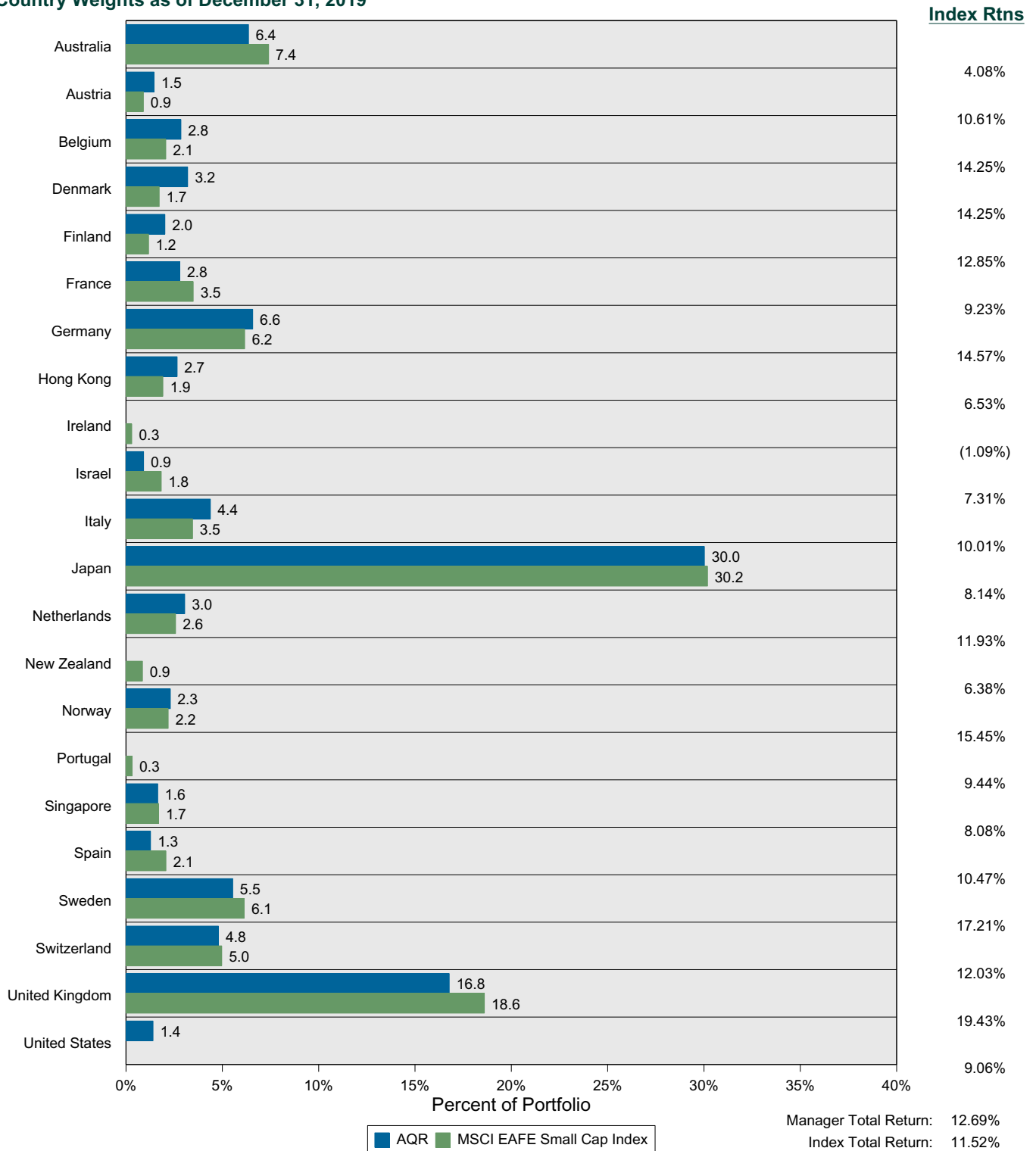


Country Allocation AQR VS MSCI EAFE Small Cap Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2019. 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, 2019



AQR Top 10 Portfolio Holdings Characteristics as of December 31, 2019

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
Falck Renewables S P A Shs	Utilities	\$145,624	1.0%	26.19%	1.56	29.68	1.32%	14.99%
Asm Intl N V Ny Register Sh	Information Technology	\$135,904	0.9%	22.40%	5.77	19.75	1.50%	21.46%
Iride Spa	Utilities	\$135,859	0.9%	6.27%	4.03	13.78	3.04%	27.98%
Vistry Group Plc Shs	Consumer Discretionary	\$135,191	0.9%	34.96%	2.67	11.34	4.53%	3.84%
Computacenter Plc Shs Par 0.075555	Information Technology	\$119,655	0.8%	47.41%	2.68	19.64	1.79%	9.29%
Siltronic	Information Technology	\$119,078	0.8%	33.45%	3.03	14.29	5.56%	(23.26)%
Bellway Plc Ord	Consumer Discretionary	\$114,854	0.8%	25.89%	6.21	9.09	3.95%	0.95%
Ams Ag Shs New	Information Technology	\$111,540	0.8%	(8.86)%	3.42	9.05	0.00%	99.00%
Bkw Fmb Energie Ag Bern Namen Akt	Utilities	\$107,960	0.7%	(0.78)%	3.89	13.63	2.52%	5.80%
Unipol Gruppo Finanziario Sp Shs	Financials	\$107,886	0.7%	8.18%	4.13	7.23	3.51%	23.23%

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
Dart Group	Industrials	\$22,355	0.2%	99.38%	3.34	16.05	0.61%	30.78%
Kainos Group	Information Technology	\$14,586	0.1%	77.49%	1.19	39.16	1.35%	13.20%
Airtel Africa	Communication Services	\$8,888	0.1%	75.10%	3.98	9.38	0.00%	7.00%
Just Retirement	Financials	\$4,373	0.0%	60.53%	1.08	6.69	0.00%	(10.74)%
Micronic Laser Systems Ab 5 Shs	Information Technology	\$5,016	0.0%	59.46%	1.94	26.32	1.62%	54.04%
Fih Mobile Ltd Shs	Information Technology	\$8,632	0.1%	58.14%	1.59	19.40	0.00%	11.90%
International Personal Finance	Financials	\$14,049	0.1%	56.22%	0.48	5.22	7.70%	(2.40)%
Nuflare Technology Inc Numaz Shs	Information Technology	\$2,552	0.0%	54.95%	1.26	27.62	1.26%	(40.67)%
Sociedad Hldg Mercados Sist Shs	Financials	\$28,743	0.2%	54.87%	3.23	22.32	4.57%	(7.00)%
Bure Equity Ak Shs	Financials	\$89,305	0.6%	54.63%	1.56	8.94	0.94%	(17.98)%

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
Tullow Oil Plc Shs	Energy	\$6,724	0.0%	(68.71)%	1.19	8.50	8.78%	(1.93)%
Ted Baker Plc London Shs	Consumer Discretionary	\$14,160	0.1%	(54.00)%	0.24	10.00	1.91%	16.70%
Smartgroup	Industrials	\$67,213	0.5%	(40.76)%	0.64	10.79	8.75%	4.23%
A P Eagers	Consumer Discretionary	\$5,005	0.0%	(24.95)%	1.85	18.00	3.56%	1.15%
Flexigroup Ltd Shs	Financials	\$6,954	0.0%	(24.80)%	0.51	8.62	4.18%	5.83%
Perenti Global Ltd Shs	Materials	\$40,605	0.3%	(23.61)%	0.78	8.97	4.32%	10.62%
Early Learning Services	Consumer Discretionary	\$39,473	0.3%	(22.39)%	0.61	11.13	6.71%	(2.86)%
Myer Holdings Ltd Npv	Consumer Discretionary	\$4,403	0.0%	(17.97)%	0.28	10.22	10.42%	(0.41)%
Mcmillan Shakespeare Ltd Shs	Industrials	\$54,243	0.4%	(16.44)%	0.71	11.69	5.65%	7.84%
Afterpay Touch Group	Information Technology	\$6,212	0.0%	(14.92)%	5.37	188.83	0.00%	-

DFA Emerging Markets Period Ended December 31, 2019

Investment Philosophy

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

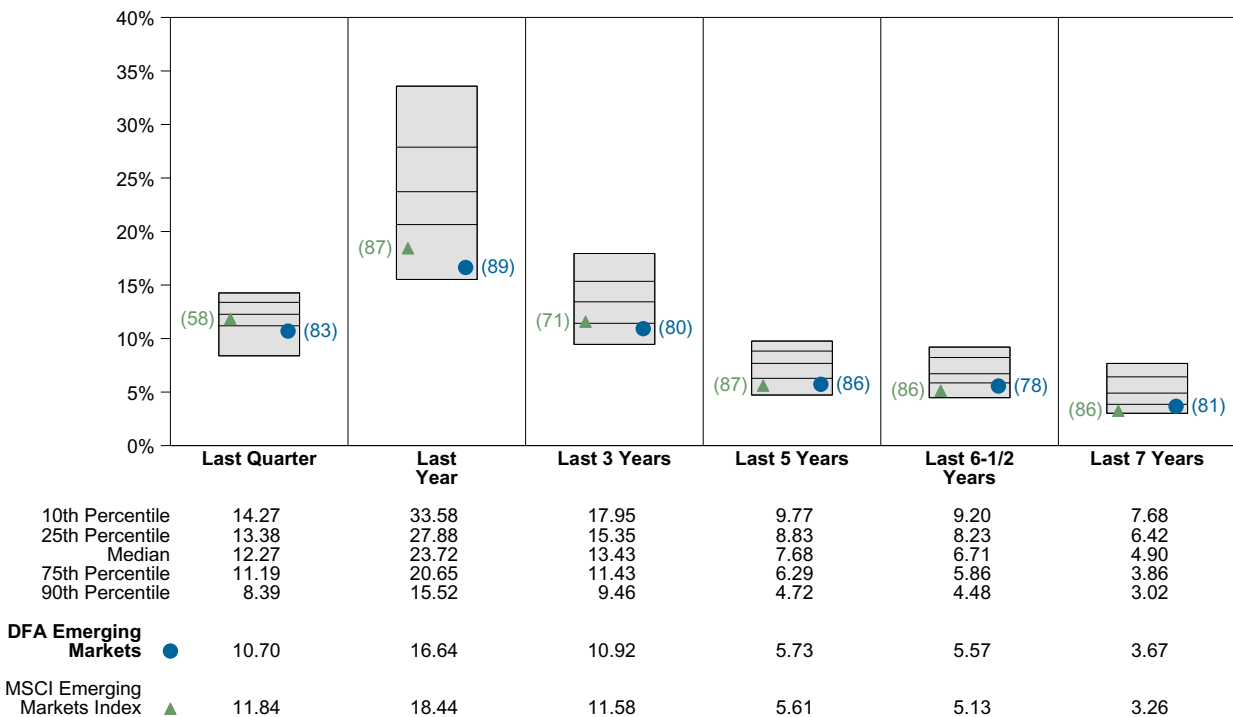
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 10.70% return for the quarter placing it in the 83rd percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 89th percentile for the last year.
- DFA Emerging Markets's portfolio underperformed the MSCI Emerging Markets Index by 1.14% for the quarter and underperformed the MSCI Emerging Markets Index for the year by 1.79%.

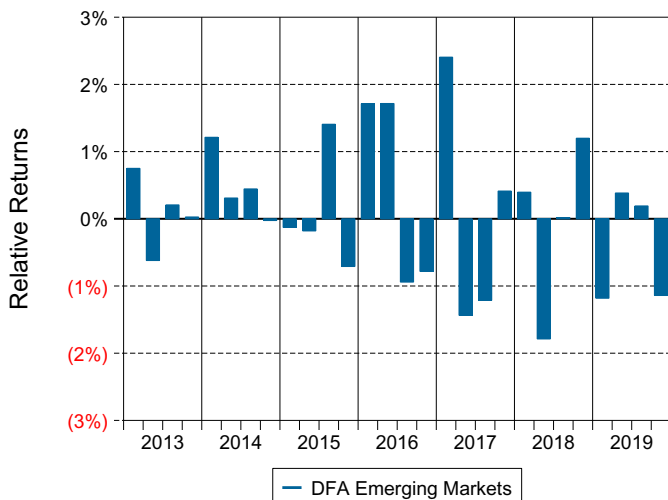
Quarterly Asset Growth

Beginning Market Value	\$15,769,098
Net New Investment	\$-0
Investment Gains/(Losses)	\$1,664,398
Ending Market Value	\$17,433,497

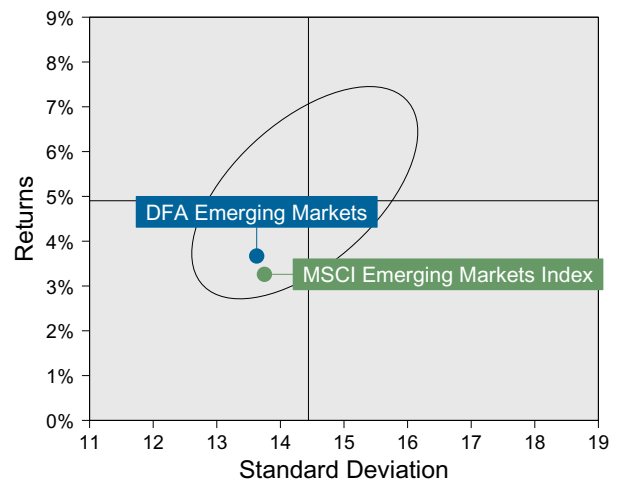
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Relative Returns vs MSCI Emerging Markets Index



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

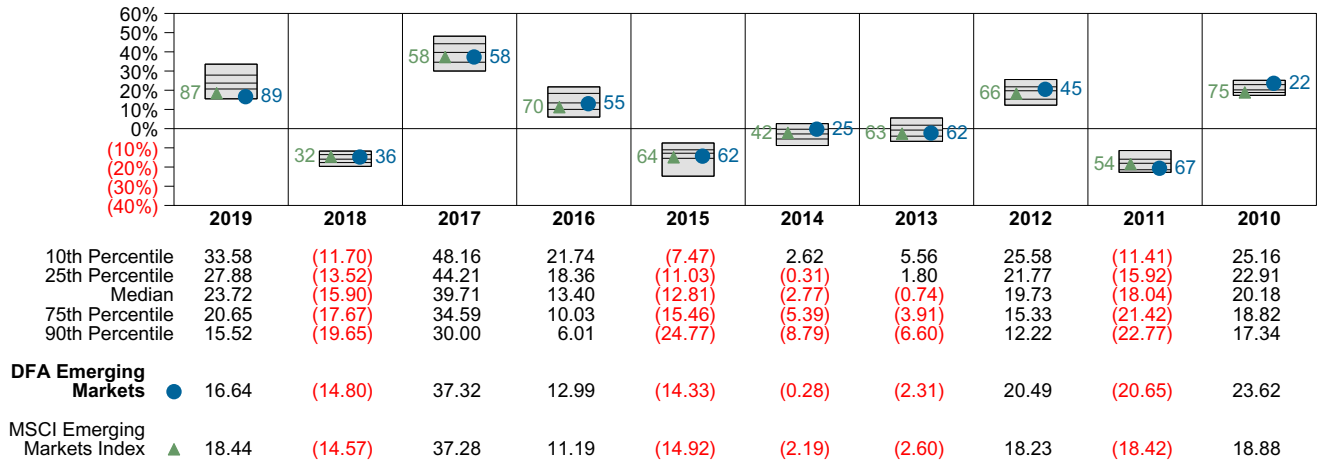


DFA Emerging Markets Return Analysis Summary

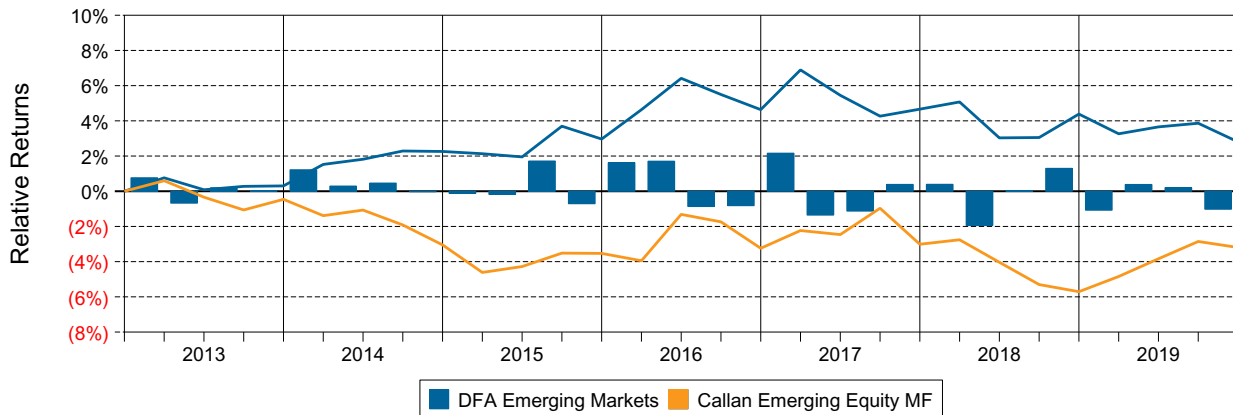
Return Analysis

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.

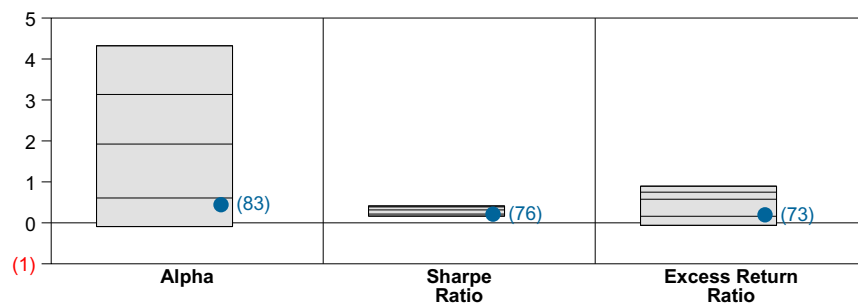
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



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 December 31, 2019



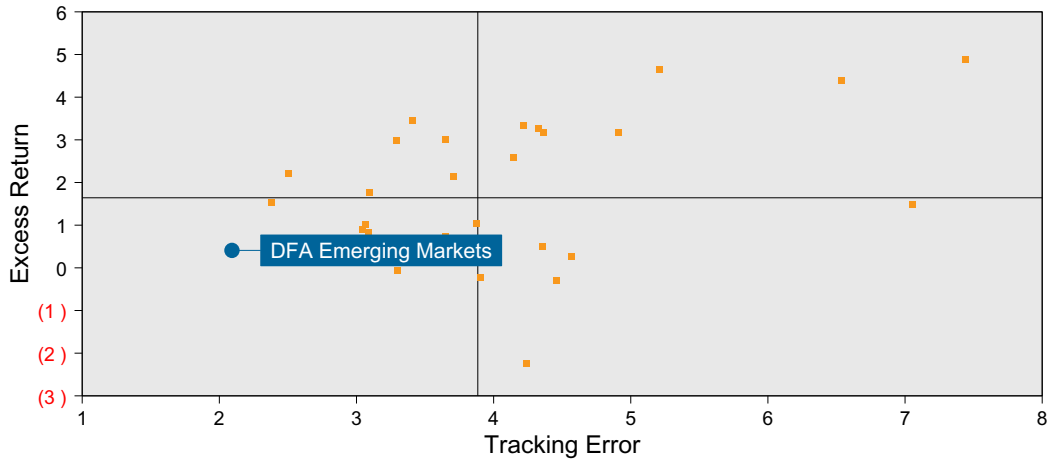
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	4.32	0.41	0.90
25th Percentile	3.13	0.39	0.75
Median	1.92	0.32	0.58
75th Percentile	0.61	0.21	0.16
90th Percentile	(0.09)	0.16	(0.06)
DFA Emerging Markets	● 0.44	0.21	0.20

DFA Emerging Markets Risk Analysis Summary

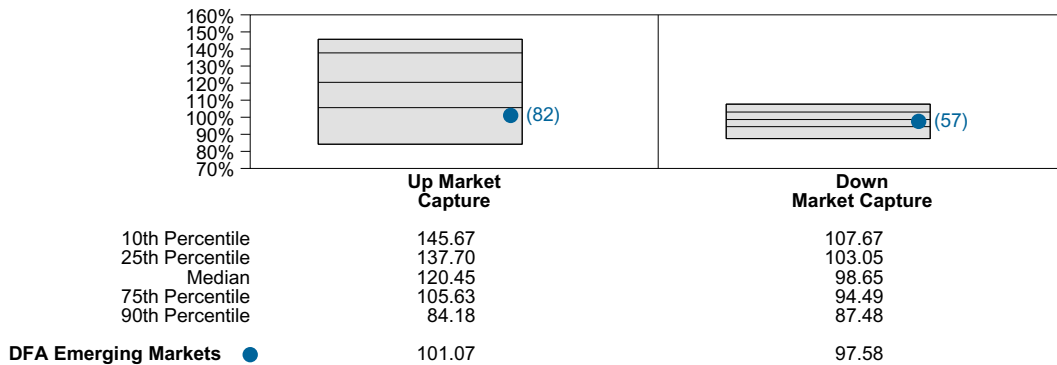
Risk Analysis

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.

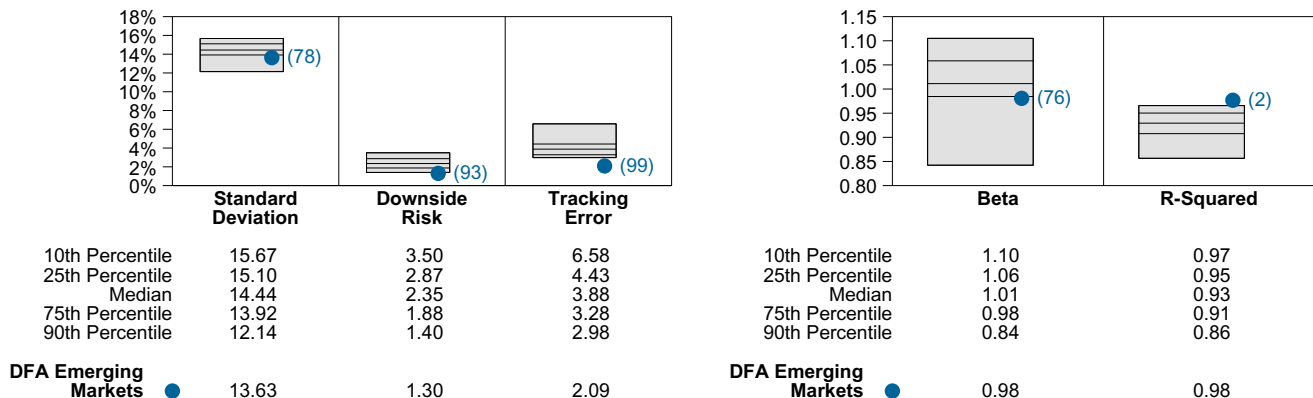
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2019



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2019



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2019

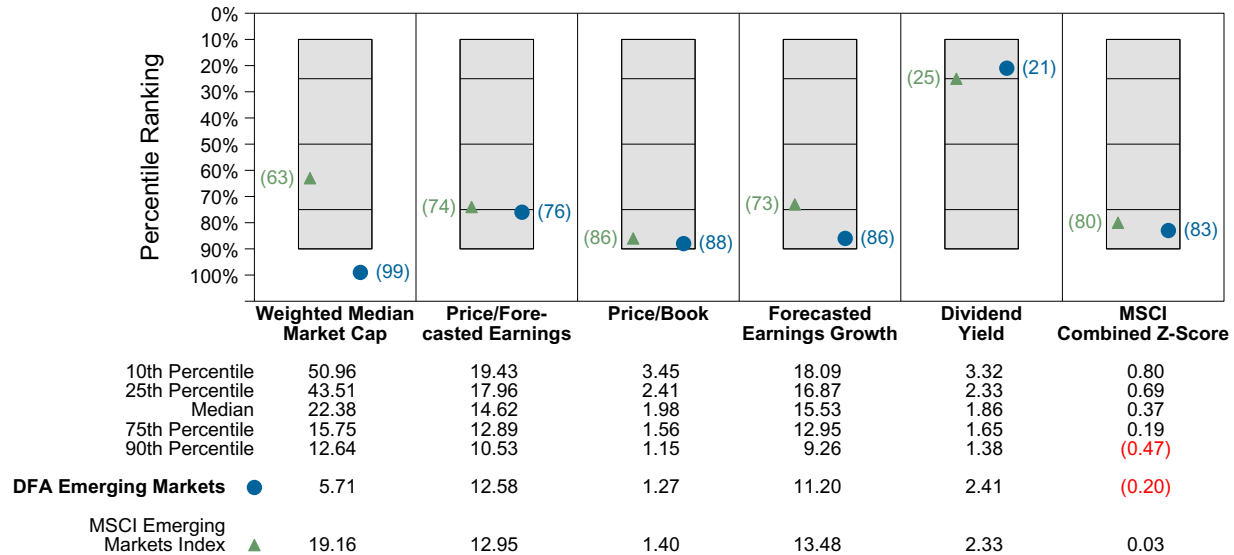


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

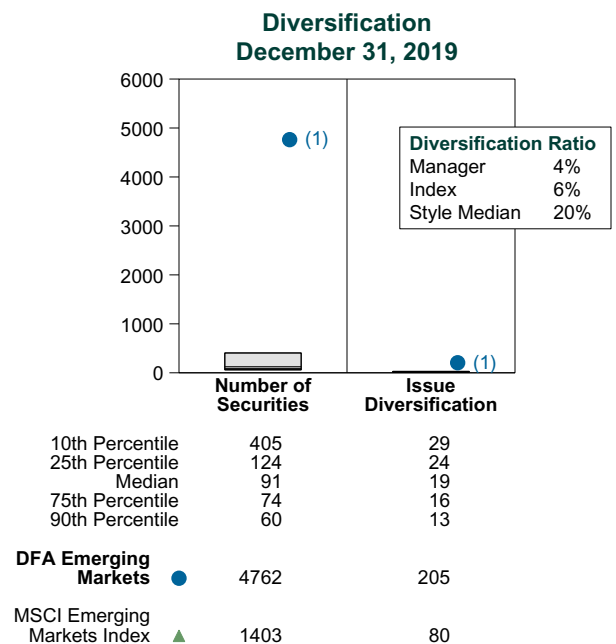
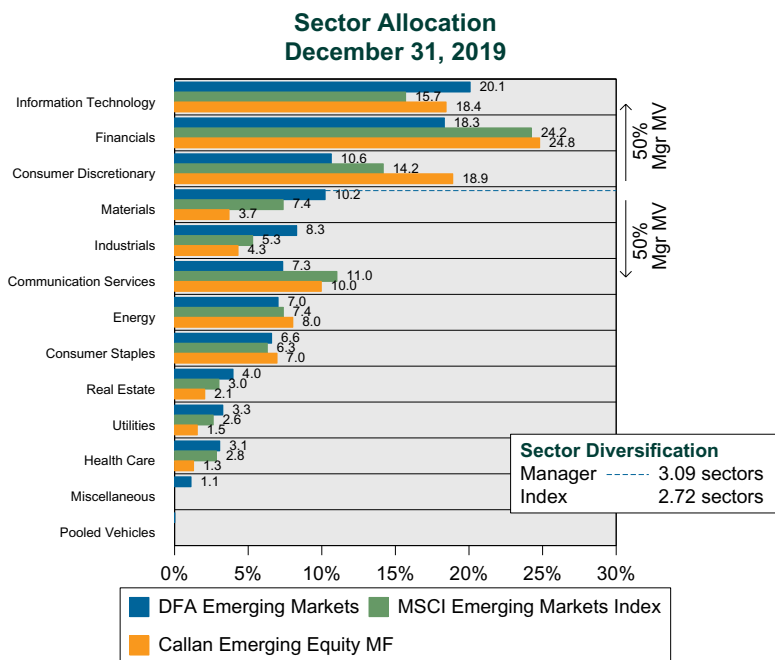
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of December 31, 2019



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.



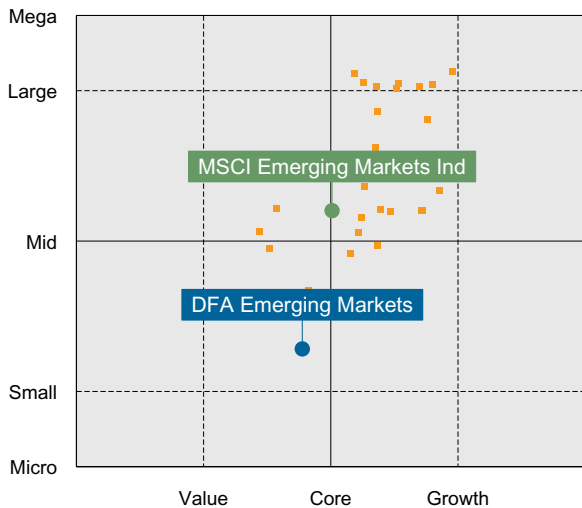
Current Holdings Based Style Analysis

DFA Emerging Markets

As of December 31, 2019

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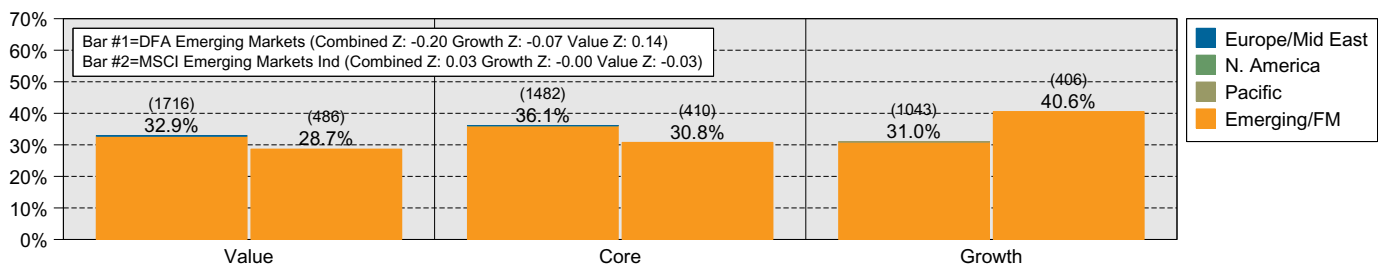
Style Map vs Callan Emerging Equity MF Holdings as of December 31, 2019



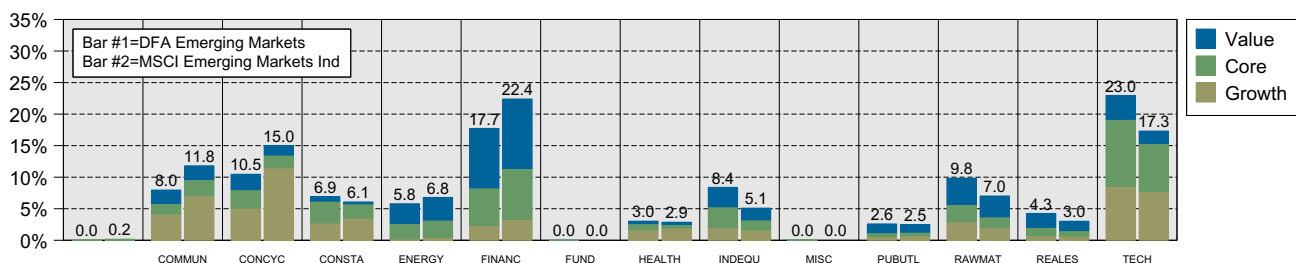
Style Exposure Matrix Holdings as of December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (1) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (2) 0.0% (0)
N. America	0.0% (0) 0.0% (0)	0.0% (2) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (2) 0.0% (0)
Pacific	0.0% (19) 0.0% (0)	0.0% (16) 0.0% (0)	0.2% (16) 0.0% (0)	0.2% (51) 0.0% (0)
Emerging/ FM	32.8% (1696) 28.7% (486)	36.0% (1463) 30.8% (410)	30.9% (1027) 40.6% (406)	99.7% (4186) 100.0% (1302)
Total	32.9% (1716) 28.7% (486)	36.1% (1482) 30.8% (410)	31.0% (1043) 40.6% (406)	100.0% (4241) 100.0% (1302)

Combined Z-Score Style Distribution Holdings as of December 31, 2019



Sector Weights Distribution Holdings as of December 31, 2019



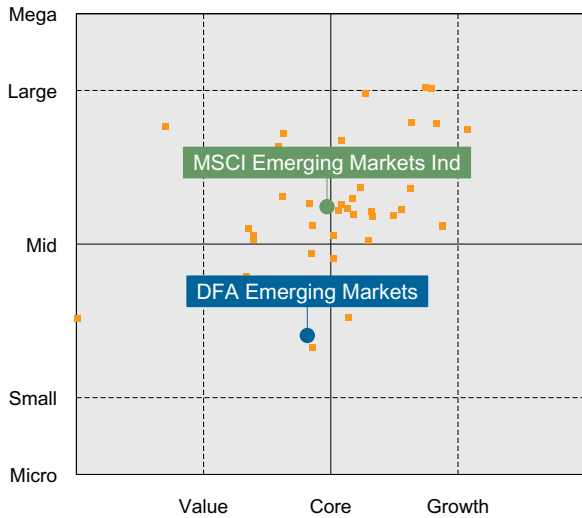
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended December 31, 2019

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.

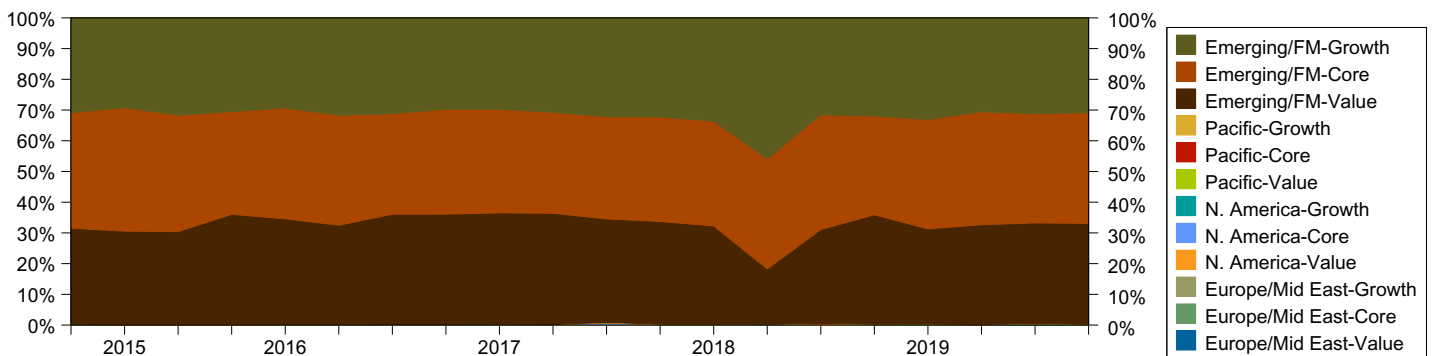
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended December 31, 2019



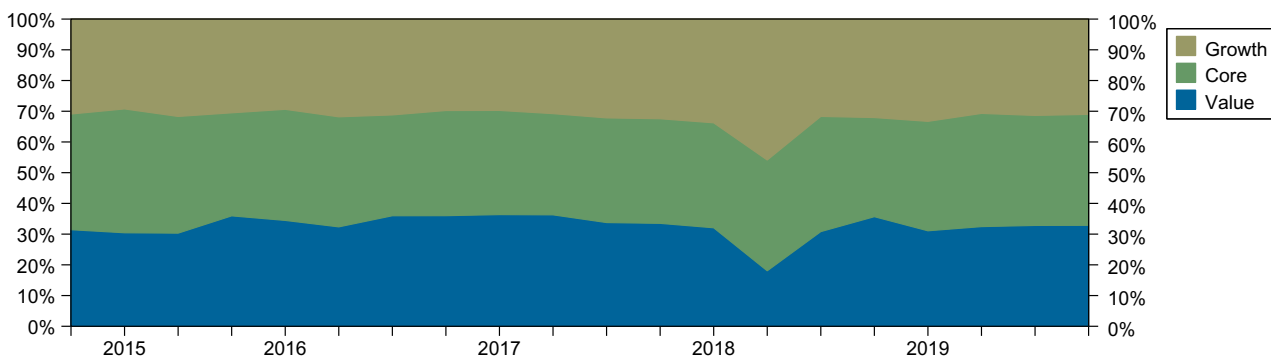
Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2019

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.1% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (1) 0.0% (0)
N. America	0.0% (1) 0.0% (0)	0.0% (4) 0.0% (0)	0.0% (1) 0.0% (0)	0.1% (6) 0.0% (0)
Pacific	0.0% (15) 0.0% (0)	0.0% (20) 0.0% (0)	0.1% (10) 0.0% (0)	0.1% (45) 0.0% (0)
Emerging/ FM	32.6% (1469) 31.4% (338)	35.3% (1431) 31.4% (300)	31.9% (940) 37.2% (305)	99.7% (3840) 100.0% (943)
Total	32.6% (1485) 31.4% (338)	35.4% (1456) 31.4% (300)	32.0% (951) 37.2% (305)	100.0% (3892) 100.0% (943)

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures



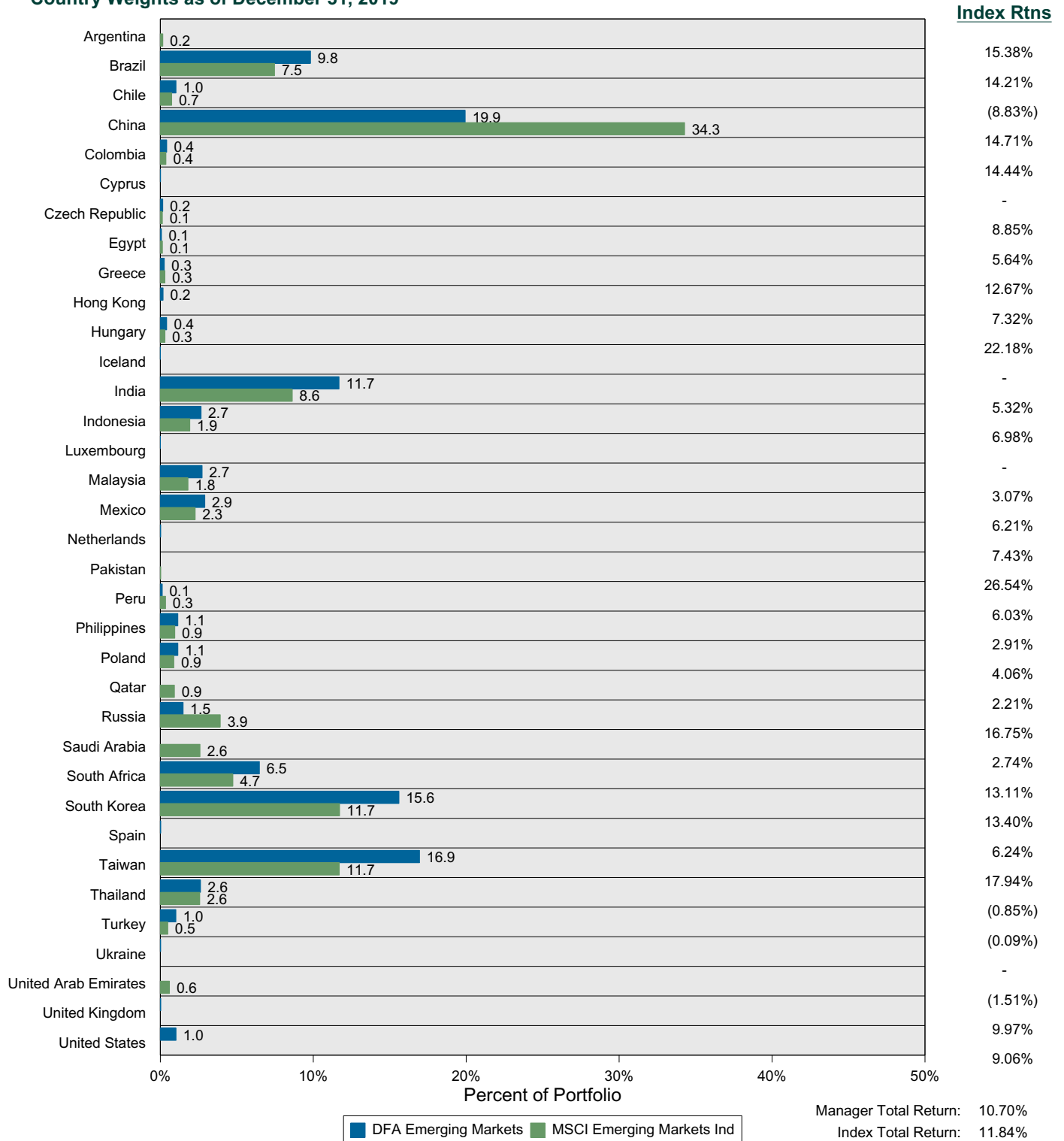
Country Allocation

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, 2019. 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, 2019



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 31, 2019

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	\$821,703	4.7%	18.53%	288.05	13.30	2.54%	(7.20)%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$386,461	2.2%	14.44%	460.47	28.12	0.27%	20.80%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$367,520	2.1%	25.88%	286.32	20.00	2.72%	11.17%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$267,167	1.5%	26.88%	286.32	20.00	2.72%	11.17%
Alibaba Group Hldg Ltd Sponsored Ads	Consumer Discretionary	\$181,410	1.0%	26.83%	569.01	24.84	0.00%	25.80%
Ping An Insurance H	Financials	\$176,800	1.0%	2.90%	88.03	9.27	2.24%	18.98%
Sk Hynix Inc Shs	Information Technology	\$170,624	1.0%	33.33%	59.24	13.92	1.59%	(18.03)%
Reliance Industries Ltd Shs Demateri	Energy	\$143,099	0.8%	12.83%	134.47	16.18	0.43%	18.53%
China Construction Bank Shs H	Financials	\$116,955	0.7%	13.22%	207.65	5.37	5.31%	3.60%
Industrial and Comm Bk of Cn Hkd Shs	Financials	\$92,310	0.5%	15.01%	66.83	5.88	4.87%	3.81%

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
Fossal S A A Sponsored Adr	Miscellaneous	\$0	0.0%	400.00%	0.00	(0.02)	0.00%	-
Mirae Corp	Information Technology	\$226	0.0%	250.00%	0.10	(15.00)	0.00%	-
Adani Green Energy Ltd	Utilities	\$2,762	0.0%	183.52%	3.65	(54.19)	0.00%	-
Sysgration	Information Technology	\$288	0.0%	183.33%	0.09	(15.79)	0.00%	-
Fine Technix	Consumer Discretionary	\$536	0.0%	150.00%	0.15	11.44	0.00%	-
Findep	Financials	\$32	0.0%	135.56%	0.15	13.64	0.00%	5.47%
Jaya Tiasa Holdings	Materials	\$684	0.0%	131.43%	0.25	23.09	0.48%	(40.31)%
Feelux	Industrials	\$1,280	0.0%	125.00%	0.52	43.73	0.00%	-
Xunlei Ltd Sponsored Ads	Information Technology	\$235	0.0%	113.97%	0.33	(9.44)	0.00%	-
Kh Vatec	Information Technology	\$916	0.0%	106.67%	0.46	11.94	0.00%	(46.21)%

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
Pool Asuransi Indo.	Financials	\$59	0.0%	(90.87)%	0.03	-	12.82%	-
Sintex Plastics Technology	Industrials	\$26	0.0%	(75.00)%	0.01	0.59	0.00%	-
Sumatec Resources Bhd.	Energy	\$1	0.0%	(74.51)%	0.01	-	0.00%	-
Ford Otomotiv Sanayi As Shs	Consumer Discretionary	\$3,498	0.0%	(68.46)%	4.18	10.09	5.17%	23.55%
China Nt Pharma Gp.Co.	Health Care	\$48	0.0%	(66.67)%	0.04	-	0.00%	-
Cox & Kings India	Consumer Discretionary	\$12	0.0%	(66.67)%	0.00	0.03	68.97%	-
Tibet 5100 Wt.Res.Hdg.	Consumer Staples	\$262	0.0%	(62.20)%	0.17	7.56	7.55%	12.54%
Ascendis Health Ltd	Health Care	\$53	0.0%	(61.13)%	0.05	3.67	15.13%	2.63%
Jain Irrigation Systems Shs Demateri	Industrials	\$281	0.0%	(59.22)%	0.06	1.67	12.58%	-
Minna Padi Investama	Financials	\$1	0.0%	(57.14)%	0.22	-	0.08%	-

Metropolitan West Period Ended December 31, 2019

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.

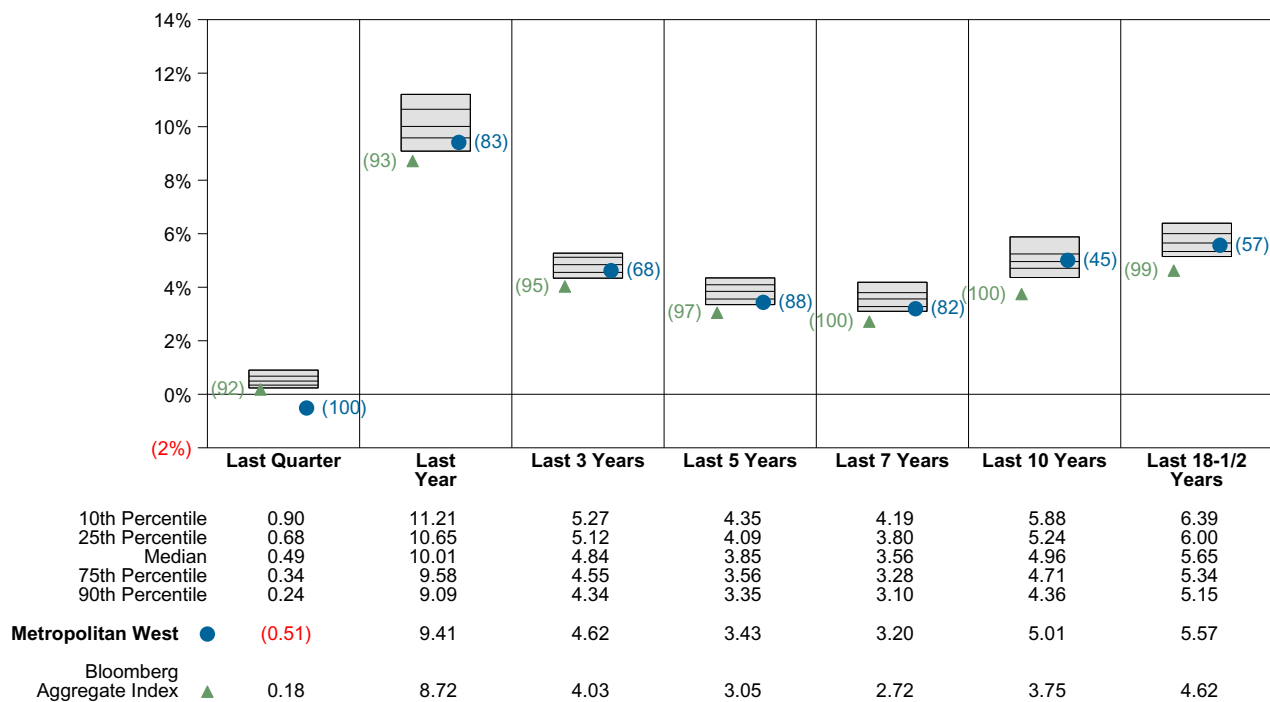
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a (0.51)% return for the quarter placing it in the 100 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 83 percentile for the last year.
- Metropolitan West's portfolio underperformed the Bloomberg Aggregate Index by 0.69% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.69%.

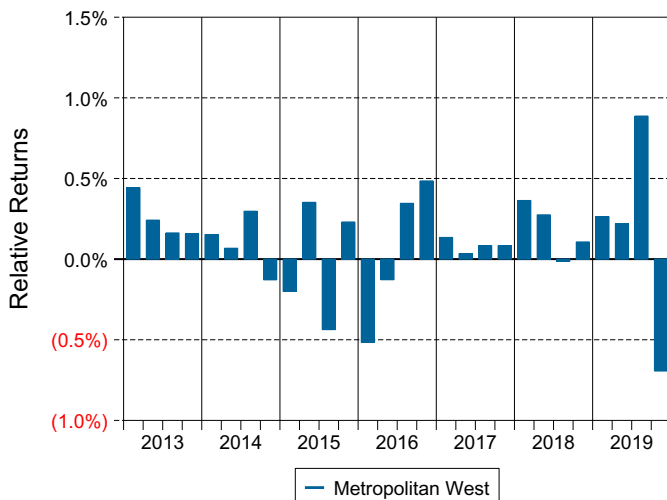
Quarterly Asset Growth

Beginning Market Value	\$109,794,206
Net New Investment	\$-1,013,797
Investment Gains/(Losses)	\$-562,467
Ending Market Value	\$108,217,941

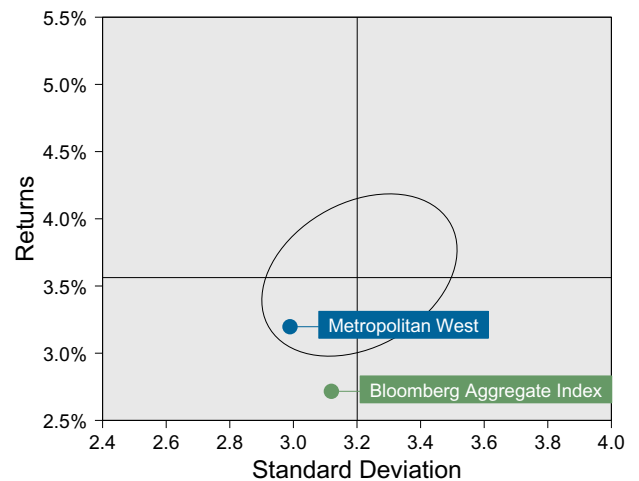
Performance vs Callan Core Plus Fixed Income (Gross)



Relative Returns vs Bloomberg Aggregate Index



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

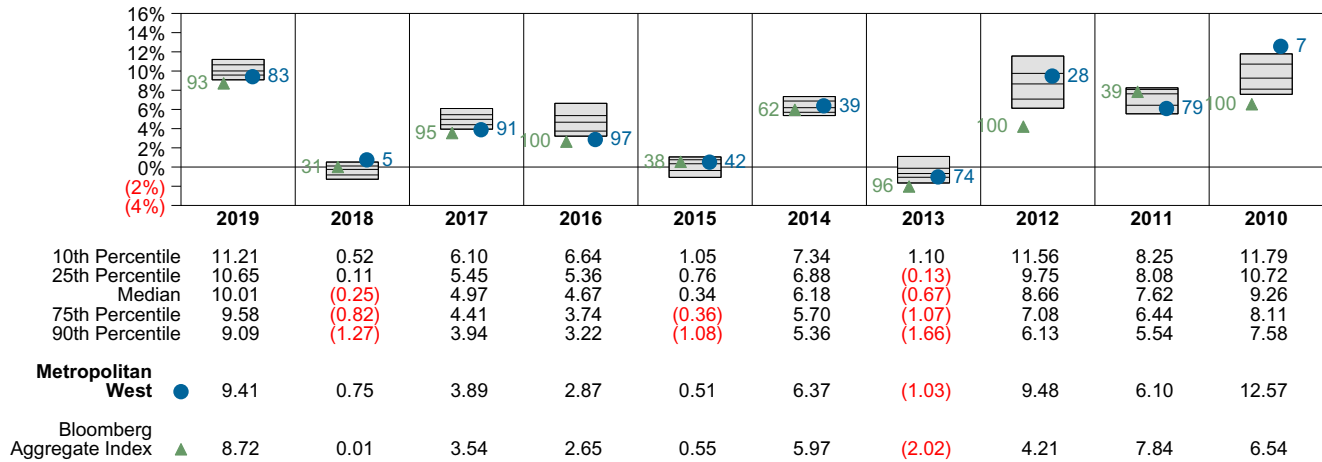


Metropolitan West Return Analysis Summary

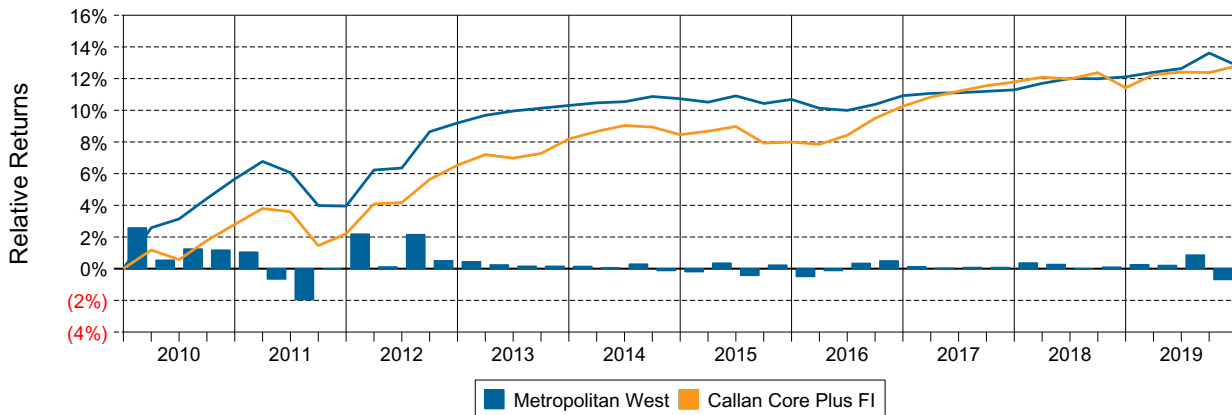
Return Analysis

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.

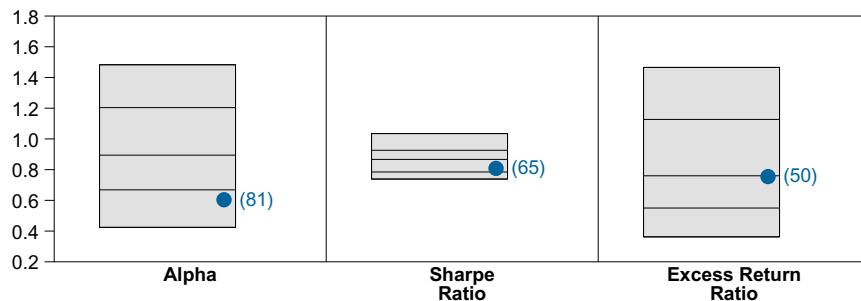
Performance vs Callan Core Plus Fixed Income (Gross)



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, 2019

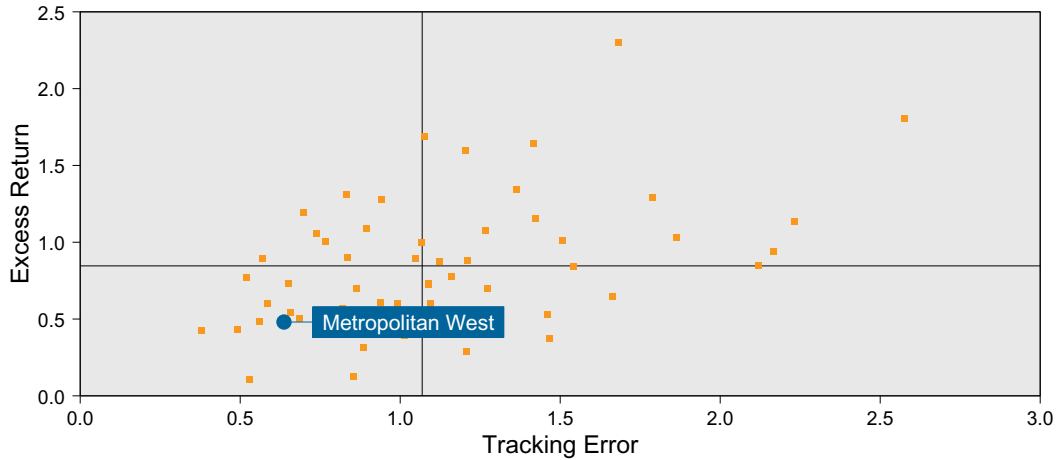


Metropolitan West Risk Analysis Summary

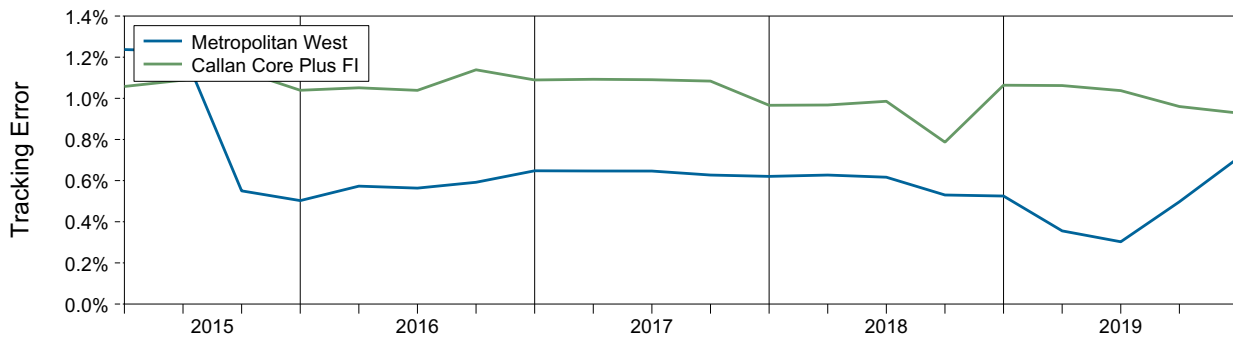
Risk Analysis

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.

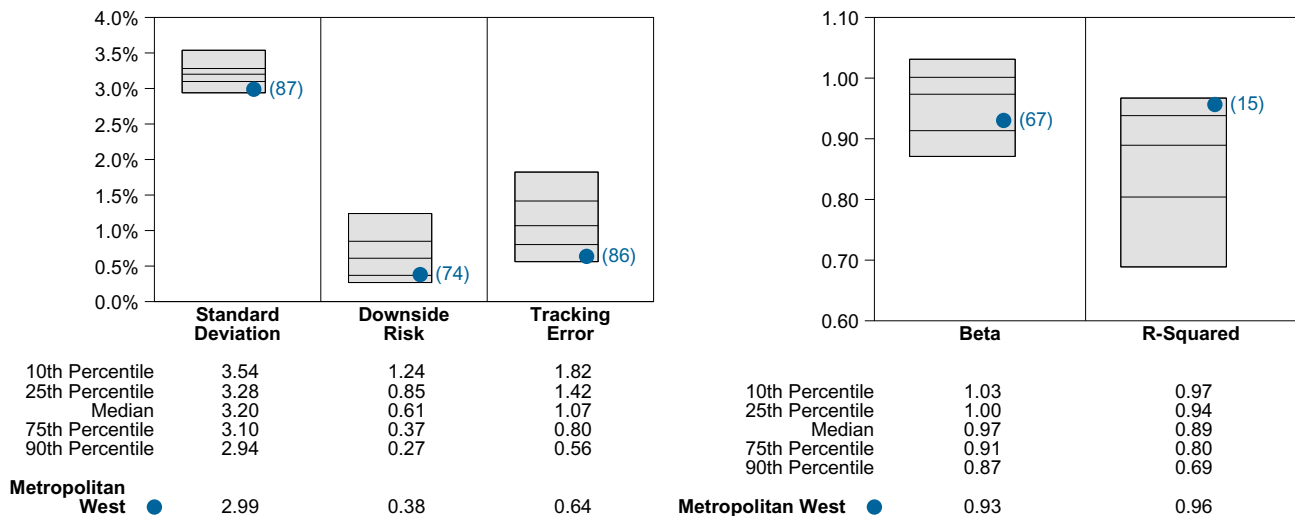
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2019



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, 2019

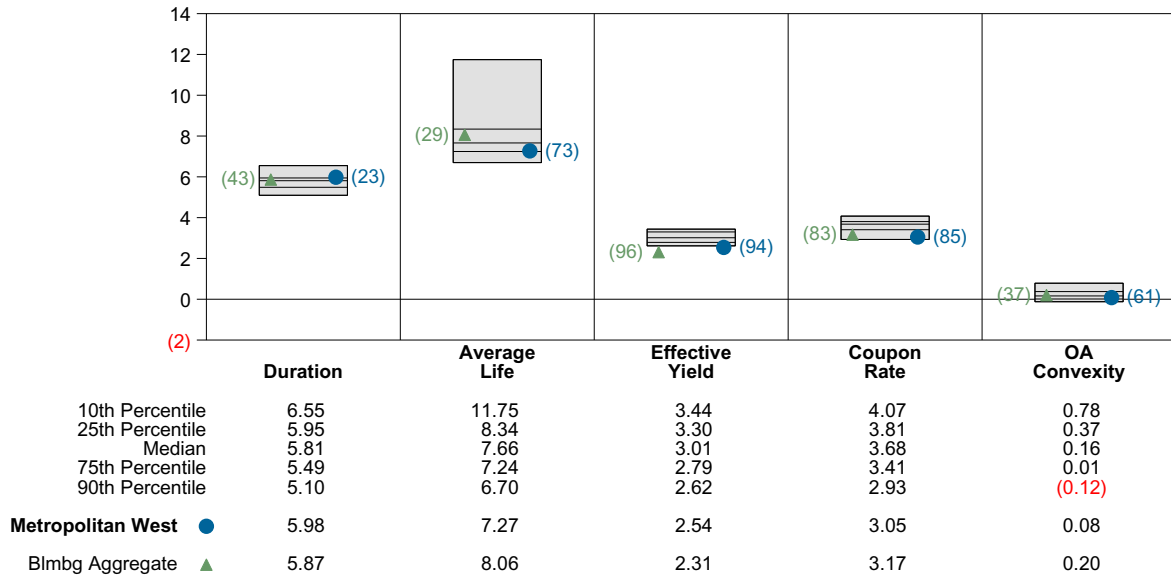


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

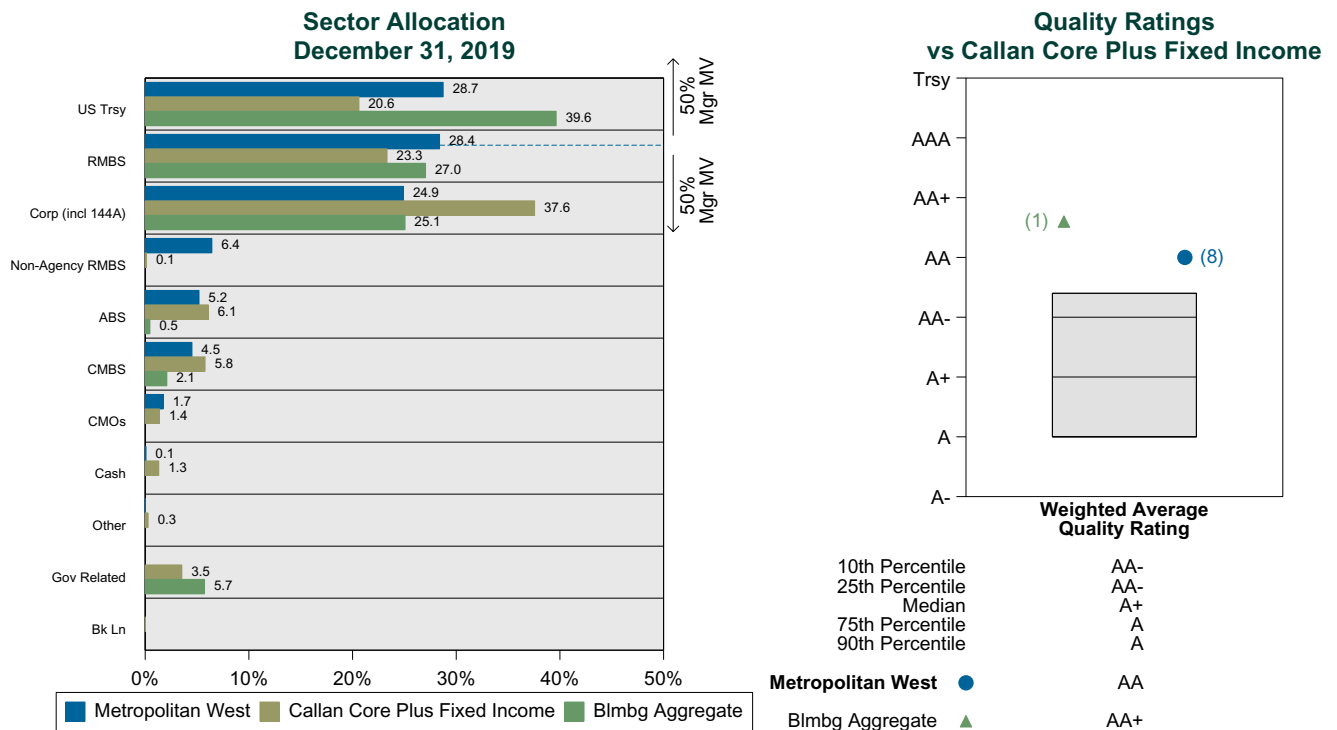
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of December 31, 2019



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.

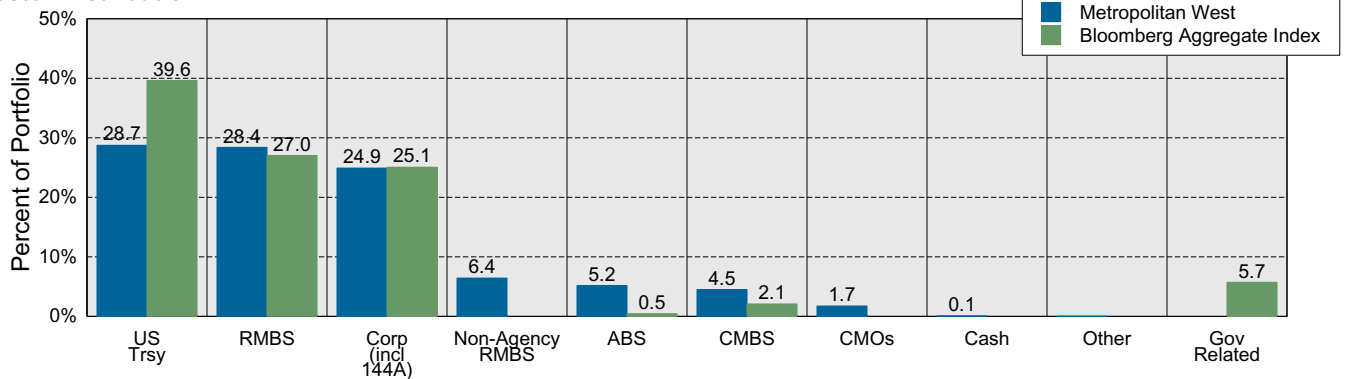


Metropolitan West Portfolio Characteristics Summary As of December 31, 2019

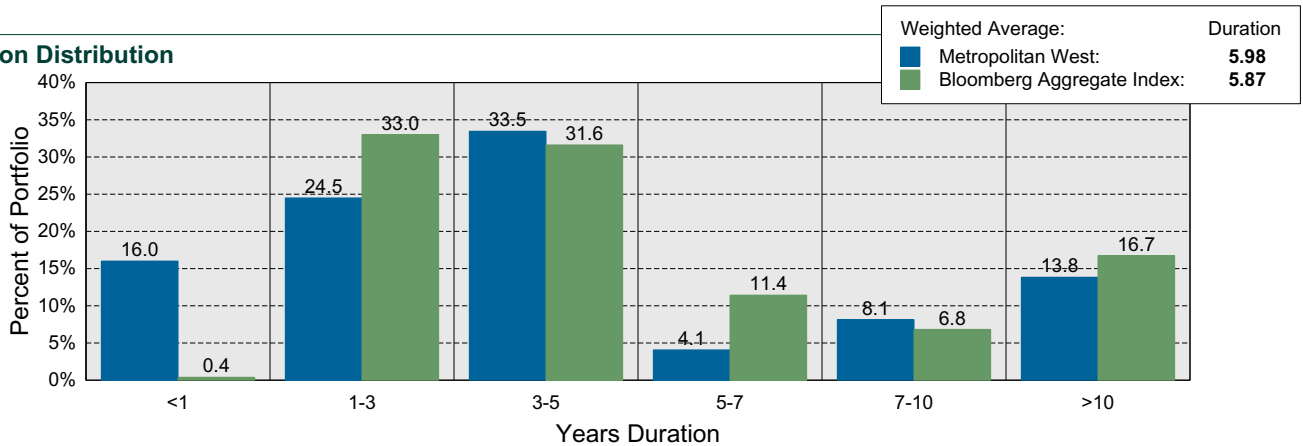
Portfolio Structure Comparison

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.

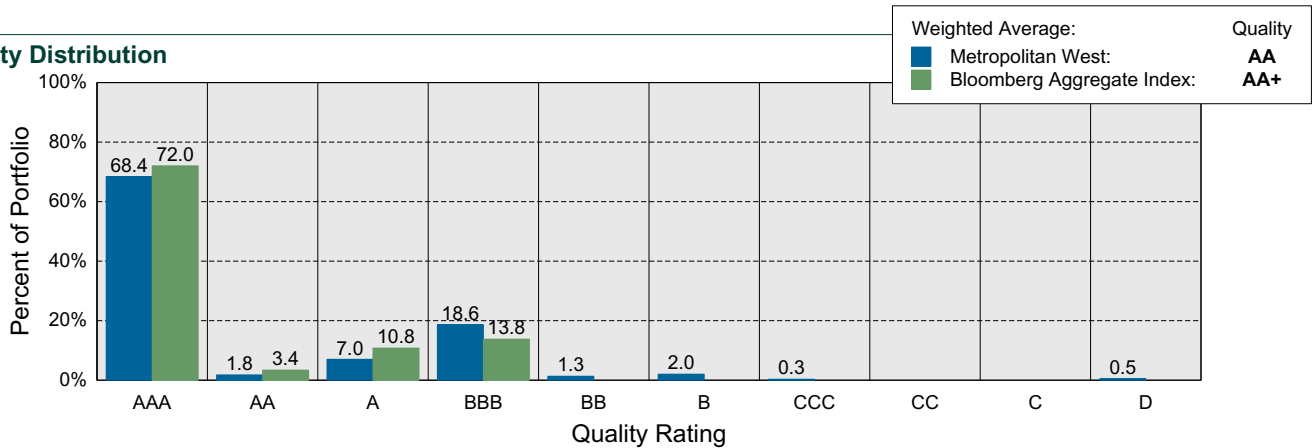
Sector Distribution



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

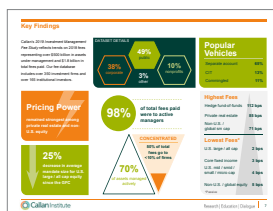
The Callan Institute provides research to update clients on the latest industry trends and carefully structured educational programs to enhance the knowledge of industry professionals. Visit www.callan.com/library to see all of our publications, and www.callan.com/blog to view our blog “Perspectives.” For more information contact Barb Gerraty at 415-274-3093 / institute@callan.com.

New Research from Callan’s Experts

Long-Dated Private Equity Funds: More Illiquidity Please? |

In this paper, Ashley DeLuce of Callan’s Private Equity Consulting Group analyzes long-dated private equity funds, which have terms of 15 years or more (some even have no fixed term), and tend to focus on stable, mature businesses that may not fit a traditional private equity investment profile. Although these companies may not generate the outsized internal rates of return associated with traditional private equity investments, they tend to have stronger downside protection. In evaluating a potential long-dated fund investment, investors need to be wary of the strategy’s increased illiquidity and how it can impact annual commitment pacing.

Callan 2019 Investment Management Fee Study | This study using Callan’s proprietary database is our eighth examination of institutional investment management



fee trends. The purpose of the study is to provide a detailed analysis on fee levels and trends across multiple asset classes and mandate sizes, for both active and passive management.

Gold: Real Asset, Risk Mitigator, or Pet Rock? | In this *Hedge Fund Monitor*, Jim McKee reviews the history of gold as a form of money, the reasons behind the recent renaissance in gold, the potential roles of gold



for institutional investors, and the alternative approaches to invest in gold-related themes. For some institutional investors, gold can play a useful role in diversifying risk or enhancing returns. For others, particularly those with higher risk tolerances and longer time horizons, a strategic gold allocation has about as much purpose as a Pet Rock.

Quarterly Periodicals

Private Equity Trends, 3Q19 | This newsletter from Callan’s Private Equity Consulting Group provides a high-level summary of private equity activity in the quarter through all the investment stages, from fundraising to exits, as well as long-term performance data.

Monthly Periodic Table of Investment Returns, November 2019 | A regular update to Callan’s Periodic Table covering the major public equity and fixed income asset classes.

Active vs. Passive Report, 3Q19 | This series of charts compares active managers alongside relevant benchmarks over the long term.

Market Pulse Flipbook, 3Q19 | A quarterly market reference guide covering trends in the U.S. economy, developments for institutional investors, and the latest data for U.S. and global ex-U.S. equities and fixed income, alternatives, and defined contribution plans.

Capital Market Review, 3Q19 | This newsletter provides analysis and a broad overview of the economy and public and private market activity each quarter across a wide range of asset classes.

Hedge Fund Quarterly, 3Q19 | Callan’s Jim McKee of our Hedge Fund Research Group provides commentary on developments for hedge funds and multi-asset class (MAC) strategies.

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

Real Assets Reporter, 3Q19 | This newsletter from our experts offers Callan’s data and insights on real estate and other real asset investment topics.

Events

Miss out on a Callan conference or workshop? Event summaries and speakers' presentations are available on our website: www.callan.com/library/

Please mark your calendar and look forward to upcoming invitations:

2020 June Regional Workshops

June 23 – San Francisco

June 25 – Chicago

2020 October Regional Workshops

October 27 – Atlanta

October 29 – Portland

Please also keep your eye out for upcoming Webinars in 2020! We will be sending invitations to register for these events and will also have registration links on our website at www.callan.com/webinarsupcoming.

For more information about events, please contact Barb Gerraty: 415-274-3093 / gerraty@callan.com

Education: By the Numbers

50+

Unique pieces of research the Institute generates each year

525

Attendees (on average) of the Institute's annual National Conference

3,700

Total attendees of the "Callan College" since 1994



"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 dialogue to raise the bar across the industry."

Greg Allen, CEO and Chief Research Officer

Education

Through the "Callan College," the Callan Institute offers educational sessions for industry professionals involved in the investment decision-making process. It was founded in 1994 to provide both clients and non-clients with basic- to intermediate-level instruction.

Introduction to Investments for Institutional Investors

April 21-22, 2020 – San Francisco

July 21-22, 2020 – Chicago

October 13-14, 2020 – Chicago

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. It lasts one-and-a-half days and is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities. Tuition is \$2,350 per person and includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Learn more at www.callan.com/callan-college-intro-2/

Alternative Investments for Institutional Investors

June 16, 2020 – San Francisco

November 3, 2020 – Chicago

Alternative investments like private equity, hedge funds, and real estate can play a key role in any portfolio. In this one-day session, Callan experts will provide instruction about the importance of allocations to alternatives, and how to integrate, evaluate, and monitor them.

Learn from some of Callan's senior consultants and experts, including the head of Alternatives Consulting Pete Keliuotis. The session will cover private equity, private credit, hedge funds, real estate, and real assets; why invest in alternatives; risk/return characteristics and liquidity; designing and implementing an alternatives program; and trends and case studies.

Tuition is \$2,000 per person and includes instruction, all materials, and breakfast and lunch with the instructors.

Learn more at: <https://www.callan.com/callan-college-alternatives-2/>

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 an educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan's ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Manager Name
Aberdeen Standard Investments
Acadian Asset Management LLC
AEGON USA Investment Management Inc.
Alcentra
AllianceBernstein
Allianz Global Investors
Allianz Life Insurance Company of North America
American Century Investments
Amundi Pioneer Asset 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
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
BrightSphere Investment Group
Brown Brothers Harriman & Company
Cadence Capital Management
Cambiar Investors, LLC
Capital Group
Carillon Tower Advisers
CastleArk Management, LLC
Causeway Capital Management LLC
Ceredex Value Advisers

Manager Name
Camplain Investment Partners, LLC
Chartwell Investment Partners
ClearBridge Investments, LLC
Cohen & Steers Capital Management, Inc.
Columbia Threadneedle Investments
Columbus Circle Investors
Credit Suisse Asset Management
Davy Asset Management Limited
DePrince, Race & Zollo, Inc.
Diamond Hill Capital Management, Inc.
Dimensional Fund Advisors LP
Doubleline
Duff & Phelps Investment Management Co.
DWS
EARNEST Partners, LLC
Eaton Vance Management
Epoch Investment Partners, Inc.
Fayez Sarofim & Company
Federated Investors
Fidelity Institutional Asset Management
Fiera Capital Corporation
Financial Engines
First Hawaiian Bank Wealth Management Division
First State Investments
FIS Group, Inc.
Fisher Investments
Franklin Templeton
Fred Alger Management, Inc.
Fuller & Thaler Asset Management, Inc.
GAM (USA) Inc.
Glenmeade Investment Management, LP
GlobeFlex Capital, L.P.
GMO LLC
Goldman Sachs
Green Square Capital Advisors, LLC

Manager Name
Guggenheim Investments
GW&K Investment Management
Harbor Capital Group Trust
Hartford Investment Management Co.
Heitman LLC
Hotchkis & Wiley Capital Management, LLC
HSBC Global Asset Management
Impax Asset Management Limited
Income Research + Management, Inc.
Insight Investment Management Limited
Intech Investment Management, LLC
Intercontinental Real Estate Corporation
Invesco
Investec Asset Management North America, Inc.
Iridian Asset Management LLC
Ivy Investments
J.P. Morgan
Janus
Jennison Associates LLC
Jenson Investment Management
JO Hambro Capital Management Limited
Jobs Peak Advisors
John Hancock Investment Management Services, LLC
Kayne Anderson Rudnick Investment Management, LLC
KeyCorp
Lazard Asset Management
L & B Realty Advisors LLP
Legal & General Investment Management America
Lincoln Advisors
Lincoln National Corporation
Logan Circle Partners, L.P.
Longview Partners
Loomis, Sayles & Company, L.P.
Lord Abbett & Company
Los Angeles Capital Management
LSV Asset Management
MacKay Shields LLC
MacKenzie Investments
Macquarie Investment Management (MIM)
Manulife Investment Management
Marathon Asset Management, L.P.
McKinley Capital Management, LLC
Mellon
MFS Investment Management
MidFirst Bank
Mondrian Investment Partners Limited
Montag & Caldwell, LLC
Morgan Stanley Investment Management
Mountain Lake Investment Management LLC
Mountain Pacific Advisors, LLC
MUFG Union Bank, N.A.
Natixis Investment Managers
Neuberger Berman
Newton Investment Management
Nikko Asset Management Co., Ltd.
Northern Trust Asset Management

Manager Name
Nuveen
OFI Global Asset Management
Osterweis Capital Management, LLC
Owl Rock
P/E Investments
Pacific Investment Management Company
Parametric Portfolio Associates LLC
Pathway Capital Management
Peregrine Capital Management, LLC.
Perkins Investment Management
PFM Asset Management LLC
PGIM Fixed Income
PineBridge Investments
PNC Capital Advisors, LLC
Polen Capital Management
Principal Global Investors
Putnam Investments, LLC
QMA LLC
RBC Global Asset Management
Regions Financial Corporation
Riverbridge Partners LLC
Robeco Institutional Asset Management, US Inc.
Rockefeller Capital Management
Rothschild & Co. Asset Management US
Russell Investments
Schroder Investment Management North America Inc.
Segall Bryant & Hamill
Smith Graham & Co. Investment Advisors, L.P.
South Texas Money Management, Ltd.
Sprucegrove Investment Management Ltd.
State Street Global Advisors
Stone Harbor Investment Partners, L.P.
Strategic Global Advisors
Sun Life Investment Management
T. Rowe Price Associates, Inc.
The TCW Group, Inc.
Thompson, Siegel & Walmsley LLC
Thornburg Investment Management, Inc.
Tri-Star Trust Bank
UBS Asset Management
VanEck
Versus Capital Group
Victory Capital Management Inc.
Virtus Investment Partners, Inc.
Vontobel Asset Management, Inc.
Voya
Vulcan Value Partners, LLC
Wasatch Global Investors
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



STAFF REPORT

DATE: March 11, 2020
TO: Sacramento Regional Transit Retirement Boards (ALL)
FROM: Jamie Adelman, AVP Finance and Treasury
SUBJ: 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, 2019 (ALL). (ADELMAN)

RECOMMENDATION

No Recommendation — For Information Only.

RESULT OF 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, 2019, shown in Attachment 1, and answering any questions.

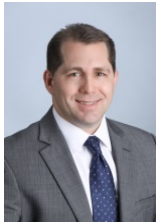


Presentation to: Sacramento Regional Transit Authority

Pyrford International Equity Strategy

March 11, 2020

Presented by:



John Mirante, CFA, CPA
Director, Relationship Management
BMO Global Asset Management

312 461 6298
john.mirante@BMO.com

Pyrford's organisational overview

As at 31 December 2019

- Established 1987
- Stable professional staff
- 13 investment professionals
- 114 investors* (US\$11.97billion as at 31 December 2019)

Investment Strategy Committee

Name	Role	Years with Pyrford	Years in Industry
Tony Cousins, CFA	Chief Executive & Chief Investment Officer	31	35
Paul Simons, CFA	Head of Portfolio Management – Asia-Pacific	23	23
Daniel McDonagh, CFA	Head of Portfolio Management - Europe	22	22
Suhail Arain, CFA	Head of Portfolio Management – the Americas	11	22
Bruce Campbell	Strategic Investment Advisor	33	50

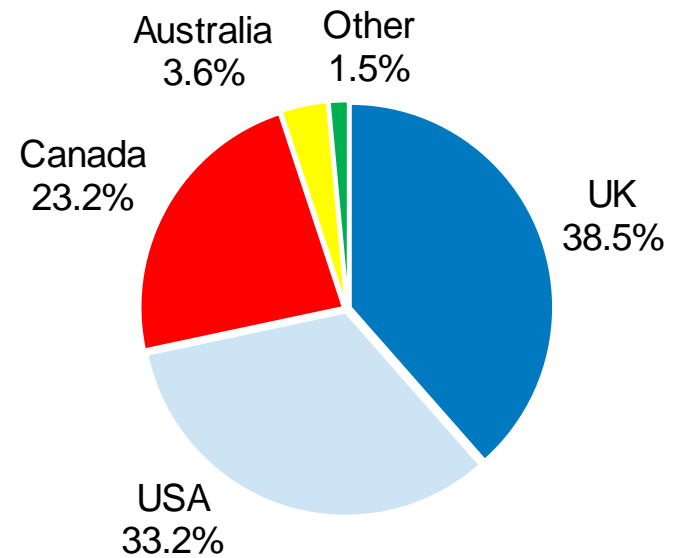
* These figures include investors in pooled investment vehicles.

Assets under management breakdown

As at 31 December 2019

Product	USD	No. of investors
Global Absolute Return	4.78bn	53
International Equities	5.03bn	43
Global Equities	2.16bn	16
Total	11.97bn	112

Assets Under Management – Investor Domicile



These figures include investors in pooled investment vehicles.

International Equity (EAFE) Strategy

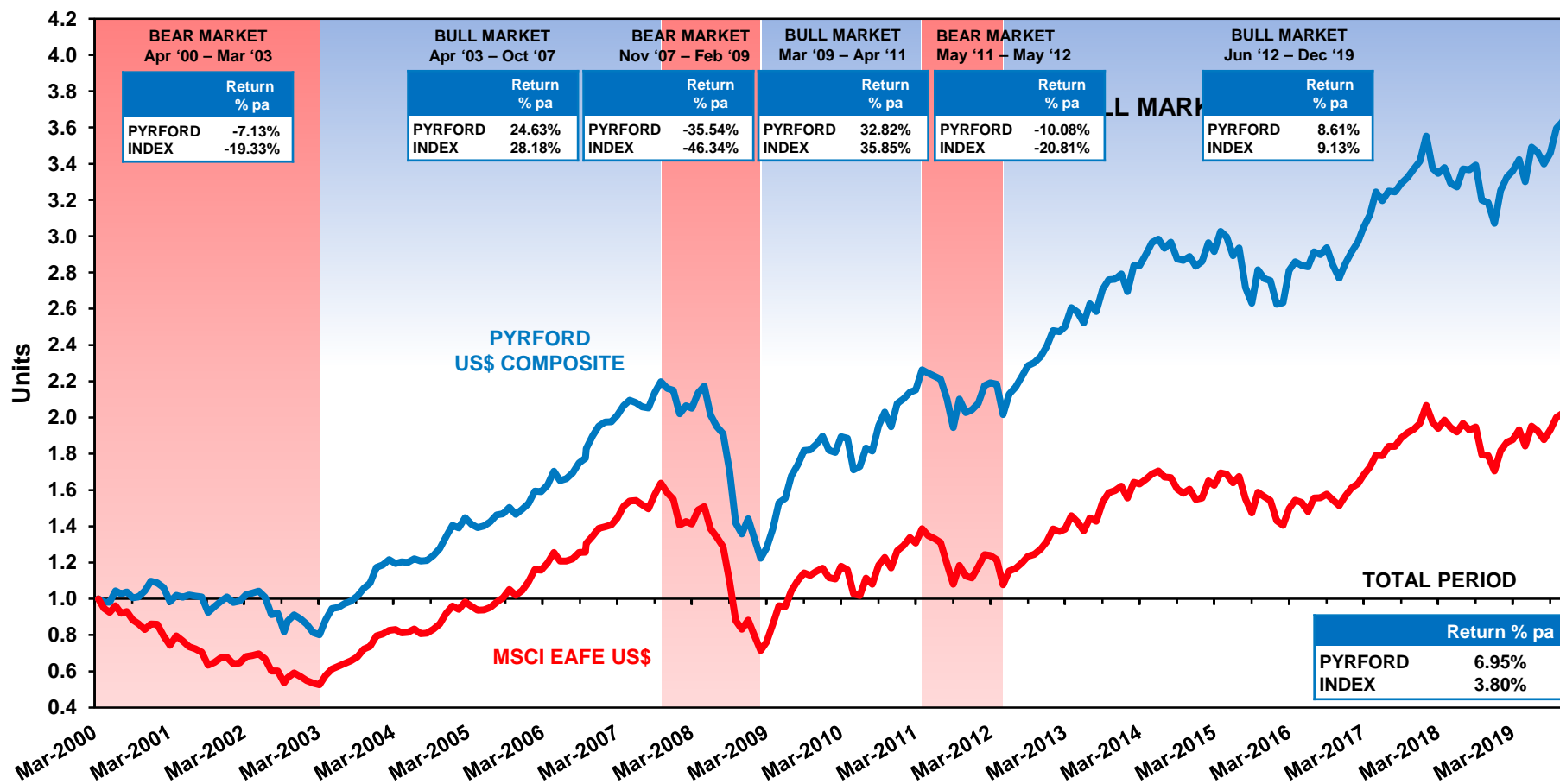
Effective downside protection – enjoy the upside

Growth of a Unit Value US\$, 31 March 2000 – 31 December 2019. Bull & Bear Markets

31 Mar 2000 – 31 Dec 2019 (quarterly data)

Downside Capture 63.98%

Upside Capture 87.44%



Source: Pyrford International / MSCI EAFE

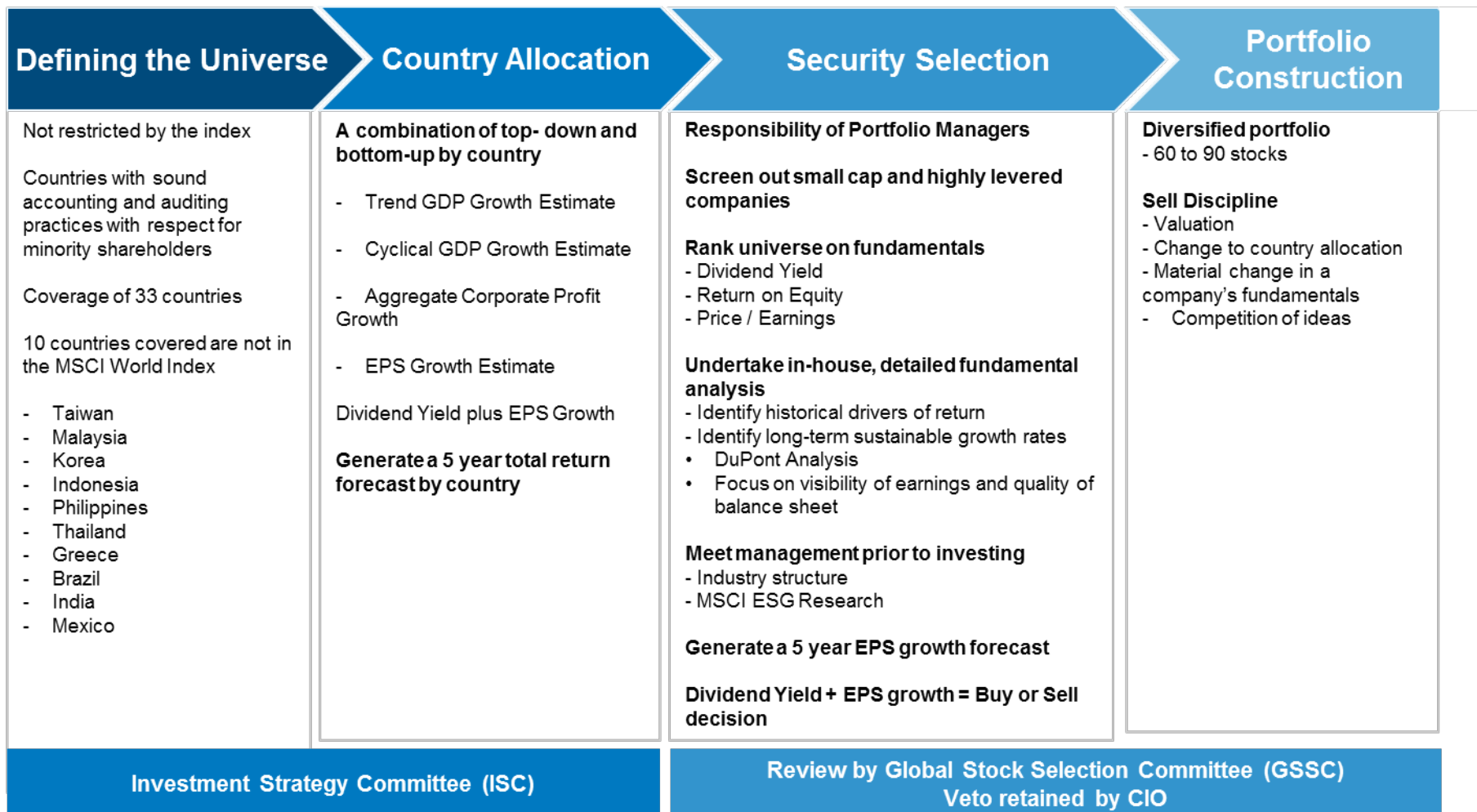
Performance relates to the gross of fees Pyrford International Ltd 'International Equity (Base Currency US\$) Composite'. This is supplementary information. Please see complete GIPS compliant presentation at the end of this document.

Past performance does not guarantee future results. Capital is at risk and an investor may receive back less than the original investment.

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 managing 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 Authority

as of December 31, 2019

Market Value Reconciliation	
Beginning Market Value: May 31, 2017	\$ 25,953,818
Withdrawals	-
Contributions	-
Market Appreciation (Depreciation)	\$ 3,965,313
Ending Market Value: December 31, 2019	\$ 29,919,131

Trailing Returns as of December 31, 2019			
Period	SRTD (%)	MSCI EAFE (%)	Out / (Under)
Jan-20	(1.57)	(2.08)	0.51
Q4 19	8.63	8.21	0.42
1 Year	22.28	22.66	(0.38)
2 Years	4.73	3.09	1.64
Since Inception[†]	5.66	6.16	(0.50)

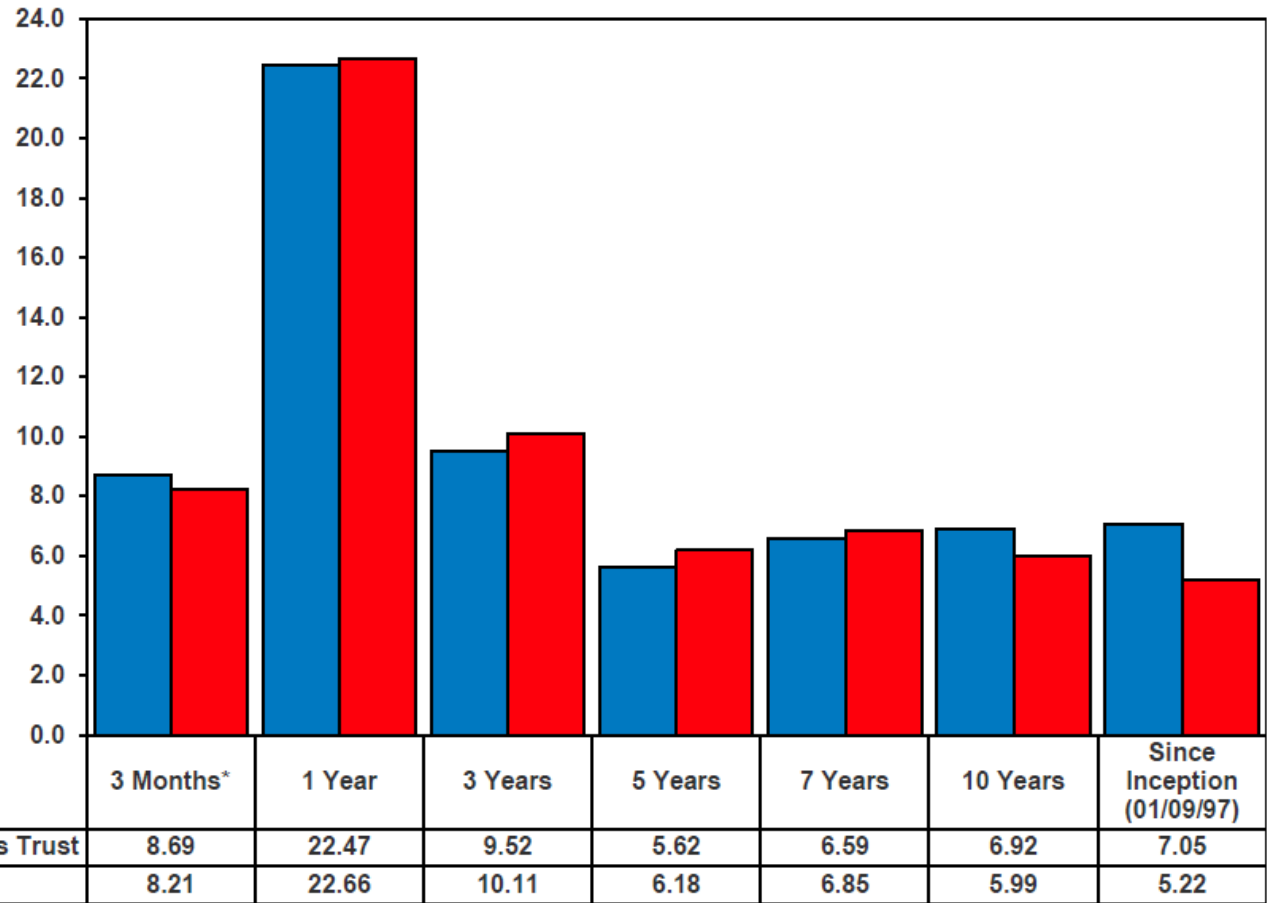
[†] Performance inception date is 01-June-2017

* Performance presented above is gross of fees, and is based upon the NAV of the South LaSalle International Equities Trusts calculated by the fund's custodian. Performance in the subsequent Attribution Detail pages is based upon Pyrford's portfolio accounting system. Slight differences may exist

Past performance does not guarantee future results.

South LaSalle International Equities Trust – Performance

Annualised Returns – Gross of Fees (%) to December 31, 2019



* Not annualised

Source: Pyrford International / MSCI EAFE

Performance is shown gross of fees and in % US dollar term.

Past performance does not guarantee future results.

Key Drivers of 12 Month Performance

As of December 31, 2019

Net Management Effects				
Portfolio = 22.47%	Currency	Country Allocation	Stock Selection	Total
Index = 22.66%	0.07	-0.44	0.19	-0.19

Key Drivers				
Europe				Positive – Switzerland stock selection – Sweden stock selection
Currency	Country Allocation	Stock Selection	Total	
0.01	0.07	1.67	1.75	Negative – Norway stock selection
Asia Pacific				Positive – Underweight Japan – Overweight Taiwan
Currency	Country Allocation	Stock Selection	Total	
0.08	-0.22	-0.84	-0.98	Negative – Japan stock selection – Overweight Malaysia

Source: Pyrford International / MSCI EAFE

Performance is shown gross of fees.

Past performance does not guarantee future results.

Performance Attribution Detail

1 year ended December 31, 2019 - (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	22.47	100.0	22.66	0.28	0.07	-0.44	0.19	-0.19
Equity	97.8	22.91	100.0	22.66	0.28	0.10	-0.07	0.19	0.22
Europe	59.2	27.86	62.7	24.59	0.02	0.01	0.07	1.67	1.75
Euro-zone	26.9	25.24	32.1	24.23	-1.79	0.19	-0.30	0.32	0.22
Denmark	N/A	N/A	1.8	29.00	-1.94	0.05	-0.16	0.00	-0.11
Norway	1.8	-4.10	0.6	11.59	-1.46	-0.03	-0.10	-0.34	-0.48
Sweden	2.7	43.30	2.6	22.85	-5.29	-0.18	0.08	0.84	0.75
Switzerland	14.1	37.94	9.2	33.56	1.80	0.06	0.41	0.56	1.03
United Kingdom	13.7	23.14	16.3	21.13	4.02	-0.09	0.15	0.29	0.35
Pacific Basin	38.6	17.27	36.8	19.61	0.65	0.08	-0.22	-0.84	-0.98
Pacific Basin ex Japan	26.7	19.45	12.0	18.50	0.27	0.15	-0.72	0.20	-0.38
Australia	10.7	23.25	6.9	23.15	-0.15	-0.02	0.07	-0.01	0.04
Hong Kong	4.6	11.25	3.6	10.34	0.45	0.00	-0.08	0.01	-0.07
Malaysia	2.7	3.38	N/A	N/A	1.02	0.03	-0.62	0.00	-0.59
New Zealand	N/A	N/A	0.3	38.83	0.61	0.00	-0.04	0.00	-0.04
Singapore	4.7	18.62	1.3	15.05	1.36	0.04	-0.30	0.20	-0.06
Taiwan	3.9	32.30	N/A	N/A	2.53	0.11	0.24	0.00	0.35
Japan	11.9	11.08	24.7	20.07	0.96	-0.07	0.50	-1.04	-0.61
Israel	0.0	N/A	0.6	9.94	4.30	0.01	0.07	-0.64	-0.56
Cash & Currency Hedging	2.2	1.55	N/A	N/A	0.02	-0.03	-0.37	0.00	-0.40

Source: Pyrford International / MSCI EAFE

Past performance does not guarantee future results.

Key Drivers of Q4 2019 Performance

As of December 31, 2019

Net Management Effects				
Portfolio = 8.69%	Currency	Country Allocation	Stock Selection	Total
Index = 8.21%	0.31	-0.77	0.94	0.48

Key Drivers				
Europe				Positive – Eurozone stock selection – UK stock selection Negative – Norway stock selection
Currency	Country Allocation	Stock Selection	Total	
-0.12	-0.11	0.94	0.72	
Asia Pacific				Positive – Underweight Japanese Yen – Australia stock selection Negative – Underweight Japan – Overweight Australia
Currency	Country Allocation	Stock Selection	Total	
0.49	-0.57	0.00	-0.08	

Source: Pyrford International / MSCI EAFE

Performance is shown gross of fees.

Past performance does not guarantee future results.

Performance Attribution Detail

3 months ended December 31, 2019 - (USD)

Cumulative Results	Portfolio		Policy		Currency Return	Net Management Effects			
	Weight	Return	Weight	Return		Ccy	Market	Select	Total
Top level	100.0	8.69	100.0	8.21	2.83	0.31	-0.77	0.94	0.48
Equity	97.9	8.87	100.0	8.21	2.83	0.38	-0.68	0.94	0.64
Europe	59.3	10.16	62.7	8.89	4.17	-0.12	-0.11	0.94	0.72
Euro-zone	27.2	11.04	32.1	8.23	2.93	-0.01	0.01	0.75	0.75
Denmark	N/A	N/A	1.8	13.09	2.88	0.00	-0.08	0.00	-0.09
Norway	1.8	-9.32	0.6	4.54	3.40	0.00	-0.05	-0.27	-0.32
Sweden	2.5	14.63	2.6	13.37	5.03	0.00	-0.01	0.03	0.02
Switzerland	14.1	7.85	9.3	7.63	2.97	0.01	-0.04	0.03	0.00
United Kingdom	13.8	12.98	16.2	9.97	7.50	-0.11	0.06	0.40	0.35
Pacific Basin	38.6	6.88	36.8	7.06	0.61	0.49	-0.57	0.00	-0.08
Pacific Basin ex Japan	26.6	7.46	12.0	5.82	3.07	0.03	-0.19	0.25	0.09
Australia	10.7	6.42	6.9	4.36	4.23	0.06	-0.20	0.22	0.08
Hong Kong	4.6	8.34	3.5	7.32	0.56	-0.03	0.02	0.04	0.04
Malaysia	2.7	2.50	N/A	N/A	2.36	-0.01	-0.15	0.00	-0.16
New Zealand	N/A	N/A	0.3	17.51	7.59	-0.01	-0.01	0.00	-0.02
Singapore	4.7	7.00	1.3	7.45	2.84	0.00	-0.03	-0.02	-0.05
Taiwan	3.9	13.55	N/A	N/A	3.50	0.03	0.18	0.00	0.21
Japan	12.0	5.62	24.8	7.67	-0.55	0.46	-0.38	-0.25	-0.17
Israel	N/A	N/A	0.6	7.38	0.34	0.02	-0.01	0.00	0.00
Cash & Currency Hedging	2.1	0.37	N/A	N/A	0.11	-0.07	-0.09	0.00	-0.16

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) Model Portfolio - % allocations

As at 31 December 2019

EUROPEAN EQUITIES		EUROPEAN EQUITIES		ASIA-PACIFIC EQUITIES		ASIA-PACIFIC EQUITIES	
EURO AREA	27.00%	SWITZERLAND	14.00%	AUSTRALIA	11.50%	MALAYSIA	3.00%
AIR LIQUIDE SA (France)	1.89%	GEBERIT	0.70%	BRAMBLES LTD	2.24%	AXIATA GROUP BHD	1.05%
BRENTAG AG (Germany)	1.89%	GIVAUDAN	0.70%	COMPUTERSHARE LTD	1.78%	MALAYAN BANKING BHD	1.95%
BUREAU VERITAS (France)	1.62%	NESTLE SA	3.50%	NEWCREST MINING LTD	0.92%	SINGAPORE	5.00%
DEUTSCHE POST AG (Germany)	1.35%	NOVARTIS AG	2.87%	QBE INSURANCE GROUP LTD	1.44%	COMFORTDELGRO CORP LTD	1.40%
FIELMANN AG (Germany)	1.35%	ROCHE HOLDING AG	3.22%	RIO TINTO LTD	1.06%	SINGAPORE TECH ENGINEERING	0.75%
FUCHS PETROLUB AG (Germany)	1.89%	SCHINDLER HOLDING	0.70%	WOODSIDE PETROLEUM LTD	1.90%	SINGAPORE TELECOMMUNICATIONS	1.40%
GEA GROUP (Germany)	1.35%	SGS	0.84%	WOOLWORTHS LTD	2.16%	UNITED OVERSEAS BANK LTD	1.45%
KONE (Finland)	1.62%	ZURICH INSURANCE GROUP AG	1.47%	HONG KONG	5.00%	TAIWAN	4.00%
LEGRAND SA (France)	1.35%	UK	14.00%	AIA GROUP	1.10%	ADVANTECH CO LTD	0.80%
ROYAL DUTCH SHELL PLC 'A' (The Netherlands)	1.35%	BP PLC	0.98%	CHINA MOBILE LTD	1.70%	CHUNGHWA TELECOM CO LTD	1.40%
RUBIS (France)	1.08%	BRITISH AMERICAN TOBACCO PLC	1.61%	POWER ASSETS HOLDINGS LTD	1.15%	MERIDA INDUSTRY CO LTD	0.40%
SAMPO (Finland)	1.62%	BUNZL PLC	0.84%	VTECH HOLDINGS LTD	1.05%	TAIWAN SEMICONDUCTOR MANUFACTURING	1.40%
SANOFI (France)	1.89%	GLAXOSMITHKLINE PLC	1.68%	JAPAN	12.00%		
SAP AG (Germany)	1.62%	IMI PLC	0.70%	ABC-MART	1.44%		
TOTAL SA (France)	1.62%	IMPERIAL BRANDS	1.12%	JAPAN TOBACCO	3.00%		
UNILEVER NV (The Netherlands)	1.89%	LEGAL & GENERAL GROUP PLC	1.68%	KDDI CORP	2.04%		
VOPAK (The Netherlands)	1.62%	NATIONAL GRID PLC	1.68%	MITSUBISHI ELECTRIC CORP	1.92%		
SWEDEN	2.50%	RECKITT BENCKISER GROUP PLC	1.40%	NIHON KOHDEN	1.56%		
ASSA ABLOY AB	0.75%	ROYAL DUTCH SHELL PLC 'B'	0.98%	SUMITOMO RUBBER INDUSTRIES	1.32%		
ATLAS COPCO AB	0.75%	VODAFONE GROUP PLC	1.33%	TOYOTA TSUSHO CORP	0.72%		
ESSITY AKTIEBOLAG-B	1.00%						
NORWAY	2.00%						
TELENOR ASA	2.00%						

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 December 2019

INDUSTRY GROUP	PYRFORD MODEL WEIGHTING (%)	MSCI EAFE WEIGHTING (%)
COMMUNICATION SERVICES	10.9%	5.5%
MEDIA & ENTERTAINMENT	0.0%	1.5%
TELECOMMUNICATION SERVICES	10.9%	4.0%
CONSUMER DISCRETIONARY	4.5%	11.5%
AUTOMOBILES & COMPONENTS	1.3%	4.1%
CONSUMER DURABLES & APPAREL	1.8%	4.1%
CONSUMER SERVICES	0.0%	1.4%
RETAILING	1.4%	1.9%
CONSUMER STAPLES	15.7%	11.2%
FOOD & STAPLES RETAILING	2.2%	1.4%
FOOD BEVERAGE & TOBACCO	11.1%	6.8%
HOUSEHOLD & PERSONAL PRODUCTS	2.4%	3.0%
ENERGY	8.4%	4.8%
ENERGY	8.4%	4.8%
FINANCIALS	10.7%	18.5%
BANKS	3.4%	9.7%
DIVERSIFIED FINANCIALS	0.0%	3.3%
INSURANCE	7.3%	5.5%
HEALTH CARE	11.2%	12.1%
HEALTH CARE EQUIPMENT & SERVICES	1.6%	2.4%
PHARMACEUTICALS BIOTECHNOLOGY & LIFE SCIENCE	9.7%	9.7%
INDUSTRIALS	21.5%	15.1%
CAPITAL GOODS	14.0%	10.3%
COMMERCIAL & PROFESSIONAL SERVICES	4.7%	2.1%
TRANSPORTATION	2.8%	2.8%
INFORMATION TECHNOLOGY	6.7%	7.0%
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT	1.4%	1.9%
SOFTWARE & SERVICES	3.4%	2.6%
TECHNOLOGY HARDWARE & EQUIPMENT	1.9%	2.5%
MATERIALS	6.5%	7.1%
MATERIALS	6.5%	7.1%
REAL ESTATE	0.0%	3.5%
REAL ESTATE	0.0%	3.5%
UTILITIES	3.9%	3.7%
UTILITIES	3.9%	3.7%

Source: Pyrford International / MSCI EAFE

For illustration purposes only. Not a solicitation or recommendation to buy, sell, or hold any security.

International Equity (EAFE) Strategy - portfolio characteristics

As at 31 December 2019

	Pyrford	MSCI EAFE
Dividend yield %	3.8	3.4
Debt to equity	72.2	165.1
Return on equity (1yr Av %)	12.6	9.8

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. Capital is at risk and an investor may receive back less than the original investment.

Dividends are not guaranteed and are subject to change or elimination.

Pyrford's current views

31 December 2019

- The shift to quantitative tightening at the end of 2018 proved short lived as the Fed pivoted away from monetary tightening in early 2019. Reverting **back to quantitative easing** weakens confidence, misallocates capital, prolongs the existence of “zombie” companies, destroys the hopes of savers and decimates the prospective returns of pension funds. It has **no discernible positive impact** upon productivity or economic growth, does not lift inflation yet widens wealth inequality.
- 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. Increasingly, there is little option but to engage in fiscal easing.
- Despite reasonable economic growth, the **Fed** continues to cut rates since the peak in July 2018. The Fed has little room to cut aggressively should they need to – a trait they share with other major central banks.
- **Eurozone** growth has faltered of late as German industrial output is struggling, driven by weak export demand. The ECB recently cut interest rates deeper into negative territory whilst announcing the resumption of quantitative easing - €20bn a month “for as long as necessary”. Given their budget surplus there are growing calls for Germany to embrace fiscal easing.
- In the **UK** the Conservative Party won a resounding majority following the election in December 2019, helping smooth the legislative path for Brexit negotiations. Despite the initial rally in Sterling, valuations indicate the currency remains still cheap versus several major currencies as uncertainty lingers as to the future trade deal with the EU.
- The **Chinese** economy is slowing, not helped by the trade conflict with the US. The damaging trade conflict shows only limited signs of being resolved. Every so often there appears some hope of rapprochement but then the hope is ruthlessly torn away. Significant stimulus was recently announced through tax cuts and infrastructure initiatives. China now has far more debt as a percentage of GDP in both the public and private sector. The law of diminishing returns still applies.
- 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. **The world economy is characterised by extremely low or no growth**, low or no interest rates, low inflation and masses of debt. The way to get out of the corner is through higher growth but that will only come about when confidence is restored, sensible long-term capital investment decisions initiated, a more buoyant consumer emerges, and interest rates and inflation reflect a more positive economic 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.

Supplementary Information

BMO Global Asset Management

Worldwide investment capabilities



Toronto | Montreal
(Canada)



- Fundamental Fixed Income
- Fundamental Equities
- Disciplined Equities
- Multi-Asset Solutions
- Exchange Traded Funds (ETFs)

Chicago | Miami
(US)



- US Fixed Income
- Disciplined Equities
- Liquidity Management
- Multi-Asset Solutions
- Alternative Investments

London
(EMEA)



- Fundamental Equities & Fixed Income
- Quantitative Equities
- Liability Driven Investment
- Responsible Investment
- Emerging Market Fixed Income
- Multi-Asset Solutions
- Alternative Investments
- Exchange Traded Funds (ETFs)

Hong Kong
(Asia Pacific)



- China Equities
- Multi-Asset Solutions
- Exchange Traded Funds (ETFs)

LGM Investments
London (UK)
\$3.2bn AUM

- Emerging Markets Equities
- Asian, India and Eastern European Equities
- Frontier Markets Equities

Pyrford International
London (UK)
\$11.1bn AUM

- Global Equities
- International Equities
- Global Absolute Return
- Asia Ex-Japan Equities

BMO Real Estate Partners
London (UK)
\$7.6bn AUM

- Core Pan-European Real Estate
- Core Plus Pan-European Real Estate
- Value Add Pan-European Real Estate

Unless otherwise noted, all Assets Under Management (AUM) reported is as at 30-Sep-19 and includes both discretionary and non-discretionary assets. AUM figures are in Canadian 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 Asset Management Corp. 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 \$7.6 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 is a trading name of BMO Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority, in the EU by BMO Asset Management Netherlands B.V., which is regulated by the Dutch Authority for the Financial Markets (AFM); and in Switzerland by BMO Global Asset Management (Swiss) GmbH, which is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

Responsibilities of Pyrford's investment professionals

As at 31 December 2019

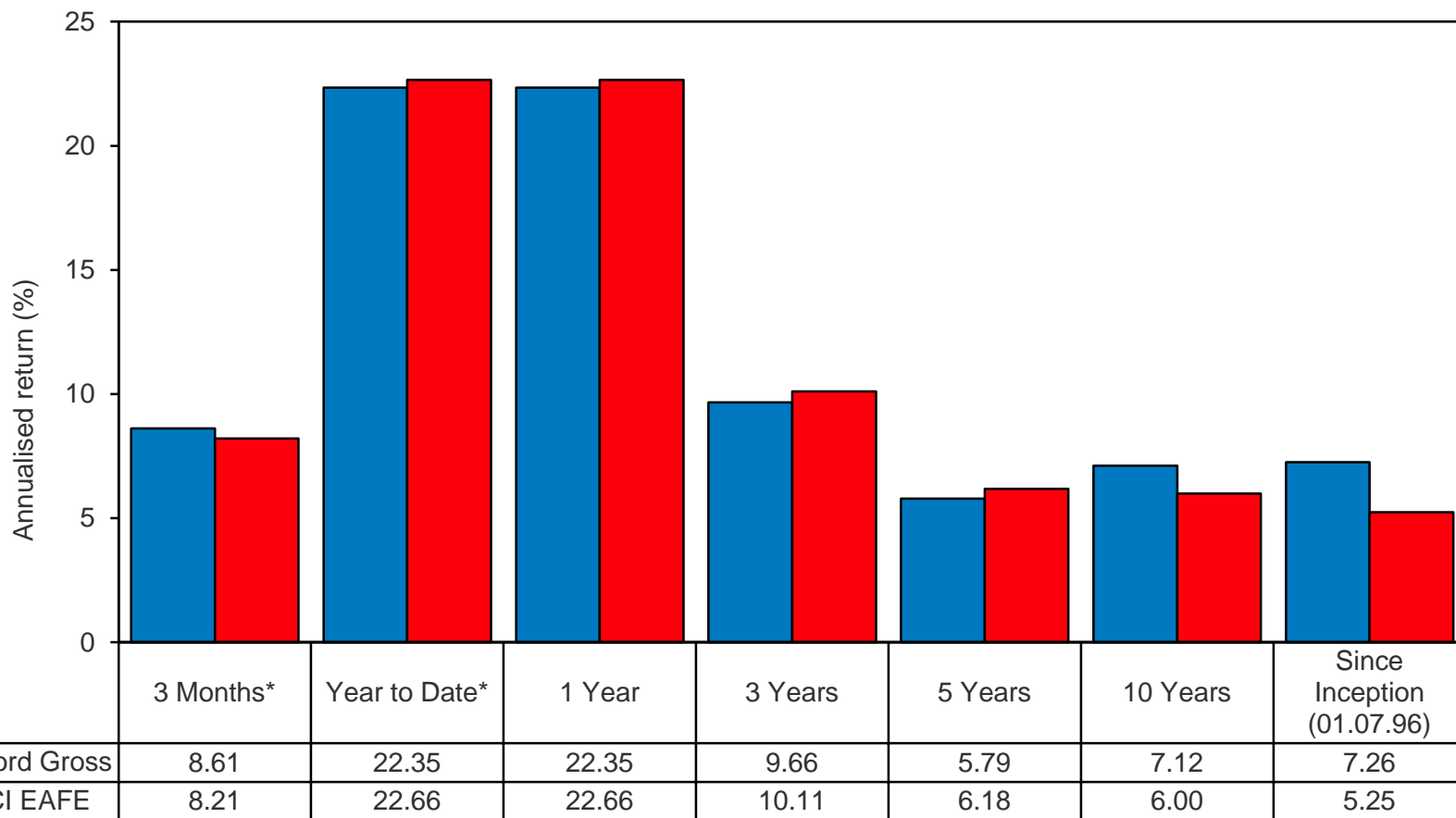
			Years with Pyrford	Years in Industry
Tony Cousins	Investment Strategy	Chairman of Global Stock Selection Committee and Investment Strategy Committee	31	35
Bruce Campbell	Investment Strategy	Strategic Investment Advisor	33	50
Asian Team				
Paul Simons <i>Head of Asia</i>	Discretion Analysis	Australia; New Zealand; Malaysia; Hong Kong; China Japan; Philippines; Taiwan; Indonesia; South Korea; Thailand	23	23
Jun Yu	Discretion Analysis	India; Taiwan Hong Kong; China	11	20
Stefan Bain	Discretion Analysis	Japan; Philippines, South Korea n/a	8	18
Roderick Lewis	Discretion Analysis	Singapore; Indonesia; Thailand n/a	6	18
European Team				
Daniel McDonagh <i>Head of Europe</i>	Discretion Analysis	UK; Switzerland Eurozone; Scandinavia; Israel; Turkey	22	22
Peter Moran	Discretion Analysis	Eurozone (Netherlands; Spain; Belgium; Portugal; Finland; Ireland; Greece); Sweden; Norway; Israel; Turkey; South Africa n/a	16	16
Nabil Irfan	Discretion Analysis	Eurozone (Germany; France; Italy; Austria); Denmark n/a	14	19
Anneka Desai	Discretion Analysis	Switzerland Europe	4	4
Americas Team				
Suhail Arain <i>Head of Americas</i>	Discretion Analysis	USA; Canada Mexico	11	22
Andrew Sykes	Discretion Analysis	Brazil; Mexico USA; Canada	6	12
Henrietta Brooks	Discretion Analysis	n/a USA; Canada; Brazil	5	5

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

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

International Equity EAFE Strategy - performance

Annualised returns – gross of fees (%) to 31 December 2019 (USD)



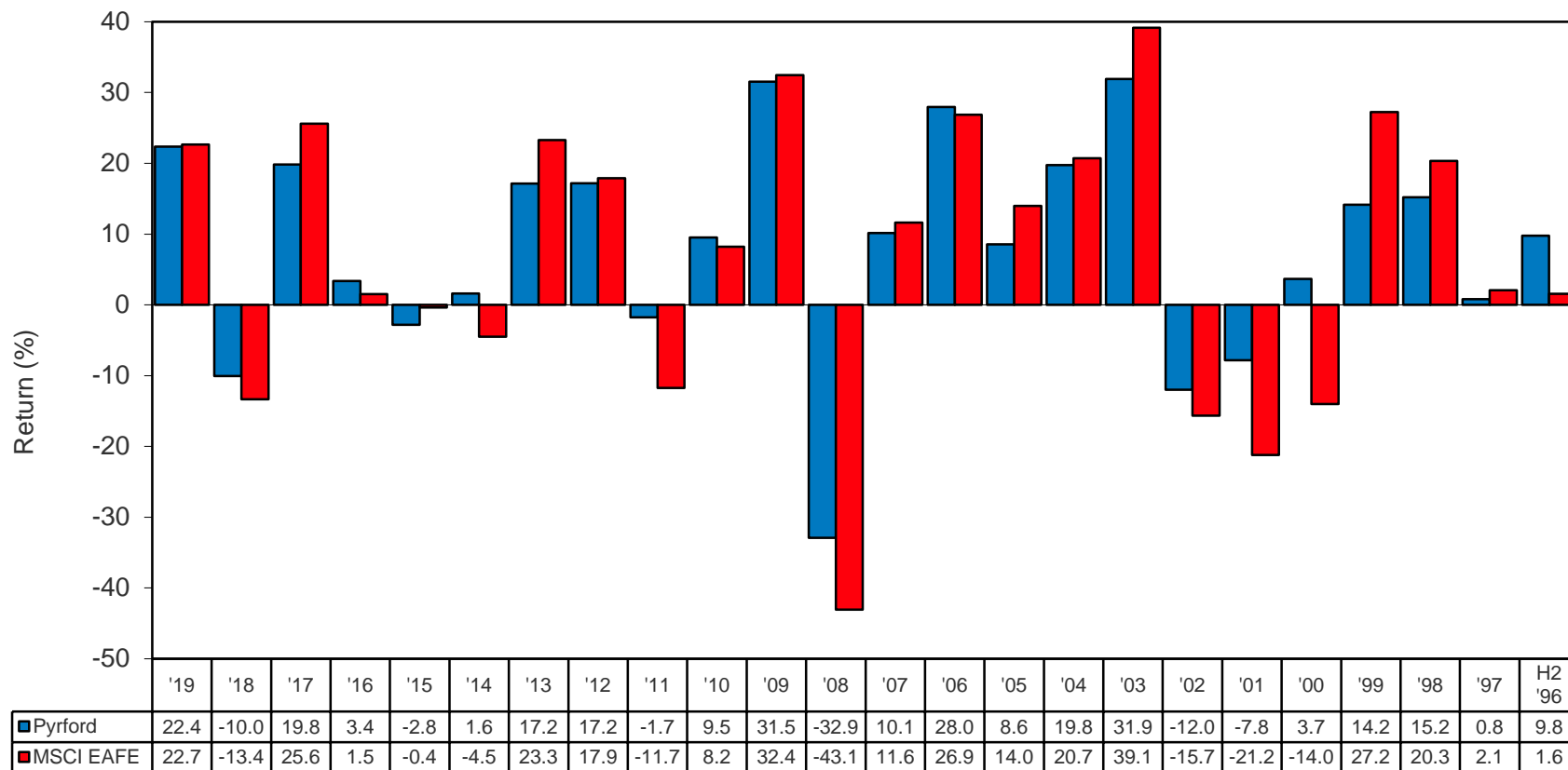
* Not annualised

Performance relates to the gross of fees Pyrford International Ltd 'International Equity (Base Currency US\$) composite' which 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 date of inception is 1 July 1996. Please see full GIPS compliant performance disclosure at the end of this document.

Past performance does not guarantee future results. Capital is at risk and an investor may receive back less than the original investment.

International Equity EAFE Strategy - performance

Calendar year returns to 31 December 2019 (US\$)



Source: Pyrford International / MSCI EAFE

Performance relates to the gross of fees Pyrford International Ltd 'International Equity (Base Currency US\$) composite' which 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 date of inception is 1 July 1996. Please see full GIPS compliant performance disclosure at the end of this document.

Past performance does not guarantee future results. Capital is at risk and an investor may receive back less than the original investment.

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)
2019	22.4	21.5	22.7	9.3	10.8	12	2,657	11,985	22.2	0.19	22.7	22.0	22.2

Source: Pyrford International / MSCI EAFE

Past performance does not guarantee future results. Capital is at risk and an investor may receive back less than the original investment.

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 31 December 2019 Pyrford International Ltd had total assets under management and administration and term investments of US\$11,985m. For the purpose of measuring and presenting investment performance, all discretionary fee paying accounts of Pyrford International Ltd are allocated to a composite and a complete list and description of the composites is available on request. Additional information regarding the firm's policies and procedures for calculating and reporting performance returns is available upon request.

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

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

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

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

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

As at 31 December 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

Pyrford International Ltd is authorised and regulated by the Financial Conduct Authority, entered on the Financial Services Register under number 122137. In the USA Pyrford is registered as an investment adviser with the Securities and Exchange Commission. In Australia Pyrford is exempt from the requirement to hold a financial services license under the Corporations Act in respect of financial services it provides to wholesale investors in Australia. In Canada Pyrford is registered as a Portfolio Manager in Alberta, British Columbia, Manitoba, Ontario and Quebec. Pyrford is a wholly-owned subsidiary of BMO Financial Group, a company listed on the Toronto Stock Exchange (ticker BMO).

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This document is a marketing publication and has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The value of investments can fall as well as rise and an investor may receive less than the amount invested. The investments and strategies discussed here may not be suitable for all investors; if you have any doubts you should consult your investment adviser. Performance data shown in the document may not be in the base currency of the country where an investor is based. Actual returns may increase or decrease as a result of currency fluctuations. Although the information contained herein is believed to be reliable, Pyrford does not warrant its completeness or accuracy. All information provided in this document is for information purposes only and should not be deemed as a guide to investing. Pyrford does not guarantee that the views expressed will be valid beyond the date of the document.

BMO Global Asset Management comprises BMO Asset Management Corp, BMO Asset Management Inc, BMO Asset Management plc, BMO Global Asset Management (Asia) Limited and BMO's specialised investment boutiques: Pyrford International Limited, LGM Investments Limited, and Taplin, Canada & Habacht, LLC. BMO Global Asset Management is part of the BMO Financial Group, a service mark of Bank of Montreal (BMO). Certain products and services offered under the brand name of BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions. These products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations.

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.**

Index definitions

- **MSCI ACWI ex USA Index**

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

- **MSCI EAFE Index**

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

- **MSCI European Monetary Union Index**

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

- **MSCI AC Asia Pacific Index**

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

- **MSCI Emerging Markets Index**

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

- **MSCI EAFE Value Index**

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

Investments cannot be made in an index



STAFF REPORT

DATE: March 11, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Jamie Adelman, AVP Finance and Treasury

SUBJ: RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

RECOMMENDATION

Adopt the Attached Resolutions.

RECOMMENDED ACTION

1. Receive and File the Asset Allocation Review
2. Direct Staff to Amend the Statement of Investment Objectives and Policy Guidelines to Direct 10% of Investments to a New Real Estate Asset Class by either (A) Reducing Investments in the Fixed Income Asset Class by 10% or (b) Reducing the Asset Allocation Target for Fixed Income Investments by 7%, and Reducing the Asset Allocation Targets for Large Cap U.S. Equity Investments, Large Cap Non-U.S. Developed Equity Investments and Emerging Markets Equity Investments each by 1%
3.
 - A. Adopt Resolution 20-03-____, Directing Staff to Negotiate a Contract with Morgan Stanley to Provide Investment in the Prime Property Fund and Authorizing the Sacramento Regional Transit District General Manager/CEO to Execute Said Contract, in a Form Acceptable to Legal Counsel
 - B. Adopt Resolution 20-03-____, Directing Staff to Negotiate a Contract with Clarion Partners to Provide Investment in the Clarion Lion Properties Fund and Authorizing the Sacramento Regional Transit District General Manager/CEO to Execute Said Contract, in a Form Acceptable to Legal Counsel

FISCAL IMPACT

The fees associated with investments through two Real Estate fund managers, based on a total investment of approximately \$30 million, with a \$15 million allocation to each manager, is estimated to be as follows:

The base fee for the Morgan Stanley Prime Property Fund is 84 Basis Points (BPs) (estimated to be \$126,000). An additional performance fee, which is capped at 35 BPs, is calculated as 5% of the Net Asset Value x Comparable

Property Net Operating Income Growth divided by 12.

The base fee for the Clarion Lion Properties Fund is 110 BPs (estimated to be \$165,000). There are no performance fees.

DISCUSSION

The Retirement Plans' investment advisor, Callan LLC (Callan), is required to conduct annual Asset Allocation Studies to evaluate the Retirement Plans' investment goals, objectives and risk tolerance (risk versus return). Asset Allocation Studies are different from Asset/Liability Studies. Asset/Liability Studies take a more in-depth look at the Retirement Plans' investment strategy as well as their liabilities. Generally, it is recommended that an Asset/Liability study be conducted only once every three to five years, unless there is a significant change in market conditions or a significant change to the asset allocation mix. Callan last performed an Asset/Liability Study for the ATU, IBEW and Salaried Employees' Retirement Plans in 2019.

Over the past year, Callan provided three educational sessions to the Boards regarding diversifying the Asset Allocation and potentially investing in Real Estate, Private Equity/Multi-Asset Class, and/or Hedge Funds. The Boards provided direction to Staff and Callan, at the June 12, 2019 Quarterly Retirement Board meeting, to perform a search for potential Real Estate Investment Managers.

The Retirement Boards' Search Committee, supported by Anne Heaphy, Senior Vice President in Callan's Fund Sponsor Consulting Group, and Avery Robinson, Senior Vice President and Co-Manager of Callan's Real Assets Consulting Group, narrowed the selection of potential Real Estate Investment Managers down to three. At the February 26, 2020 Special Retirement Board meeting, the Boards heard presentations from the three potential Real Estate Investment Managers and requested staff to prepare for the Boards to enter into contracts with Morgan Stanley for its Prime Property Fund, and with Clarion Partners for its Clarion Lion Properties Fund.

Callan will present the 2020 Asset Allocation Review, provided in Attachment #1, to assist the Boards with determining the total allocation that will be made to Real Estate, and from which current asset classes the new allocation will be funded. One option for establishing a 10% target allocation for the Real Estate asset class is to fund the new asset class entirely from the Plans' Fixed Income asset class. Another option could be to reduce of the current allocation to Fixed Income by 7%, and to reduce be 1% each the current allocations to the following three asset classes: Large Cap U.S. Equity Investments, Large Cap Non-U.S. Developed Equity Investments, and Emerging Markets. Based on the Boards' direction on this issue, Callan and staff will revise the Plans' Statement of Investment Objectives and Policy Guidelines for approval at the Boards' June meeting.

RESOLUTION NO. _____

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 11, 2020

RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Morgan Stanley to invest 5% of the Retirement Plan's investments in the Morgan Stanley Prime Property Fund, and

THAT the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Clarion Partners to invest 5% of the Retirement Plan's investments in the Clarion Lion Properties Fund.

RALPH NIZ, Chair

A T T E S T:

Crystal McGee, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Morgan Stanley to invest 5% of the Retirement Plan's investments in the Morgan Stanley Prime Property Fund, and

THAT the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Clarion Partners to invest 5% of the Retirement Plan's investments in the Clarion Lion Properties Fund.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Morgan Stanley to invest 5% of the Retirement Plan's investments in the Morgan Stanley Prime Property Fund, and

THAT the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Clarion Partners to invest 5% of the Retirement Plan's investments in the Clarion Lion Properties Fund.

RUSSEL DEVORAK, Chair

A T T E S T:

Tim McGoldrick, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AFSCME AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Morgan Stanley to invest 5% of the Retirement Plan's investments in the Morgan Stanley Prime Property Fund, and

THAT the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Clarion Partners to invest 5% of the Retirement Plan's investments in the Clarion Lion Properties Fund.

PETER GUIMOND, Chair

A T T E S T:

Lisa Thompson, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

RECEIVE AND FILE THE ASSET ALLOCATION REVIEW, ADJUST ASSET ALLOCATIONS TO DIRECT FUNDS TO REAL ESTATE INVESTMENTS, AND SELECT TWO FUND MANAGERS TO PARTICIPATE IN THE REAL ESTATE SECTOR (ALL). (ADELMAN)

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Morgan Stanley to invest 5% of the Retirement Plan's investments in the Morgan Stanley Prime Property Fund, and

THAT the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute a contract, in a form acceptable to the Board's legal counsel, for Clarion Partners to invest 5% of the Retirement Plan's investments in the Clarion Lion Properties Fund.

LAURA HAM, Chair

A T T E S T:

Craig Norman, Secretary

By: _____
Valerie Weekly, Assistant Secretary

Callan



March 11, 2020

**Sacramento Regional
Transit District**

2020 Asset Allocation Review

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Goal of the Study

Callan conducted an asset-liability study for SacRT in 2019. The goal of a asset-liability study is to establish a long-term strategic asset allocation target for Sacramento Regional Transit District pension fund (the “Plan”).

Investment solution is an optimal balance between sustainable funded status volatility and minimization of costs over the long run.

Sacramento Regional Transit District (“SacRT”) needs a tilt toward growth assets to serve the goal of funding the plan and the current policy target contains such a tilt.

The current target is diversified across stocks and bonds and it would be reasonable to retain it as the policy target going forward.

SacRT can also consider further diversification, and looked at the potential to add new asset classes: real estate, private equity and hedge funds. The Plan board found real estate appealing and discussed adopting a 10% allocation.

- Callan believes real estate offers a potentially attractive source of return that would complement and diversify the existing portfolio.
- There are cost and implementation considerations to take into account.
 - Real estate features higher fees than many public stock and bond strategies.
 - Source of funding for real estate can affect the return/risk profile for the total portfolio. The more real estate from fixed income, the greater the expected return and risk for the portfolio.

The liability and demographic profiles suggest SacRT has a sufficiently long time horizon in which to assume investment risk.

Agenda

Model portfolio with 2020-2029 capital market projections

Present Alternative Asset Mixes

Review asset-liability results from 2019 study

- Appropriate risk tolerance for the Plan
- Consider further diversification with the addition of real estate

Propose candidate asset allocation mixes

Illustrate a range of potential outcomes

Objective

Confirm the appropriate asset allocation

Where Does Asset Allocation Fit In?

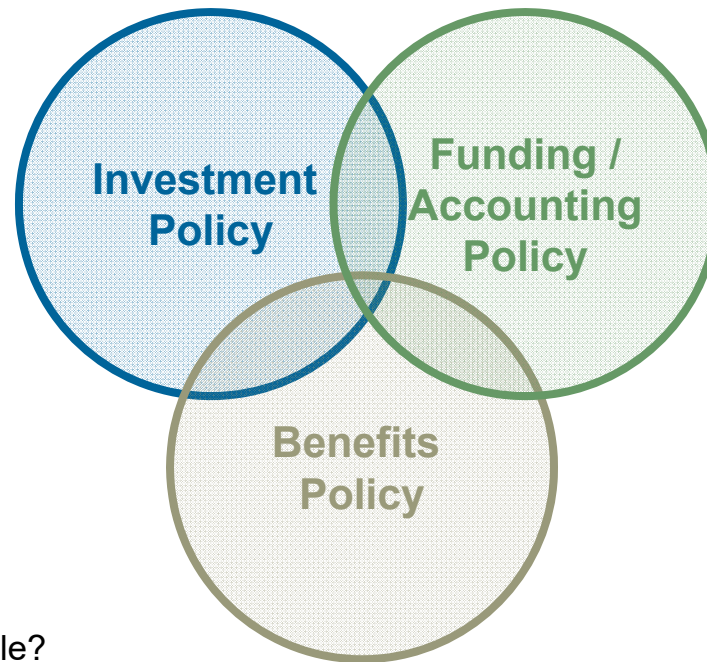
We evaluate the interaction of the three key policies that govern a pension plan with the goal of establishing the best investment policy

Investment Policy

- How will the assets supporting the benefits be invested?
- What risk and return objectives?
- How to manage cash flows?

Benefits Policy

- What type/kind of benefits?
- What level of benefit?
- When and to whom are they payable?



Funding / Accounting Policy

- How will the benefits be paid for (funded)?
- What actuarial discount rate?
- How will deficits be paid for?
- How will costs be recognized?

Today's Focus is on Examining the Investment Policy

Overview of Investment Goals

The investment policy, or asset allocation, is one of the three key components of a benefit plan (along with contribution and benefit policy).

Asset allocation is the process of determining the optimal allocation of a portfolio among broad asset classes based on several factors:

- Capital market expectations
- Cash flow considerations
- Recent experience
- Investment goals and objectives
- Risk tolerance
- Time horizon

A well engineered asset allocation considers:

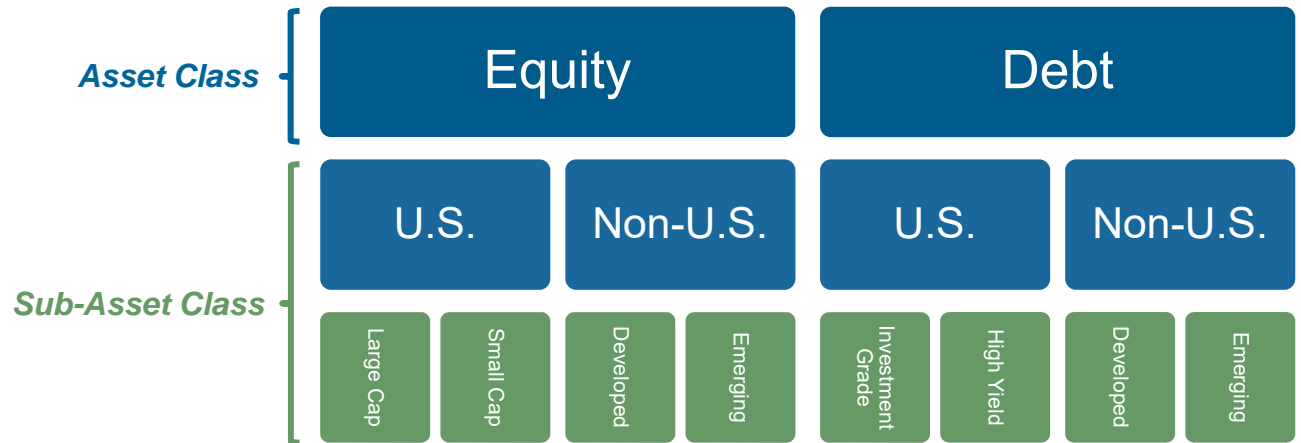
- All appropriate asset classes for inclusion
- Liquidity needs, asset class limitations, implementation challenges, administrative and legal burdens, size or capacity constraints
- Rebalancing discipline

The Focus is on Broad Asset Classes

Breakdowns between investment styles within asset classes (growth vs. value, large cap vs. small cap) are best addressed in a manager structure analysis.

Primary asset classes and important sub-asset classes include:

- U.S. Stocks
- U.S. Bonds
- Non-U.S. Stocks
- Non-U.S. Bonds
- Real Estate
- Alternative Investments
 - Private equity
 - Absolute return
- Cash



Callan Capital Market Process and Philosophy

Underlying beliefs guide the development of the projections:

- An initial bias toward long-run averages
- A conservative bias
- An awareness of risk premiums
- A presumption that markets ultimately clear and are rational

Reflect our belief that long-term equilibrium relationships between the capital markets and lasting trends in global economic growth are key drivers to setting capital market expectations.

Long-term compensated risk premiums represent “beta”—exposure to each broad market, whether traditional or “exotic,” with limited dependence on successful realization of alpha.

The projection process is built around several key building blocks:

- Advanced modeling at the individual asset class level (e.g., a detailed bond model, an equity model)
- A path for interest rates and inflation
- A cohesive economic outlook
- A framework that encompasses Callan beliefs about the long-term operation and efficiencies of the capital markets.

2020 - 2029 Return and Risk Assumptions

Asset Class	Index	Expected Return*	Standard Deviation
Equities			
Broad U.S. Equity	Russell 3000	7.15%	18.10%
Large Cap U.S. Equity	S&P 500	7.00%	17.70%
Small Cap U.S. Equity	Russell 2500	7.25%	21.20%
Global ex-U.S. Equity	MSCI ACWI ex USA	7.25%	20.50%
Developed ex-U.S. Equity	MSCI World ex USA	7.00%	19.70%
Emerging Market Equity	MSCI Emerging Markets	7.25%	25.70%
Fixed Income			
Short Duration Govt/Credit	Bloomberg Barclays 1-3 Yr G/C	2.70%	2.10%
Core U.S. Fixed	Bloomberg Barclays Aggregate	2.75%	3.75%
Long Government/Credit	Bloomberg Barclays Long G/C	2.75%	10.60%
TIPS	Bloomberg Barclays TIPS	2.40%	5.05%
High Yield	Bloomberg Barclays High Yield	4.65%	10.25%
Global ex-U.S. Fixed	Bloomberg Barclays Gbl Agg xUSD	0.90%	9.20%
Emerging Market Sovereign Debt	EMBI Global Diversified	4.35%	9.50%
Other			
Core Real Estate	NCREIF ODCE	6.25%	14.00%
Private Equity	Cambridge Private Equity	8.50%	27.80%
Hedge Funds	Callan Hedge FoF Database	5.00%	8.70%
Commodities	Bloomberg Commodity	2.75%	18.00%
Cash Equivalents	90-Day T-Bill	2.25%	0.90%
Inflation	CPI-U	2.25%	1.50%

* 10 year annualized return

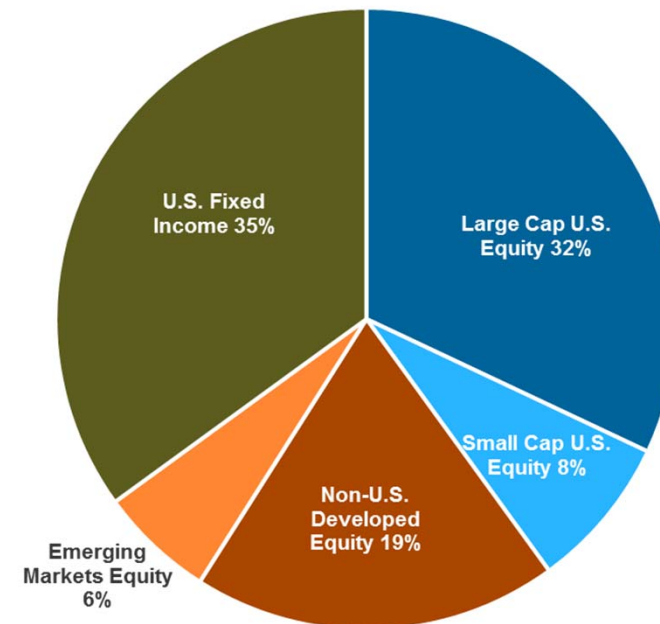
Capital market expectations represent passive exposure (beta only) with the exception of Real Estate, Private Equity, and Hedge Funds.

All return expectations are net of fees.

Asset classes modeled in the 2019 asset-liability study are highlighted in green.

Policy Target Allocation – 2020 Capital Market Return Assumptions

Asset Class	Policy Target
Global Equity	65%
Large Cap U.S. Equity	32%
Small Cap U.S. Equity	8%
LC Non-U.S. Developed Equity	14%
SC Non-U.S. Developed Equity	5%
Emerging Markets Equity	6%
Fixed Income	35%
U.S. Fixed Income	35%
Alternative Assets	0%
Real Estate	0%
2020 Expected Geometric Return	6.14%
2020 Expected Standard Deviation	11.69%
2019 Expected Geometric Return	6.48%
2019 Expected Standard Deviation	11.89%



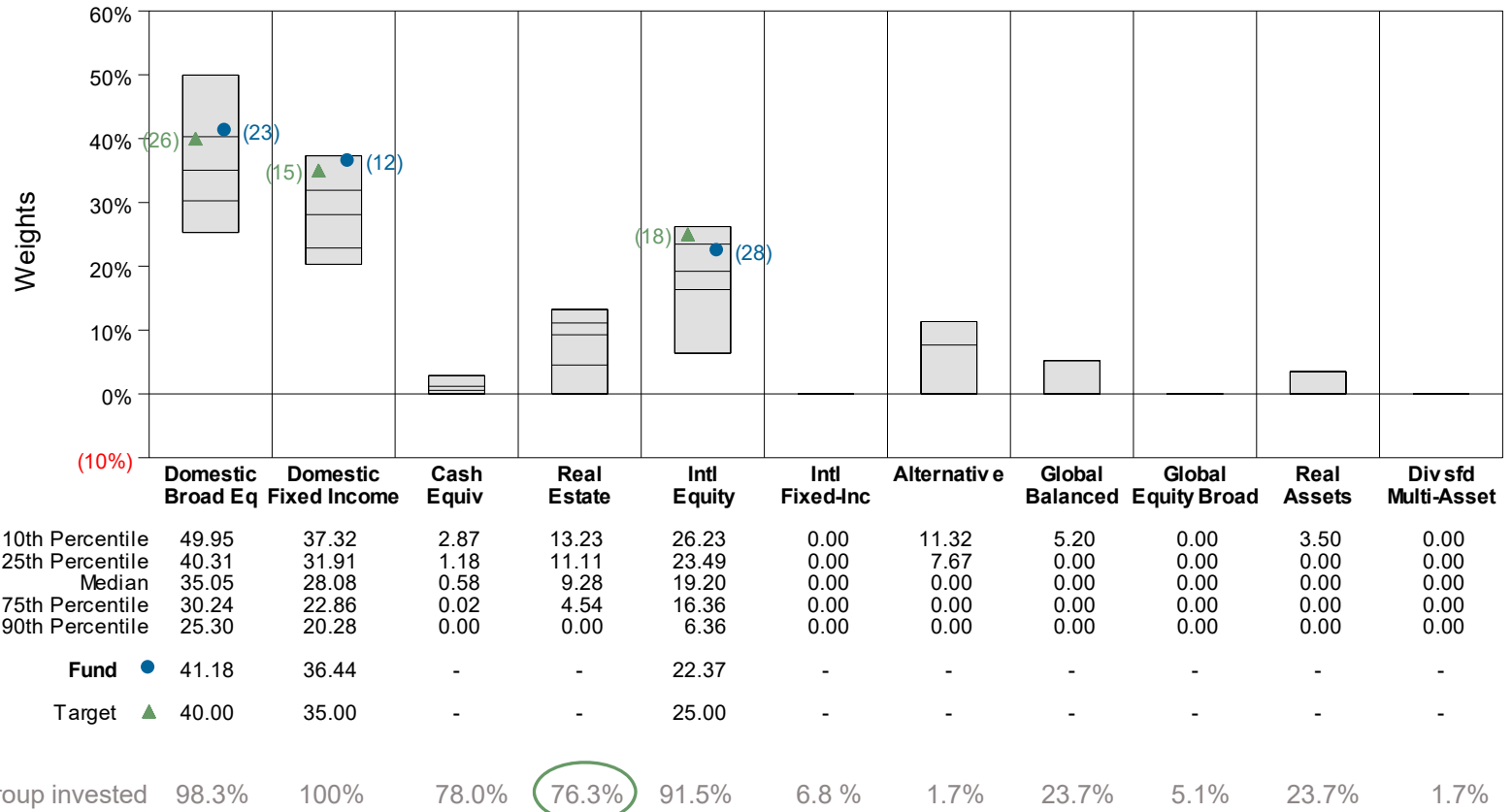
SacRT employs an actuarial discount rate of 7.25% which is based on a 3.0% inflation expectation while Callan uses a 2.25% inflation expectation.

Callan expects lower inflation to flow through the liabilities and result in a lower liability growth rate of 6.90% (vs. the actuarial discount rate of 7.25%).

Expected returns assume passive implementation; however, roughly 80% of SacRT's assets are actively managed.

Peer Group Comparisons

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



Relative to a peer group of other public funds, the target policy is relatively conservative with a high allocation to fixed income.

Real estate is the alternative asset class most likely to be employed by peers (76% are in invested in real estate).

- Peer groups do not take into account differences in risk tolerances

Peer Real Estate Allocations*

CalPERS

Total Fund Size: \$400 billion
Real Assets: 13%
Fixed Income: 28%

CalSTRS

Total Fund Size: \$250 billion
Real Estate: 13%
Fixed Income: 13%

Sacramento County Employees Retirement Association

Total Fund Size: \$10 billion
Real Return: 16%

- Real Estate: 7%
- Real Assets: 7%
- Liquid Real Return: 2%

Fixed Income: 23%

Santa Clara Valley Transportation Authority

Total Fund Size: \$600 million
Real Estate: 10%
Fixed Income: 19%

Alameda-Contra Costa Transit District

Total Fund Size: \$680 million
Real Estate: 5%
Fixed Income: 38%

- Core: 19%
- Credit: 13%
- Emerging Markets Debt: 6%

Callan Clients:

Marin County Employees Retirement Association
Total Fund Size: \$2.6 billion
Real Assets: 15%

- Real Estate: 8%
- Public Real Assets: 7%

Fixed Income: 23%

Mendocino County Employees Retirement Association Total Fund

Size: \$530 million
Real Estate: 11%
Fixed Income: 22%

Metropolitan Atlanta Rapid Transit Authority (MARTA)

Total Fund Size: \$431 million
Real Estate: 5%
Fixed Income: 38%

- A 10% allocation to real estate would be in line with the real estate allocations of other local public funds and transit agencies. Reducing fixed income from the current allocation of 35% would also be reasonable.

*data for non-Callan clients based on publicly available information and may not be most current data.

Alternative Asset Mixes

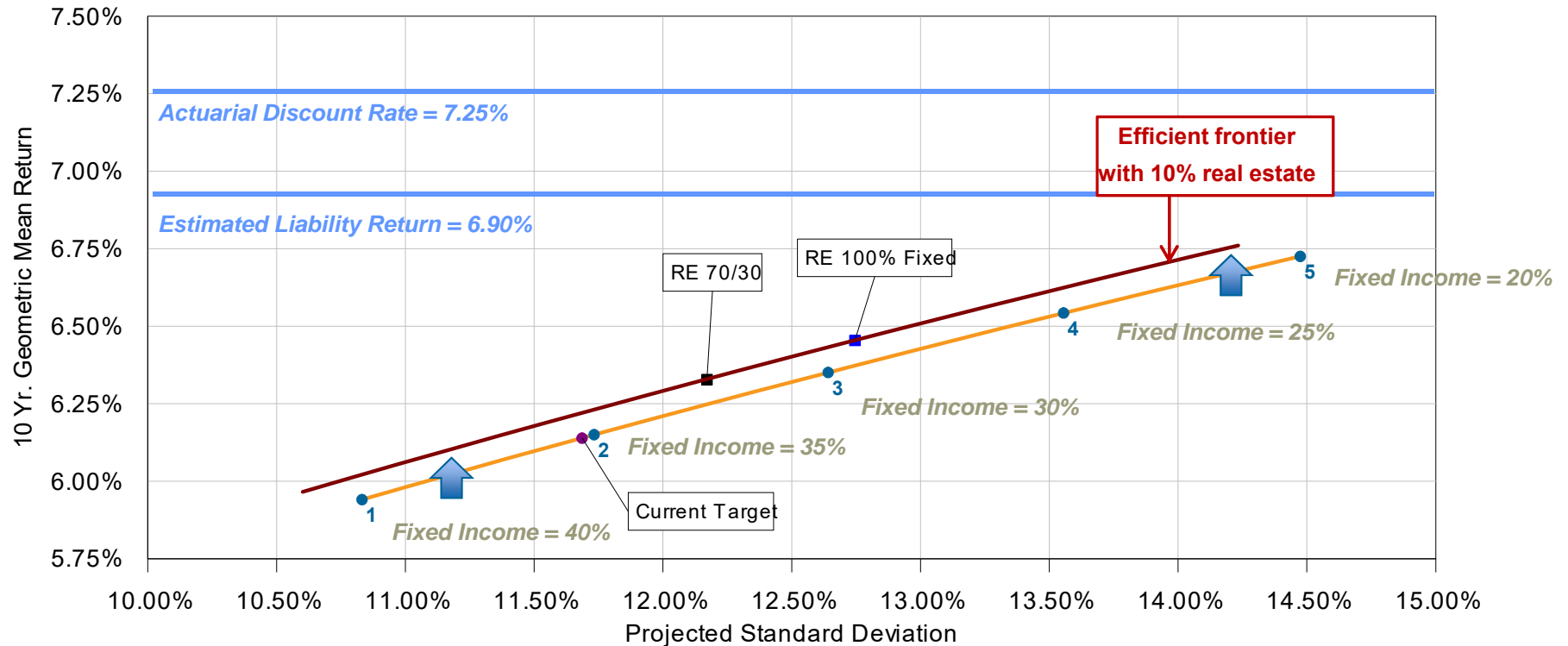
Asset Class	Policy Target	Real Estate Mixes	
		RE 100% Fix	RE 70/30
Global Equity	65%	65%	62%
Large Cap U.S. Equity	32%	32%	31%
Small Cap U.S. Equity	8%	8%	8%
LC Non-U.S. Developed Equity	14%	14%	13%
SC Non-U.S. Developed Equity	5%	5%	5%
Emerging Markets Equity	6%	6%	5%
Fixed Income	35%	25%	28%
U.S. Fixed Income	35%	25%	28%
Alternative Assets	0%	10%	10%
Real Estate	0%	10%	10%
2020 Expected Geometric Return	6.14%	6.45%	6.33%
2020 Expected Standard Deviation	11.69%	12.75%	12.17%

The optimal mixes add real estate at 10% of the portfolio and vary by the source of funding for real estate:

- RE 100% Fix = 100% from fixed income
- RE 70/30 = 70% from fixed income, 30% from equity

Real estate return and risk are greater than those for fixed income; the more real estate is funded from fixed income, the more the total portfolio return and risk increase.

The Efficient Frontier

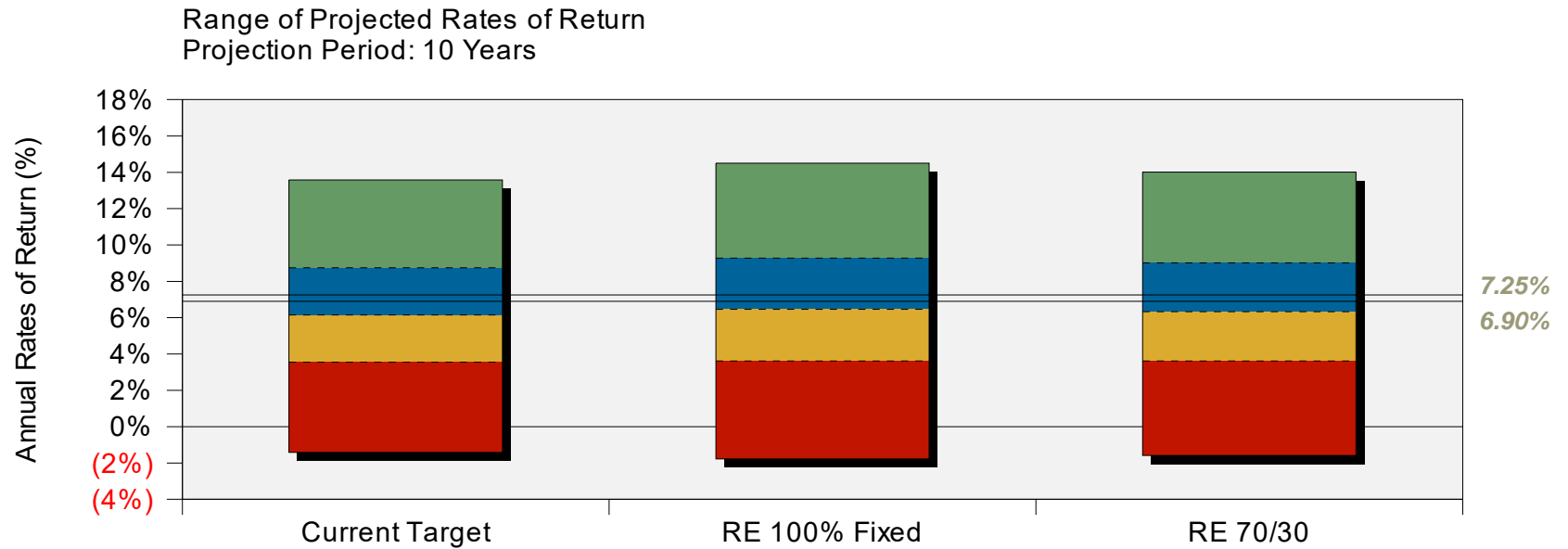


The efficient frontier represents mixes which optimally trade off between expected return and expected risk; the numbered dots represent optimal mixes without real estate, separated by 5% increments to fixed income.

The upper line represents the efficient frontier including a 10% allocation to real estate. Return for a given level of risk is higher; risk for a given level of return is lower.

Mixes on the Real Estate line represent alternatives to funding real estate from equity and fixed income, as depicted on the previous slide. The more real estate is funded from fixed income, the more the total portfolio return and risk increase.

Probability of Achieving a 7.25% or 6.90% Return



3rd Percentile	13.6%	14.5%	14.0%
25th Percentile	8.7%	9.3%	9.0%
Median	6.1%	6.5%	6.3%
75th Percentile	3.6%	3.6%	3.6%
98th Percentile	(1.4%)	(1.8%)	(1.6%)
Prob > 7.25%	38%	42%	41%
Prob > 6.90%	42%	45%	44%

The above chart illustrates the probability of achieving 7.25% and 6.90% return over the next 10 years.

The more real estate is funded from fixed income, the more the total portfolio return and risk increase. When Real estate is funded 100% from fixed income, the expected return rises from 6.1% to 6.5%, and the range of results widens. The worse case result (98th percentile) has a greater potential loss than the other portfolios.

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Liability Modeling

Build Actuarial Liability Model

For purposes of asset-liability modeling, Callan built an actuarial liability model based on the Plan's specific liabilities which match Cheiron's actuarial accrued liability within +/-3%.

- Results are then scaled to match the actuarial report exactly.

Liability model is based on the 7/1/2018 actuarial valuation report.

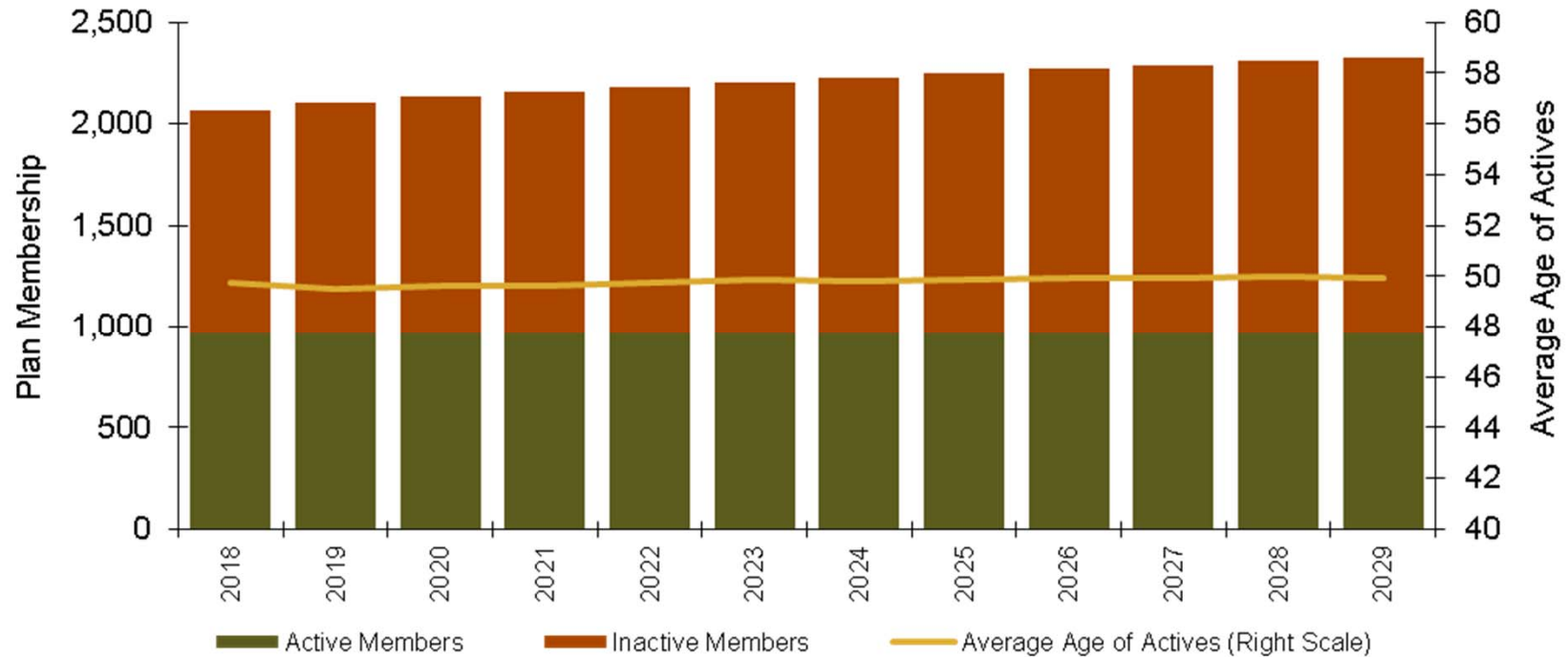
Other assumptions:

- Open to new entrants
- 0% workforce growth
- UAL amortized by 2032 (14 years)

July 1, 2018 Actuarial Valuation	All Plans
Actuarial Accrued Liability	\$398.9 mm
Market Value of Assets	\$283.5 mm
Actuarial Value of Assets	\$288.0 mm
Market Funded Status (MVA/AL)	71%
Actuarial Funded Status (AVA/AL)	72%
Employer Contribution (\$)	\$20.8mm
Employer Contribution (%)	29.7%

Key Assumptions	Actuarial Assumption	Callan 10-year Expectation
Investment Return	7.25%	6.50%
Price Inflation	3.0%	2.25%

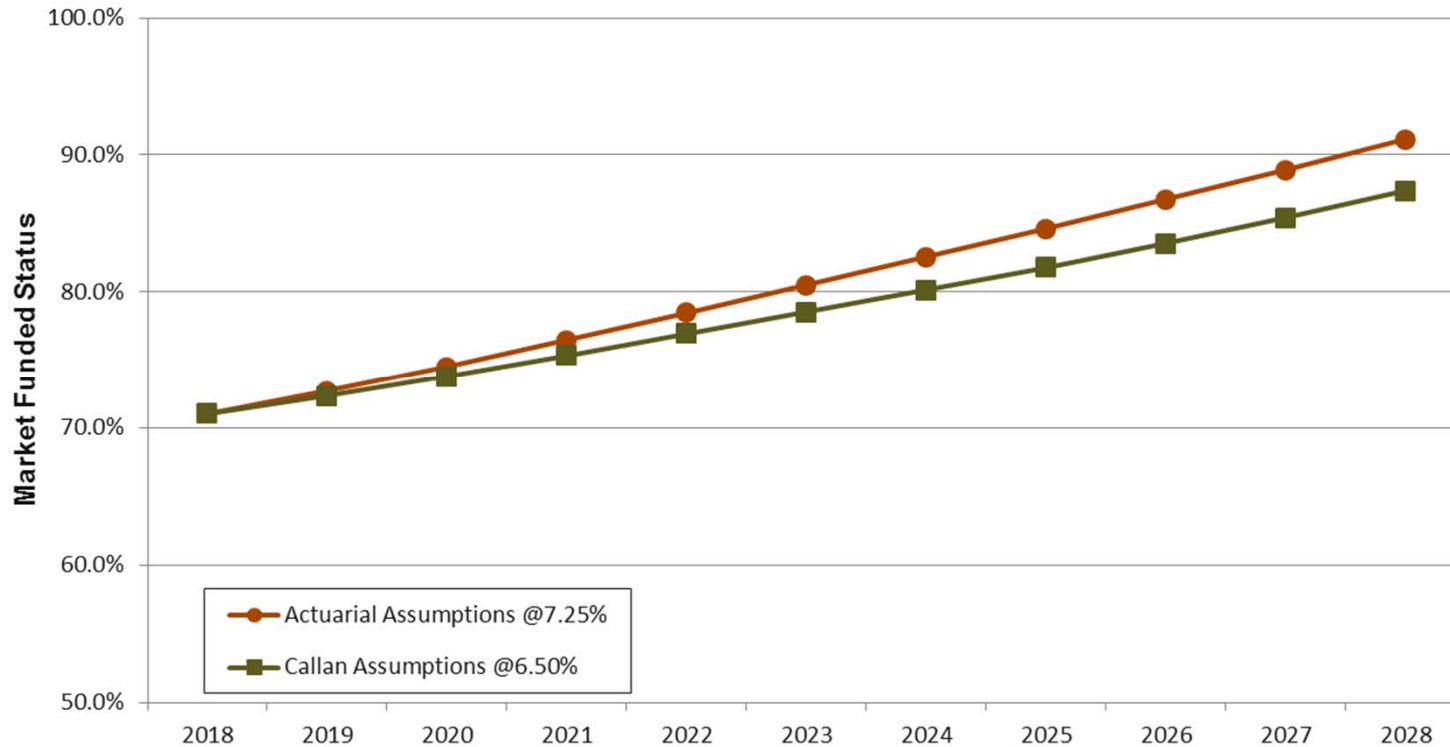
Demographic Projection



Plan membership is gradually increasing.

- Total population increases from 2,000 to 2,300
- Active population is assumed to hold while inactive population is growing over time
- Average age of active members remains around 50

Expected Funded Status Projections



A return gap (6.5% vs 7.25%) results in a lower funded status at the end of 10 years.

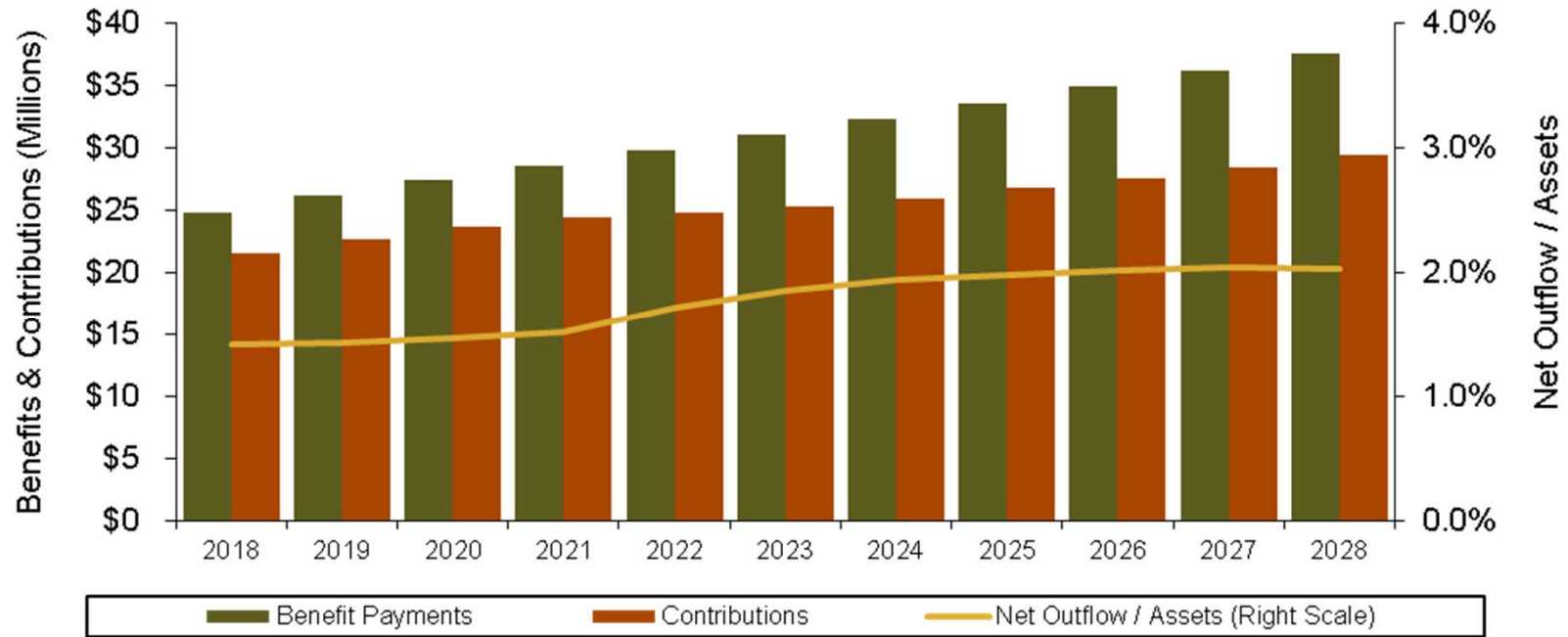
- The return gap is offset to some extent by projecting liabilities at lower price inflation

This study will introduce annual return volatility.

Funded status is projected to reach 87% at the end of 10 years.

Liquidity Needs

Net Outflow (% of Market Assets)



Net Outflow = Benefit Payments – Funding Contributions (Employer + Employee), taken as a percentage of the market value of assets at the beginning of the year.

Liquidity needs help define the appropriate time horizon for plan investments and shape the ability of the Plan to commit to illiquid asset classes – liquidity needs are projected to be manageable.

Under the current funding policy, liquidity needs are low.

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Observations and Recommendations

Summary of Results and Observations

The liability and demographic profiles suggest SacRT has a sufficiently long time horizon in which to assume investment risk.

Liquidity needs are manageable and low

- Net outflows are less than 5% over much of the next 10 years
- No illiquid asset classes in the current target

Liabilities are expected to grow at a moderate pace

- Plan is open and accruing benefits

After taking into account different inflation expectations, Callan models the liability return as 6.90%, which is slightly less than the 7.25% actuarial discount rate.

- A return objective of 6.90% is consistent with Callan's capital market assumptions with embedded price inflation of 2.25%
- Higher inflation than expected (2.25%) should result in higher nominal returns and higher liabilities over the long run

The risk/return stance of the current target appears to be sufficient to meet the very long-term goals and funding needs for the plan.

Examining alternative asset classes, SacRT focused on adding real estate as a diversifier to stocks and bonds, at a level of 10% of the total portfolio. Today's analysis shows the potential benefit to adding real estate (greater return for a given level of risk), and shows the return and risk implications for different sources of funding real estate.

Conclusion

Following last year's asset/liability study and subsequent educational sessions, SacRT has decided to further diversify its portfolio beyond stocks and bonds and into real estate.

Callan believes real estate offers an attractive source of return that would complement and diversify the existing portfolio. Of course, there are cost and implementation considerations to take into account.

Additionally, the more real estate is funded from fixed income, the more the total portfolio return and risk increase.

Other considerations:

- Real estate is a diversifier to public equities and fixed income
- Lagged valuation process helps smooth out volatility
- Intermediate to long term inflation hedge
- Potential to add active management premium
- Many similarly sized public funds (~76%) have an allocation to real estate
- Real estate has both equity and fixed income components so it is consistent to fund the allocation from both sources

Disclaimers

This report is for informational purposes only and should not be construed as legal or tax advice on any matter. Any decision you make on the basis of this content is your sole responsibility. You should consult with legal and tax advisers before applying any of this information to your particular situation.

This report may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact.

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Past performance is no guarantee of future results.

The statements made herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties such that actual results may differ materially from these statements. There is no obligation to update or alter any forward-looking statement, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements.



STAFF REPORT

DATE: March 11, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Jamie Adelman, AVP Finance and Treasury

SUBJ: AUTHORIZING SACRAMENTO REGIONAL TRANSIT DISTRICT GENERAL MANAGER/CEO TO AMEND THE RETIREMENT BOARDS' MOU WITH SACOG FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE AGREEMENT (ALL). (ADELMAN)

RECOMMENDATION

Adopt the Attached Resolution.

RECOMMENDED ACTION

Adopt Resolution No. 20-03-____, Authorizing the Sacramento Regional Transit District General Manager/CEO to Amend the Retirement Boards' Memorandum of Understanding (MOU) with Sacramento Area Council of Governments (SACOG) for Funding and Performance of Annual Audits by Increasing the Not-to-Exceed Value and Extending the Term of the Agreement.

FISCAL IMPACT

The annual cost to the Retirement Plans is not yet known as of publication of this Staff Report. Staff will provide estimates of annual audit costs for the amended term of the MOU at the March 11, 2020 Quarterly Retirement Boards' meeting.

DISCUSSION

As the Regional Transportation Planning Agency for the Sacramento area, SACOG receives and distributes Transportation Development Act (TDA) funding for the region. As part of the annual requirements for receiving TDA funding, SACOG enters into a contract with an independent auditor to conduct audits for all of its TDA claimants. Historically, SACOG has procured auditors and paid the audit fees for all transit operators in the region, including Sacramento Regional Transit District (RT), but SACOG does not pay the audit fees for the Retirement Plans' pension funds. Of note, RT is the only transit operator in the Sacramento region that has self-managed pension plans, as the other operators' employees and retirees are members of CalPERS.

The Retirement Boards and SACOG entered into the MOU in 2015. The MOU provides for the Retirement Boards and SACOG to jointly procure audit services but for the Retirement Plans to pay their own audit fees. The MOU covered services through the Fiscal Year (FY) 2019 audit. SACOG is currently undergoing the procurement process

to contract with auditors for FY2020 through 2022, and potential option years through FY 2024.

Staff has determined that using the same auditors for the Retirement Plans as for RT is more efficient than using separate auditors, in large part because the Retirement Plans' funds are presented as Fiduciary Funds in RT's Comprehensive Annual Financial Report (CAFR). Engaging separate auditors to perform the Retirement Plan audits likely would increase the cost to the Retirement Plans.

The audit fees for the Retirement Plans were \$25,280 for the FY 2019 audit. It is common for audit firms to apply a 3%-5% increase in annual fees, year over year. Please note that these fees are split evenly between the three plans (ATU, IBEW, and Salaried).

Staff recommends that the Boards authorize execution of an amendment to the MOU, in a form approved by legal counsel, to continue to provide the Retirement Plans with access to SACOG and RT's auditor, at the Retirement Plans' cost, through FY 2025, upon staff's confirmation that the audit costs under SACOG's new audit contract will continue to be cost-effective for the Retirement Plans. Staff will provide the final contract amount to the Retirement Boards at their June 10, 2020, meeting.

RESOLUTION NO. _____

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 11, 2020

AUTHORIZE EXECUTION OF AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY AREA COUNCIL OF GOVERNMENTS FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS OF THE RETIREMENT PLAN BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE MOU

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute an amendment, in a form acceptable to the Board's legal counsel, to a Memorandum of Understanding (MOU) with the Sacramento Area Council of Governments (SACOG) for performance of annual audits of the Retirement Plan by the auditor selected by SACOG for Sacramento Regional Transit District's annual financial audits to:

1. Extend the term of the MOU to cover annual audits of the Retirement Plan under the contract resulting from the pending SACOG procurement for financial audits covering Fiscal Years (FY) 2020 through 2022, with options through the FY 2024 audits, and
2. Increase the not-to-exceed value of the MOU to cover the Retirement Plan's annual audit costs, and

THAT, exercise of this delegation of authority to the Sacramento Regional Transit District General Manager/CEO is conditioned upon Retirement Plan Staff's confirmation that the audit costs under SACOG's audit procurement will be continue to be cost-effective for the Retirement Plans.

RALPH NIZ, Chair

A T T E S T:

Crystal McGee, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

AUTHORIZE EXECUTION OF AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY AREA COUNCIL OF GOVERNMENTS FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS OF THE RETIREMENT PLAN BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE MOU

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute an amendment, in a form acceptable to the Board's legal counsel, to a Memorandum of Understanding (MOU) with the Sacramento Area Council of Governments (SACOG) for performance of annual audits of the Retirement Plan by the auditor selected by SACOG for Sacramento Regional Transit District's annual financial audits to:

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2. Increase the not-to-exceed value of the MOU to cover the Retirement Plan's annual audit costs, and

THAT, exercise of this delegation of authority to the Sacramento Regional Transit District General Manager/CEO is conditioned upon Retirement Plan Staff's confirmation that the audit costs under SACOG's audit procurement will be continue to be cost-effective for the Retirement Plans.

ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

AUTHORIZE EXECUTION OF AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY AREA COUNCIL OF GOVERNMENTS FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS OF THE RETIREMENT PLAN BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE MOU

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute an amendment, in a form acceptable to the Board's legal counsel, to a Memorandum of Understanding (MOU) with the Sacramento Area Council of Governments (SACOG) for performance of annual audits of the Retirement Plan by the auditor selected by SACOG for Sacramento Regional Transit District's annual financial audits to:

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THAT, exercise of this delegation of authority to the Sacramento Regional Transit District General Manager/CEO is conditioned upon Retirement Plan Staff's confirmation that the audit costs under SACOG's audit procurement will be continue to be cost-effective for the Retirement Plans.

RUSSEL DEVORAK, Chair

A T T E S T:

Tim McGoldrick, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

AUTHORIZE EXECUTION OF AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY AREA COUNCIL OF GOVERNMENTS FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS OF THE RETIREMENT PLAN BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE MOU

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AFSCME AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District General Manager/CEO to execute an amendment, in a form acceptable to the Board's legal counsel, to a Memorandum of Understanding (MOU) with the Sacramento Area Council of Governments (SACOG) for performance of annual audits of the Retirement Plan by the auditor selected by SACOG for Sacramento Regional Transit District's annual financial audits to:

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THAT, exercise of this delegation of authority to the Sacramento Regional Transit District General Manager/CEO is conditioned upon Retirement Plan Staff's confirmation that the audit costs under SACOG's audit procurement will be continue to be cost-effective for the Retirement Plans.

PETER GUIMOND, Chair

A T T E S T:

Lisa Thompson, Secretary

By: _____
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

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 11, 2020

AUTHORIZE EXECUTION OF AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH SACRAMENTO COUNTY AREA COUNCIL OF GOVERNMENTS FOR FUNDING AND PERFORMANCE OF ANNUAL AUDITS OF THE RETIREMENT PLAN BY INCREASING THE NOT-TO-EXCEED VALUE AND EXTENDING THE TERM OF THE MOU

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 authorizes the Sacramento Regional Transit District General Manager/CEO to execute an amendment, in a form acceptable to the Board's legal counsel, to a Memorandum of Understanding (MOU) with the Sacramento Area Council of Governments (SACOG) for performance of annual audits of the Retirement Plan by the auditor selected by SACOG for Sacramento Regional Transit District's annual financial audits to:

1. Extend the term of the MOU to cover annual audits of the Retirement Plan under the contract resulting from the pending SACOG procurement for financial audits covering Fiscal Years (FY) 2020 through 2022, with options through the FY 2024 audits, and
2. Increase the not-to-exceed value of the MOU to cover the Retirement Plan's annual audit costs, and

THAT, exercise of this delegation of authority to the Sacramento Regional Transit District General Manager/CEO is conditioned upon Retirement Plan Staff's confirmation that the audit costs under SACOG's audit procurement will be continue to be cost-effective for the Retirement Plans.

LAURA HAM, Chair

A T T E S T:

Craig Norman, Secretary

By: _____
Valerie Weekly, Assistant Secretary