



Sacramento Regional Transit District Agenda

**QUARTERLY MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT
9:00 A.M., WEDNESDAY, JUNE 8, 2022 via Webex**

Join from the meeting link: <https://sacrt-046d-16ae.my.webex.com/join/rmatthews>

Call in: 1-510-338-9438 Access Code: 2568 521 9530

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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: Valenton, Land
IBEW Retirement Board:	Directors: Li, Kennedy, Bibbs, Pickering Alternates: Valenton, D. Thompson
AEA Retirement Board:	Directors: Li, Kennedy, Devorak, McGoldrick Alternates: Valenton, Santhanakrishnan
AFSCME Retirement Board:	Directors: Li, Kennedy, Guimond, L. Thompson Alternates: Valenton, Salva
MCEG Retirement Board:	Directors: Li, Kennedy, Bobek, Hinz Alternates: Valenton, 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 Request" via e-mail to Retirement@SacRT.com. 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.

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Resolution:	Authorize the Boards to Conduct Their Meetings for the Next 30 Days Via Teleconference as Authorized under the Brown Act pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, during the COVID-19 Pandemic (All). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Resolution:	Election of Governing Board Vice Chair of the Sacramento Regional Transit District Retirement Plan for Employees who are Members of IBEW Local 1245 (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CONSENT CALENDAR

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
3. Motion:	Approving the Minutes for the March 14, 2022 Retirement Board Meeting (ATU). (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Motion:	Approving the Minutes for the March 14, 2022 Retirement Board Meeting (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the March 14, 2022 Retirement Board Meeting (AEA). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Motion:	Approving the Minutes for the March 14, 2022 Retirement Board Meeting (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Approving the Minutes for the March 14, 2022 Retirement Board Meeting (MCEG). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2022 for the ATU Pension Plan (ATU). (Adelman)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2022 for the IBEW Pension Plan (IBEW). (Adelman)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Motion:	Receive and File Administrative Reports for the Quarter Ended March 31, 2022 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"/>
11. Motion	Authorize Execution of Second Amendment to Extend Actuarial Services Contract (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
12. Information	Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)	<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>
13. Information:	Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended March 31, 2022 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
14. Information:	Investment Performance Review by AQR for the ATU, IBEW and Salaried Retirement Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2022 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
15. Motion:	Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2022 (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
16. Motion:	Receive and File Asset Allocation Study, and Review Statement of Investment Objectives and Policy Guidelines (ALL). (Adelman)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
17. Motion:	Adopt Updated Policy for Correcting Retirement Plan Overpayments and Underpayments (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

REPORTS, IDEAS AND COMMUNICATION

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
18. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
19. Information: Verbal Update on PEPRA Litigation by Hanson Bridgett (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

ADJOURN (IBEW, AEA, AFSCME and MCEG Retirement Boards)

ANNOUNCE CLOSED SESSION ITEM(S)

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Information: Conference with Legal Counsel – Anticipated Litigation Pursuant to Gov. Code Section 54956.9(b) Significant Exposure to Litigation One Potential Case	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RECESS CLOSED SESSION

OPEN SESSION

CLOSED SESSION REPORT

ADJOURN (ATU Retirement Board)

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.

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.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the Pension & Retirement Services Analyst at 916-216-9927 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 Retirement Services Analyst of Sacramento Regional Transit District to make inquiry.



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 1
TO: Sacramento Regional Transit Retirement Board - All
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: AUTHORIZE THE BOARDS TO CONDUCT THEIR MEETINGS FOR THE NEXT 30 DAYS VIA TELECONFERENCE AS AUTHORIZED UNDER THE BROWN ACT PURSUANT TO GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361, DURING THE COVID-19 PANDEMIC

RECOMMENDATION

Adopt the attached Resolutions.

RESULT OF RECOMMENDED ACTION

Adoption of the Resolutions will authorize the Retirement Boards to meet via teleconference due to the COVID-19 pandemic, consistent with Assembly Bill (AB) 361, for 30 days.

FISCAL IMPACT

There is no fiscal impact.

DISCUSSION

Adopted and signed into law in September 2021, AB 361 amended the Ralph M. Brown Act ("Brown Act") to authorize modified procedures for remote (teleconference) meetings for each local legislative body that finds, by a majority vote, that it has considered the circumstances of the COVID-19 state of emergency, and (i) the state of emergency continues to directly impact the ability of the Retirement Board members to meet safely in person and/or (ii) state or local officials continue to impose or recommend measures to promote social distancing. The findings must be made no later than 30 days after using the modified procedures, and every 30 days thereafter. See Cal. Gov. Code § 54953(e).

When the conditions of AB 361 are met, the Retirement Boards may meet remotely using teleconferencing without requiring any in-person option, without noticing the locations being used by Board members or making them open to the public, and without regard to whether a quorum of the Board is participating from within the Board's jurisdiction.

The number of COVID-19 cases reported for employees of the Sacramento Regional Transit District (SacRT) in May 2022 was more than seven times the number from the prior month. SacRT's auditorium is unusually small, making it difficult to allow for adequate social distancing between members of the Board, staff and the public. Because the peril of transmission has not significantly declined, and given the recent marked rise in cases at SacRT, the prudent course of action is to continue meeting virtually, including for members of the public who wish to participate in a Retirement Board meeting, for the next 30 days.

RESOLUTION NO. 2022-06-344

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of ATU Local Union 256 on this date:

June 8, 2022

Authorize the Retirement Board of Directors to Meet via Teleconference In Compliance with The Brown Act Pursuant to Government Code Section 54953, As Amended by Assembly Bill 361, During the Covid-19 Pandemic

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 AS FOLLOWS:

THAT, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of State of Emergency in response to the novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the Sacramento County Health Officer declared a local health emergency related to the COVID-19 on March 6, 2020 and the County Administrator, acting in his capacity as the Director of Emergency Services, proclaimed the existence of a local emergency related to COVID-19 on March 6, 2020; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as "AB 361"); and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent Resolution in the state Legislature; and

WHEREAS, the Sacramento Regional Transit District (SacRT) Retirement Boards' meeting space does not allow for adequate social distancing between members of the Board, SacRT staff and the public; and

WHEREAS, there was a marked rise in COVID cases among employees at SacRT in the month of May, 2022; and

WHEREAS, this Board concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to comply with AB 361 and to continue to hold its Board meetings remotely.

NOW, THEREFORE, BE IT RESOLVED AND FOUND as follows:

1. The Retirement Board hereby finds that the facts set forth in the above recitals are true and correct, and establish the factual basis for the adoption of this Resolution.
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person would present imminent risks to the health or safety of attendees of in-person meetings of this legislative body within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, the Retirement Board determines that authorizing teleconferenced public meetings consistent with Assembly Bill 361 is necessary and appropriate.
4. Staff are directed to take all actions necessary to implement this Resolution in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

Ralph Niz, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-228

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of IBEW Union Local 1245 on this date:

June 8, 2022

Authorize the Retirement Board of Directors to Meet via Teleconference In Compliance with The Brown Act Pursuant to Government Code Section 54953, As Amended by Assembly Bill 361, During the Covid-19 Pandemic

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245 AS FOLLOWS:

THAT, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of State of Emergency in response to the novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the Sacramento County Health Officer declared a local health emergency related to the COVID-19 on March 6, 2020 and the County Administrator, acting in his capacity as the Director of Emergency Services, proclaimed the existence of a local emergency related to COVID-19 on March 6, 2020; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as "AB 361"); and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent Resolution in the state Legislature; and

WHEREAS, the Sacramento Regional Transit District (SacRT) Retirement Boards' meeting space does not allow for adequate social distancing between members of the Board, SacRT staff and the public; and

WHEREAS, there was a marked rise in COVID cases among employees at SacRT in the month of May, 2022; and

WHEREAS, this Board concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to comply with AB 361 and to continue to hold its Board meetings remotely.

NOW, THEREFORE, BE IT RESOLVED AND FOUND as follows:

1. The Retirement Board hereby finds that the facts set forth in the above recitals are true and correct, and establish the factual basis for the adoption of this Resolution.
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person would present imminent risks to the health or safety of attendees of in-person meetings of this legislative body within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, the Retirement Board determines that authorizing teleconferenced public meetings consistent with Assembly Bill 361 is necessary and appropriate.
4. Staff are directed to take all actions necessary to implement this Resolution in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

Constance Bibbs, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-226

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AEA on this date:

June 8, 2022

Authorize the Retirement Board of Directors to Meet via Teleconference In Compliance with The Brown Act Pursuant to Government Code Section 54953, As Amended by Assembly Bill 361, During the Covid-19 Pandemic

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

THAT, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of State of Emergency in response to the novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the Sacramento County Health Officer declared a local health emergency related to the COVID-19 on March 6, 2020 and the County Administrator, acting in his capacity as the Director of Emergency Services, proclaimed the existence of a local emergency related to COVID-19 on March 6, 2020; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as "AB 361"); and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent Resolution in the state Legislature; and

WHEREAS, the Sacramento Regional Transit District (SacRT) Retirement Boards' meeting space does not allow for adequate social distancing between members of the Board, SacRT staff and the public; and

WHEREAS, there was a marked rise in COVID cases among employees at SacRT in the month of May, 2022; and

WHEREAS, this Board concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to comply with AB 361 and to continue to hold its Board meetings remotely.

NOW, THEREFORE, BE IT RESOLVED AND FOUND as follows:

1. The Retirement Board hereby finds that the facts set forth in the above recitals are true and correct, and establish the factual basis for the adoption of this Resolution.
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person would present imminent risks to the health or safety of attendees of in-person meetings of this legislative body within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, the Retirement Board determines that authorizing teleconferenced public meetings consistent with Assembly Bill 361 is necessary and appropriate.
4. Staff are directed to take all actions necessary to implement this Resolution in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-193

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AFSCME Local Union 146 on this date:

June 8, 2022

Authorize the Retirement Board of Directors to Meet via Teleconference In Compliance with The Brown Act Pursuant to Government Code Section 54953, As Amended by Assembly Bill 361, During the Covid-19 Pandemic

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME LOCAL 146 AS FOLLOWS:

THAT, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of State of Emergency in response to the novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the Sacramento County Health Officer declared a local health emergency related to the COVID-19 on March 6, 2020 and the County Administrator, acting in his capacity as the Director of Emergency Services, proclaimed the existence of a local emergency related to COVID-19 on March 6, 2020; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as "AB 361"); and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent Resolution in the state Legislature; and

WHEREAS, the Sacramento Regional Transit District (SacRT) Retirement Boards' meeting space does not allow for adequate social distancing between members of the Board, SacRT staff and the public; and

WHEREAS, there was a marked rise in COVID cases among employees at SacRT in the month of May, 2022; and

WHEREAS, this Board concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to comply with AB 361 and to continue to hold its Board meetings remotely.

NOW, THEREFORE, BE IT RESOLVED AND FOUND as follows:

1. The Retirement Board hereby finds that the facts set forth in the above recitals are true and correct, and establish the factual basis for the adoption of this Resolution.
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person would present imminent risks to the health or safety of attendees of in-person meetings of this legislative body within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, the Retirement Board determines that authorizing teleconferenced public meetings consistent with Assembly Bill 361 is necessary and appropriate.
4. Staff are directed to take all actions necessary to implement this Resolution in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

Peter Guimond, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-230

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of MCEG on this date:

June 8, 2022

Authorize the Retirement Board of Directors to Meet via Teleconference In Compliance with The Brown Act Pursuant to Government Code Section 54953, As Amended by Assembly Bill 361, During the Covid-19 Pandemic

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

THAT, on March 4, 2020, Governor Gavin Newsom issued a Proclamation of State of Emergency in response to the novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the Sacramento County Health Officer declared a local health emergency related to the COVID-19 on March 6, 2020 and the County Administrator, acting in his capacity as the Director of Emergency Services, proclaimed the existence of a local emergency related to COVID-19 on March 6, 2020; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended and modified the teleconferencing requirements under the Brown Act (California Government Code Section 54950 et seq.) so that local legislative bodies can hold public meetings via teleconference (with audio or video communications, without a physical meeting location), as long as the meeting agenda identifies the teleconferencing procedures to be used; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended the provision of N-29-20 concerning the conduct of public meetings through September 30, 2021, and the Governor subsequently signed legislation revising Brown Act requirements for teleconferenced public meetings (Assembly Bill 361, referred to hereinafter as "AB 361"); and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent Resolution in the state Legislature; and

WHEREAS, the Sacramento Regional Transit District (SacRT) Retirement Boards' meeting space does not allow for adequate social distancing between members of the Board, SacRT staff and the public; and

WHEREAS, there was a marked rise in COVID cases among employees at SacRT in the month of May, 2022; and

WHEREAS, this Board concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to comply with AB 361 and to continue to hold its Board meetings remotely.

NOW, THEREFORE, BE IT RESOLVED AND FOUND as follows:

1. The Retirement Board hereby finds that the facts set forth in the above recitals are true and correct, and establish the factual basis for the adoption of this Resolution.
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19 and as a result of that emergency, meeting in person would present imminent risks to the health or safety of attendees of in-person meetings of this legislative body within the meaning of California Government Code section 54953(e)(1).
3. Under the present circumstances, including the risks mentioned in the preceding paragraph, the Retirement Board determines that authorizing teleconferenced public meetings consistent with Assembly Bill 361 is necessary and appropriate.
4. Staff are directed to take all actions necessary to implement this Resolution in accordance with the foregoing provisions and the requirements of Government Code section 54953, as amended by Assembly Bill 361, including but not limited to returning for ratification of this Resolution every 30 days after teleconferencing for the first time pursuant to Assembly Bill 361 for so long as either of the following circumstances exists: (a) the state of emergency continues to directly impact the ability of this legislative body to meet in person; and/or (b) state or local officials, including but not limited to the County Health Officer, continue to impose or recommend measures to promote social distancing.

Sandra Bobek, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 2
TO: Sacramento Regional Transit Retirement Board – IBEW
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: ELECTION OF GOVERNING BOARD VICE CHAIR OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLAN
FOR EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245

RECOMMENDATION

Adopt the attached Resolution.

RESULT OF RECOMMENDED ACTION

Adoption of the Resolution will document the election of a new Vice Chair for the IBEW Retirement Board, pursuant to the By-Laws for the Retirement Board.

FISCAL IMPACT

There is no fiscal impact.

DISCUSSION

On January 12, 2004, the Sacramento Regional Transit District (SacRT) Governing Board established five separate Retirement Boards to conduct business related to Retirement Plans on behalf of their members. For reference, the latest amendment of the By-Laws for the IBEW Retirement Board was adopted on December 17, 2014. Pursuant to Section 2.21 of those By-Laws, each Retirement Board must elect a Chair, Vice Chair, and Secretary from among its members.

In addition to electing their own slate of officers, the five Retirement Boards may elect a Common Chair and a Common Vice Chair to promote orderly and efficient Retirement Board meetings. Presently, Director Kennedy serves as Common Chair and Director Li serves as a Common Vice Chair.

Since Director Jon McCleskey retired from SacRT and resigned as Vice Chair of the IBEW Retirement Board, two new appointments have been made: Director Neal Pickering and Alternate David Thompson. Under Section 2.26 of the By-Laws, the IBEW Retirement Board is required to elect a new Vice Chair at this meeting.

Director Constance Bibbs currently serves as Retirement Board Chair and Director Henry Li serves as Secretary and staff member John Gobel serves as Assistant Secretary. If the IBEW Retirement Board desires to be consistent with prior actions of SacRT's Retirement Boards, then it should elect the second member of the business unit (Director Pickering) for the position of Board Vice Chair. As provided by Section 2.21 of the By-Laws, Alternate members cannot be elected as Board officers.

ENCLOSURE A – SELECT PROVISIONS OF RETIREMENT BOARD BY-LAWS

§1.12 Retirement Board Composition

Each Retirement Board consists of not more than four (4) members and two (2) alternates. Two voting members and one alternate are appointed by the RT Board of Directors and two voting members and one alternate are appointed by the Union or bargaining/business unit.

The alternate Board Members serve on the Retirement Board during the absence of a Board member appointed by the same entity as the alternate. When an alternate Board Member serves in place of a regular Board Member, the alternate has all of the rights, duties and obligations of the Board member he or she is replacing, except for those rights, duties and obligations associated with a Board office held by the Board member.

§2.21 Officers

Each Board elects a Chair, Vice Chair, and Secretary from among its members. Alternate members cannot be elected as Board officers.

The five Retirement Boards, together, may elect a Common Chair and Common Vice Chair.

§2.26 Vacancy

If an officer vacates his or her seat on the Board because of death, resignation, illness, or other reason, officer elections must be held at the first Board meeting after the vacancy has been filled.

RESOLUTION NO. 2022-06-229

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of IBEW Local Union 1245 on this date:

June 8, 2022

ELECTING THE VICE CHAIR OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLAN FOR EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245 AS FOLLOWS:

THAT, the Board of Directors:

Elects _____ as Vice Chair.

THAT, the above-listed individual will serve in this elected role until this Board elects to change its leadership; until the elected individual resigns from such position; or until the above-listed individual leaves the Board.

THAT, this action does not alter this Board's appointment of its Chair, Secretary or Assistant Secretary, or its selection of the Common Chair and Common Vice Chair of the five Sacramento Regional Transit District Retirement Boards.

Constance Bibbs, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

ADOPTED BY THE:
AEA, MCEG, AFSCME and ATU Retirement Boards on June 18, 2014
IBEW Retirement Board on December 17, 2014

BY-LAWS FOR THE RETIREMENT BOARDS

CHAPTER 1

RETIREMENT BOARDS COMPOSITION AND PURVIEW

ARTICLE 1

GOVERNANCE

§ 1.10 **Retirement Plans; Application of By-Laws**

These By-laws govern the three retirement plans established for employees of the Sacramento Regional Transit District (hereinafter "RT") pursuant to California Public Utilities Code Section 102430 to provide retirement benefits to qualified RT employees upon service or disability retirement from RT: The Retirement Plan for Regional Transit Employees Who Are Members of ATU Local 256; the Retirement Plan Between International Brotherhood of Electrical Workers (IBEW) Local Union 1245, AFL-CIO and Sacramento Regional Transit District; and The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented (Salaried) Employees.

Each plan is referred to herein individually as "Retirement Plan" and jointly as "Retirement Plans."

These By-laws apply to the Retirement Plans as they may be amended from time to time, except when the terms of a Plan are inconsistent with the terms of these By-laws, in which case the terms of that Plan will govern its operations.

§1.11 **Governance of the Retirement Plans**

The ATU and IBEW Retirement Plans are each governed by one board and the Salaried Plan is governed by three boards (hereinafter individually referred to as "Board" or "Retirement Board" or jointly as "Boards" or "Retirement Boards"). Each Retirement Board consists of an equal number of representatives from RT and from the Union or bargaining/business unit (ATU, IBEW, AFSCME, AEA and MCEG) as required under California Public Utilities Code Section 99159.

§1.12 Retirement Board Composition

Each Retirement Board consists of not more than four (4) members and two (2) alternates. Two voting members and one alternate are appointed by the RT Board of Directors and two voting members and one alternate are appointed by the Union or bargaining/business unit.

The alternate Board Members serve on the Retirement Board during the absence of a Board member appointed by the same entity as the alternate. When an alternate Board Member serves in place of a regular Board Member, the alternate has all of the rights, duties and obligations of the Board member he or she is replacing, except for those rights, duties and obligations associated with a Board office held by the Board member.

§1.13 Retirement Board Member Term of Office

Each Retirement Board Member is appointed to a four-year term of office. Members' terms of office are to be staggered so that the term of one member appointed by the RT Board of Directors and the term of one member appointed by the Union or bargaining/business unit expire every other year.

For Retirement Board Members seated as of adoption of this section of the By-laws, the appointing entity will determine which seat will expire at the end of the following calendar year, and which will expire at the end of the calendar year ending two years later. The term of the alternates seated as of adoption of this section of the By-laws will expire as of the end of the calendar year after the year in which this section of the By-laws is adopted.

In the event of a vacancy because of death, resignation, illness, or other reason, the Secretary of the Board must, within thirty (30) days after such vacancy, transmit a written notification to the appointing member entity requesting that a replacement member be appointed to fill the remainder of the vacating member's term.

§1.14 Retirement Board Fiduciary Duty

The duties and responsibilities of each Retirement Board Member must be executed in accordance and in full compliance with the requirements of Section 17 of Article XVI of the California Constitution and applicable law.

§ 1.15 Retirement Board Authority

Each Retirement Board has plenary authority and duty to administer its Retirement Plan and manage the assets of its Retirement Plan consistently with the powers and duties conferred upon the Board pursuant to Article 16, Section 17, of the California Constitution, which include, but are not limited to, those set forth in each Plan.

CHAPTER 2

RETIREMENT BOARD RULES

ARTICLE 1

MEETINGS

§2.10 Regular Quarterly Retirement Board Meeting Schedule

Each Board must hold regular meetings no later than the last day of each calendar quarter (“regular meetings” or “Quarterly Retirement Board Meetings”). No later than December 31st of each year, the Boards must adopt a resolution setting forth their regular meeting schedule for the 12-month calendar period following the month and year in which the resolution is adopted. The resolution establishing each Board’s regular meeting schedule shall state the date and time for each meeting, and the place for each such meeting if it differs from the place set out in this section. Unless otherwise specified in the resolutions establishing the regular meeting schedule, the Boards will conduct their regular meetings at RT’s Administrative Offices located at 1400 29th Street, Sacramento, California in Room 114 (First Floor, Auditorium).

§2.11 Special Meetings

A special meeting may be called at any time by the Chair, or by a majority of the members of a Board, by delivering personally, via electronic mail (“e-mail”) or by U.S. mail, written notice to each member of the Board, and to each local newspaper, radio, or television station requesting notice in writing, and by posting a notice on the Sacramento Regional Transit District’s internet web site. Such notice must be delivered and received at least 24 hours before the time of such meeting. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No business other than as specified in the notice shall be considered at such meeting. Such written notice may be dispensed with as to any member who, at or prior to the time the meeting convenes, files with the Secretary of the Board a written waiver of notice. Any defect in the above notice procedure shall be deemed cured by actual attendance of the member at the meeting.

§2.12 Quorum

Three Board members constitute a quorum of any Board for purposes of convening a meeting and for the transaction of business. Alternate Board members are seated on the Board and counted towards a quorum only when serving in the place of a Regular Board member appointed by the same body (e.g., the Alternate appointed by the RT Governing Board is only seated and counted towards a quorum when a Board member appointed by the RT Governing Board is absent).

§2.13 Joint Meetings

The Retirement Boards may meet together for any regular or special meeting. The Boards may select a Common Chair and Common Vice Chair to preside over common meetings on an ad hoc or standing basis.

§2.14 Open Meetings; Application of the Ralph M. Brown Act

All meetings and associated notices must comply with the provisions of the Ralph M. Brown Act. (Government Code Sections 54950, et seq.) Accordingly, all Board meetings are open to the public except when the subject matter may be properly addressed in, and properly noticed for, a closed session.

§2.15 Agenda Preparation, Delivery and Posting

In addition to those requirements set forth in the Brown Act, each meeting agenda, together with all supporting documents, must be mailed or delivered to the Board members and Legal Counsel to the Board at least three days before the meeting. The purpose of this requirement is to give Board members at least two days' notice of all business coming before them. In the case of special meetings which may be called less than seven (7) days in advance of the meeting date, the requesting individual shall receive such notice as soon as may be practical under the circumstances.

§2.16 Access to Public Records Distributed at Meeting

Writings which are public records and which are distributed during a meeting are made available for public inspection at the meeting if prepared by RT or a member of the Board or after the meeting if prepared by some other person.

§2.17 Continuing Body

Each Board is a continuing body and no measure pending before it is abated or discontinued by reason of the expiration of the term of office or removal of a member of the Board.

§2.18 Adjournment of Meeting

The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. Notice of adjournment of a duly called special meeting at which less than a quorum is present shall be given in the same manner as notice of the

original meeting. If all members are absent from any regular or adjourned regular meeting, the Secretary of the Board may declare the meeting adjourned to a stated time and place and he or she shall cause a written notice of the adjournment to be given in the same manner as provided herein for special meetings. In the case of all adjournments, a copy of the order or notice of adjournment shall be conspicuously posted on the door to the Regional Transit District Auditorium, Room 114, within 24 hours after the time of the adjournment. When an order of adjournment of any meeting fails to state the time at which the adjourned meeting is to be held, it shall be held at the time specified for regular meetings.

ARTICLE 2

OFFICERS

§2.21 Officers

Each Board elects a Chair, Vice Chair, and Secretary from among its members. Alternate members cannot be elected as Board officers.

The five Retirement Boards, together, may elect a Common Chair and Common Vice Chair.

§2.22 Chair Responsibilities

1. Except at meetings presided over by a Common Chair or Common Vice Chair (as set forth in Section 2.28), the Chair presides over and preserves order at all regular meetings, special meetings and hearings of the Board. The Chair states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board. The Chair may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all other members.
2. In all cases, the Chair can direct the Secretary to include discussion or action items on the agenda for future Board meetings, and the Chair signs all Board resolutions and all minutes of Board meetings or hearings which he or she has witnessed being adopted or approved.

§2.23 Vice Chair

The Vice Chair serves as the Chair Pro Tem in the Chair's absence. When serving as the Chair Pro Tem, the Vice Chair has all of the rights, duties and responsibilities of the Chair as set forth in Section 2.22 above.

§2.24 Secretary

The Secretary serves as the Chair Pro Tem in the absence of the Chair and Vice Chair.

In addition, the Secretary has the following powers and duties, any or all of which may be delegated by the Secretary to the Assistant Secretary:

1. Create meeting notices and agendas;
2. Post agendas;

3. Call the roll at the beginning of each Board meeting and for each roll call vote;
4. Announce the result of each vote;
5. Attend and keep minutes of all meetings and hearings of the Board;
6. Furnish each Board member a copy of the minutes of each meeting with the agenda for the following meeting;
7. Attest all resolutions of the Board and the minutes of all meetings or hearings which have been approved by the Board;
8. Keep and have custody of all books, records and papers of the Board, and certify true copies thereof whenever necessary;
9. Perform such other duties as may be required either by statute, ordinance, resolution or order.

§2.25 Assistant Secretary

The Boards may appoint an Assistant Secretary, who must be a current employee of RT with job duties related to administration of the Pension Plans.

§2.26 Vacancy

In an officer vacates his or her seat on the Board because of death, resignation, illness, or other reason, officer elections must be held at the first Board meeting after the vacancy has been filled.

§2.27 Additional Delegable Duties

Each Board, at its discretion and by resolution, may authorize its Chair and/or the General Manager/CEO of RT or other RT staff to exercise additional administrative authority, such as to execute contracts or other legally-binding documents, manage Board-awarded contracts, make purchases up to Board-authorized limits, and approve service retirements.

The Board may also authorize the General Manager/CEO of RT or other delegates to carry out other support functions for the Retirement Plan.

§2.28 Common Chair, Vice Chair

If desired, the five Retirement Boards may elect a Common Chair and Common Vice Chair to preside over and preserve order at meetings of more than one Board. At such meetings, the Common Chair, or the Common Vice Chair in the absence of the Common Chair, states every question coming before the Board, and decides all questions of order without debate, subject, however, to an appeal by a member of the Board.

The Common Chair (or Vice Chair) may move, second and debate from the chair, subject only to such limitations of debate as are imposed on all members, and has all other rights or privileges of all other members. In an action to adopt a motion or resolution, the Common Chair (or Vice Chair) votes after all other members present have cast their votes.

ARTICLE 3

ORDER OF BOARD BUSINESS

§2.31 Agenda

The order of business for regular and special meetings will be as follows:

1. Call to Order
2. Roll Call
3. Consent Calendar
4. Unfinished Business
5. New Business
6. Public Addresses the Board on Matters Not on the Agenda
7. Reports, Ideas and Communications
8. Recess to Closed Session
9. Closed Session
10. Reconvene in Open Session
11. Closed Session Report
12. Adjourn

Notwithstanding the above, closed sessions (and associated announcements) may be included on the agenda at any point after Roll Call and before Adjournment, at the discretion of the Secretary or Assistant Secretary.

The order of business during any meeting may be changed upon order of the Chair with consent of the Board, or upon motion of the Board.

§2.32 Contents of Agenda

The agenda must specify the time and location of the meeting and must contain a brief general description of each item of business to be transacted or discussed at the meeting. The descriptions must be reasonably calculated to adequately inform the public of the general matter or subject matter of each agenda item.

Members of the public who wish to address the Board on matters not listed on the agenda, but on an item coming within the jurisdiction of the Board, are provided with the opportunity to do so under the agenda item heading "Public addresses Board on matters not on agenda."

The Board shall not act upon or discuss an item that is not listed on the agenda except as provided under Section 2.36.

§2.33 Common Agenda

When the Boards of two or more Retirement Plans for Employees of Sacramento Regional Transit meet together, the Boards' may share a common agenda, which must designate which Boards will discuss which items.

§2.34 Consent Calendar

The Consent Calendar shall consist of matters requiring Board action of a routine nature or on which staff comment is not appropriate or necessary, or which have previously been discussed and appear on the Agenda for final action only.

All items listed under the Consent Calendar, excepting those individual items which are removed separate discussion or vote at the request of any Board member, may be acted upon by a single motion and vote.

Board minutes are included as part of the Consent Calendar to be approved without reading unless a member requests such reading, in which case the minutes require action by a separate motion and vote.

§2.35 Quarterly Investment Performance Reviews

The Boards must review the performance of Retirement Plans' fund managers and investment manager at each Quarterly Retirement Board Meeting as part of Unfinished or New Business, as appropriate.

Each of the fund managers retained by the Boards will be requested to attend and present its annual report at one Quarterly Retirement Board Meeting each calendar year. The Boards' investment manager must be present at each Quarterly Retirement Board Meeting and must report on its performance on a quarterly basis. The Board will review the performance of each fund manager at each regular meeting based upon criteria set forth in the Sacramento Regional Transit District's Statement Investment Objectives and Policy Guidelines for Contract Employees' Retirement Funds, whether or not the investment manager is present.

§2.36 Items Not on the Agenda

A matter requiring Board action must be listed on the posted agenda before the Board may discuss and/or act upon it except as contemplated under the Ralph M. Brown Act.

The Board may take action on items of business not appearing on the posted agenda under any of the following conditions:

1. Upon a determination by an affirmative vote of the Board that an emergency situation exists, as defined in Section 54956.5 of the Government Code.
2. Upon the affirmative vote of three Board Members that the need to take action arose subsequent to the agenda being posted.
3. If the item was properly posted for action at a prior meeting of the Board occurring not more than ten (10) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.
4. By directing the Chair or Secretary to place an item of business for discussion and/or action on a subsequent agenda.

ARTICLE 4

MEMBERS ADDRESSING THE BOARD

§2.41 Recognition of the Chair

Any Board member desiring to speak on any item on the agenda must address the Chair during the public comment period on such item, and upon recognition by the Chair, may speak. The speaker must confine himself or herself to the question under debate, avoiding indecorous language.

Comments on items not on the agenda will be heard at the time noticed on the agenda for such public comment.

§2.42 Speaking Interruption

A member will not be interrupted when speaking unless it is to call him or her to order, for the purpose of explanation or to permit solicited responses. If a member, while speaking, is called to order, he or she must cease speaking until the question of order is determined, when, if permitted, he or she may proceed.

§2.43 Limitation of Presentations, Discussion

The Chair may limit discussion at any particular meeting by a Board member to such time as the Chair may find to be reasonable under the circumstances, provided that any decision of the Chair to limit discussion may be overruled by the Board.

§2.44 Impertinence

Any Board member making personal, impertinent or indecorous remarks may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

§2.45 Minutes

The Secretary shall prepare minutes in the form of an action summary; however, during the consideration on any particular matter, a Board member may make a request that the minutes contain a more thorough description of the discussion or deliberations of any question coming before the Board.

§2.46 Debate Closing

The member moving the adoption of a resolution or motion shall have the privilege of closing the debate.

§2.47 Disqualification of Members

Any member who is legally disqualified from participating in Board action on any particular matter must, as soon as such matter is reached on the agenda, disclose his or her disqualification and the reason therefore and may take no part in the discussion, debate or vote on such matter. If such disqualification is not known to him or her at the time such matter is reached on the agenda, he or she must make such disclosure as soon as he or she knows his or her disqualification.

ARTICLE 5

OTHERS ADDRESSING THE BOARD

§2.51 Recognition of the Chair

Non-Board members in attendance may address the Boards or members thereof only when invited by the Chair. Though the Chair will not require a speaker to introduce himself or herself, individuals who do not identify themselves may not be included in the minutes for the meeting at which they speak.

§2.52 Limitation of Presentations, Discussion

Except as otherwise herein provided, the Chair may specify a time limitation on any presentation made before the Board. The Chair can not limit presentations made by members of the public to less than three (3) minutes.

§2.53 Impertinence

Any person making personal, impertinent or indecorous remarks while addressing the Board may be barred by the Chair from further appearance before the Board at that meeting, unless permission to continue is granted by an affirmative vote of the Board.

In extreme situations where persistent disruptions from multiple members of the public prevent an orderly meeting, the Chair, subject to Board appeal, or the Board itself, may order that all members of the public except the media be removed from the public meeting, or the public meeting may be recessed and closed pursuant to state law.

ARTICLE 6

OFFICIAL ACTIONS

§2.61 Timing of An Action

Motions and resolutions, unless put over to a future meeting by a majority vote of the Board, may be acted upon on the day of introduction or presentation. No continuance will be granted if the effect of such a continuance is to render useless a subsequent vote on the issue.

§2.62 Form of Action

Motions are considered an act of the Board and carry the same weight as a resolution. Resolutions are typically used for actions that will be referred to for historical purposes, such as adoption of a policy, award of a contract or grant of an individual's disability retirement.

§2.63 Votes, Signature and Attestation

Votes upon an action item, whether motion or resolution, are cast as "ayes" and "noes" pursuant to roll call and so recorded. Each resolution must be in written or printed form. Procedural motions do not require a roll call vote.

Every resolution shall be signed by the Chair/Chair Pro Tem (depending upon who presided at the meeting of enactment) and attested by the Secretary/Assistant Secretary (as determined by the Secretary).

§2.64 Codification

Resolutions are codified as follows: [Year]-[Month]-[Resolution Number]. For example, the fifth resolution a board adopts at its March 2015 meeting is codified: 15-03-0005.

§2.65 Vote Threshold; Majority Minimum

All official acts of the Board shall require the affirmative vote of a majority of the members of the Board unless law requires a greater number of affirmative votes.

§2.66 Motion Reconsideration

A motion to reconsider any action taken by the Board may be made only on the day such action was taken, either during the same session or at an adjourned session thereof. Such motion must be made by a member on the prevailing side and seconded by any member. The motion, which may be made at any time during said meeting, has precedence over all other motions. The motion to reconsider is debatable unless the action to be reconsidered is not debatable.

§ 2.67 Mandatory Arbitration

If a motion or resolution is brought before the Board for a vote and the measure fails to gain the support of a majority of the voting members as required in Section 2.65, the measure will fail passage. However, if a quorum is present and votes on a matter pertaining to the management or administration of the Plan and the matter receives an equal number of “aye” votes as it does “no” votes, then the matter shall be resolved in the manner set forth in Public Utilities Code Section 99159 by referring it to binding arbitration if such a motion is made and at least two Board Members vote affirmatively, as further set forth in the Retirement Plan.

ARTICLE 7

COMMITTEES

§2.71 Appointment

The Chair may create and appoint ad hoc committees.

§2.72 Ad Hoc Advisory Committee Meetings

Ad Hoc Committees are limited-term, limited scope advisory committees comprised exclusively of less than a quorum of the Board. For example, an advisory committee comprised of two members for the purpose of producing a report in six months on trends in public agency benefit policies would be considered an ad hoc committee because it is composed of less than a quorum of the Board and it is charged with accomplishing a specific task in a limited period of time.

Ad hoc committee meetings are specifically exempt from open meeting requirements under these Bylaws and under the Brown Act. However, when creating and appointing an Ad Hoc Committee, the Chair retains authority to direct that meetings of that committee shall be noticed and open to the public.

ARTICLE 8

RULES

§2.81 Amendment

Any provision hereof may be altered, amended or annulled at any time by an affirmative vote of the Board as provided in Section 2.65, provided a week's notice of such change is given to each board member.

§2.82 Suspension

Any section of these By-laws may be temporarily suspended by an affirmative vote of the Board as provided in Section 2.65.

§2.83 Robert's Rules

All rules of order not herein provided for shall be determined in accordance with "Robert's Rules of Order."

§2.84 Copies – By-laws

The Secretary shall furnish each Board member copies of these By-laws and provide a supply for public purposes.

**Sacramento Regional Transit District
Quarterly Retirement Board Meeting ATU
Monday, March 14, 2022 (Rescheduled from March 9, 2022)
MEETING MINUTES**

Agenda Item 3

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The meeting was conducted via teleconference in accordance with Government Code Section 54953, as amended by Assembly Bill 361.

The Retirement Board was brought to order at 9:32 a.m. A quorum was present and comprised as follows: Directors Kennedy, Li, Niz, and Alternate Land. Alternate Valenton was present. Director McGee Lee was absent.

The Common Chair presided over this Retirement Board meeting.

CONSENT CALENDAR

- 1. Motion: Approving the Minutes for the February 16, 2022 Special Retirement Board Meeting (ATU). (Gobel)

- 6. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2021 for the ATU Pension Plan (ATU). (Adelman)

- 9. Motion: Receive and File the Fiscal Year 2021 State Controller's Report for the ATU Pension Plan (ATU). (Adelman)

- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2021 (ALL). (Adelman)

- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 1, 6, 9, 12, and 13. The motion was seconded by Director Li. Agenda Items 1, 6, 9, 12, and 13 were carried unanimously by roll call vote: Ayes – Kennedy, Li, Niz, and Land; Noes – None.

March 14, 2022 Meeting Minutes – Continued

NEW BUSINESS

14. – 16. Motions: Accept Actuarial Valuations and Approve Actuarially Determined Contribution Rates for Fiscal Year 2023. (ATU, IBEW, AEA/AFSCME/MCEG) (Gobel)

John Gobel, Manager of Pension and Retirement Services, introduced the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 16, 2022. Consistent with the earlier presentation, Mr. Gobel indicated that Mr. Schmidt would discuss the July 1, 2021 AVRs for the ATU Plan, the IBEW Plan, and the Salaried Plan as part of a single presentation. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and the recommended contribution rates for the plan covering their particular membership group.

Mr. Schmidt started the discussion by noting that the final results of the AVRs had not changed from the preliminary results presented last month and indicating that this presentation would highlight sections of the AVRs not reviewed during the prior meeting. With regard to funded ratios for the July 1, 2020 valuation date and the year-to-year changes in the unfunded actuarial liability (UAL), Mr. Schmidt referenced Table I-1 of the AVRs and provided the following information for the Retirement Plans.

ATU Plan

- UAL decreased from \$57.6 million as of 7/1/2020 to \$51.9 million as of 7/1/2021.
- Funded ratio improved from 71.4% as of 7/1/2020 to 74.9% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 83.1%.

IBEW Plan

- UAL decreased from \$27.7 million as of 7/1/2020 to \$26.0 million as of 7/1/2021.
- Funded ratio improved from 69.5% as of 7/1/2020 to 72.4% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 80.5%.

Salaried Plan

- UAL decreased from \$64.9 million as of 7/1/2020 to \$60.7 million as of 7/1/2021.
- Funded ratio improved from 61.8% as of 7/1/2020 to 65.6% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 73.4%.

Mr. Schmidt also recapped how the UAL had changed for the Retirement Plans over the last 9-10 years and discussed the drivers for these changes by referencing Chart II-1 and

March 14, 2022 Meeting Minutes – Continued

Table II-1 of the AVRs. For the IBEW Plan and the ATU Plan, Mr. Schmidt noted that the UAL increases of \$7 million and \$8 million, respectively, were largely the result of lower discount rates and more conservative actuarial assumptions. In the case of the Salaried Plan, Mr. Schmidt noted that the UAL increase of \$16 million was partially attributable to more conservative actuarial assumptions and partially attributable to liability losses, like those resulting from pay increases that were greater than anticipated and from life expectancies that were longer than anticipated.

Finally, Mr. Schmidt explained how employee contribution rates were set for PEPRA members and reviewed the different employer contribution rates recommended for PEPRA members and Classic members of the Retirement Plans (as addressed in Section V of the AVRs). Regarding the employee contributions for PEPRA members, Mr. Schmidt noted that these rates began at one-half of the normal cost of benefits (rounded to the nearest .25%) but would require adjustment if the normal cost of benefits were to increase by more than 1.00% as of a future valuation date. For the fiscal year beginning July 1, 2022, however, the employee contribution rates for PEPRA members would remain at 7.25% for the ATU Plan, 7.00% for the IBEW Plan, and 6.50% for the Salaried Plan.

ATU Director Niz observed that the ratio of PEPRA members to Classic or legacy members (as reported on page 33 of the AVR for the ATU Plan) was a snapshot as of July 1, 2021 and that the employer contribution rate recommended for Classic members was 30.23%. In response, Mr. Graham verified both observations and noted that the Retirement Plans were approaching a point where at least half of the active population would be PEPRA members.

AEA Director McGoldrick asked how a layperson should distinguish the inflation assumption used for the AVRs from other, recent measures of inflationary activity. In response, Mr. Schmidt acknowledged that inflation has been much higher as of late but explained that the inflation assumption used for the AVRs considers a 15-20 year horizon. Given the recent spread in yields between inflation-protected securities like TIPS and U.S. Treasuries, however, Mr. Schmidt indicated that the 2.5% assumption used for the AVRs continues to be a reasonable gauge for long-term inflation.

Alternate Land moved to adopt Agenda Item 14. The motion was seconded by Director Li. Agenda Item 14 was carried unanimously by roll call vote: Ayes – Kennedy, Li, Niz, and Land; Noes – None.

17. Information: Investment Performance Review of the Real Estate Asset Class by Clarion Partners for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

March 14, 2022 Meeting Minutes – Continued

Jamie Adelman, Acting VP, Finance/CFO, introduced relationship manager Reza Basharзад and portfolio manager Katie Vaz from Clarion Partners, which is one of the Retirement Plans' Real Estate fund managers. Ms. Adelman noted that this was the first presentation by a Real Estate fund manager to the Retirement Boards.

Mr. Basharзад thanked the Retirement Boards for the opportunity to discuss the Clarion Lion Properties Fund and reported that the Retirement Plans' \$15 million investment in the fund had returned about 23.15% since inception and outperformed the benchmark by 120 basis points.

Ms. Vaz explained that the Clarion Lion Properties Fund holds about \$20 billion in real estate, maintains a diversified portfolio of high quality assets with durable income, and is benchmarked to the ODCE Index. Ms. Vaz also indicated that the Clarion Lion Properties Fund is low-leverage and has a lower risk profile than other funds managed by the firm.

With regard to management of the portfolio, Ms. Vaz explained that Clarion Partners has an active management philosophy, which they apply to acquisitions and to existing properties. While noting that Clarion Partners prefers to hold high quality properties for extended periods of time, Ms. Vaz explained that properties which no longer meet the fund's strategic goals can and will be sold.

With regard to property diversification, Ms. Vaz indicated that about two-thirds of the fund's assets are allocated to the strongest performing real estate sectors: industrial, multifamily, and life sciences properties. Noting that the portfolio is already overweight to industrial and life sciences properties, Ms. Vaz indicated that a key goal for 2022 is to increase multifamily investment and slightly over-weight that sector as well.

Although the Clarion Lion Properties Fund is not overweight to office properties, Ms. Vaz indicated that this was an area of outperformance last year. To explain the outperformance, Ms. Vaz discussed the fund's preference for properties near "innovation nodes," like technology, biotech, and new media. Consistent with the bias toward markets with innovation nodes, Ms. Vaz noted that many of the fund's properties are in the Western U.S., with higher exposures in Seattle and Los Angeles, and significant exposures in Denver and Austin. The Boards had no questions for Ms. Vaz and Mr. Basharзад.

18. Information: Investment Performance Review of the International Large Capital Equity Asset Class by Pyrford for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced portfolio manager Luke Casey from Pyrford and relationship manager Troy Rossow from Pyrford's parent company, Columbia Threadneedle. As indicated in the written materials submitted for the Quarterly Retirement Board Meeting,

March 14, 2022 Meeting Minutes – Continued

Pyrford is the Retirement Plan's International Large Capital Equity manager, and the portfolio is benchmarked to the MSCI EAFE Index. For the measurement period ended December 31, 2021, the portfolio reported the following annualized returns: 1-Year of 8.10%, 3-Year of 11.43%, 5-Year of 8.22%, and 10-Year of 7.52%. All of these returns were gross of fees.

Mr. Rossow introduced himself to the Retirement Boards and noted that Columbia Threadneedle acquired Pyrford last year. As background, Mr. Rossow noted that Columbia Threadneedle manages \$754 billion in assets and that Pyrford is a \$12 billion boutique manager which continues to operate independently.

Mr. Casey also addressed the sale of Pyrford from the Bank of Montreal to Columbia Threadneedle and noted that the manager runs business as usual under the new owner. Mr. Casey also noted that Columbia Threadneedle does not have any influence on Pyrford's investment process, Columbia Threadneedle does not hold any seats on Pyrford's investment committee, and Pyrford's leadership team remains fully intact.

In discussing the portfolio's performance, Mr. Casey presented a 20-year chart comparing Pyrford's returns against the benchmark – in both bull markets and bear markets. Mr. Casey explained that Pyrford emphasizes value and quality of earnings in their stock selection process, and he described Pyrford as a defensive manager that seeks to preserve capital in down markets. With regard recent performance, Mr. Casey acknowledged that returns had trailed the benchmark over the last year and explained that the firm's investment process and emphasis on sustainable earnings had led Pyrford to pass on many of the reopening trades pursued by other investors. For the year ended December 31, 2021, this resulted in underperformance of about 2.50% relative to the benchmark. On a positive note, however, Mr. Casey indicated that the portfolio had recovered since the end of last year. As of February 28, 2022, Mr. Casey noted that Pyrford's portfolio was only down about 1.50%, while the benchmark was down almost 6.50%. The Boards had no questions for Mr. Casey.

19. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced Uvan Tseng and Anne Heaphy from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

During the market update, Mr. Tseng discussed the broad rally in equities for the quarter ended December 31, 2021 and noted that the benchmark for private real estate (the ODCE index) posted its best quarter in history. For the quarter ending March 31, 2022,

March 14, 2022 Meeting Minutes – Continued

however, Mr. Tseng referenced a number of challenges, including inflation and negative returns. Regarding inflation, Mr. Tseng described a rising tide, noted a new medium-term goal for the Federal Reserve, and referenced an anticipated rate hike of 25 basis points. Regarding asset prices, Mr. Tseng noted that the S&P 500 Index was down about 11.5% on a year-to-date basis, the Russell 2000 Index was down about 11.7%, the MSCI EAFE Index was down about 12.2%, the MSCI Emerging Markets Index was down about 11.7%, and the Bloomberg Aggregate Index was down about 4.8%.

During the performance review, Ms. Heaphy noted that total assets were \$394 million for the period ended December 31, 2021, which reflected a net investment gain for the year of \$47 million. For the calendar year, Ms. Heaphy indicated that all managers outperformed their respective benchmarks – with the lone exception of Pyrford – and that the aggregate, one-year return of 15.69% had exceeded the target portfolio's return of 12.59%. For the period ended December 31, 2021, written materials distributed by Callan also reported the following annualized returns: 3-Year of 15.41%, 5-Year of 11.31%, and 10-Year of 9.94%.

With regard to the two managers on the Watch List, AQR and DFA, Ms. Heaphy noted that both managers had experienced strong performance of late and that the status of both managers would be revisited at the conclusion of the two-year period ending March 31, 2022. While discussing performance for the calendar year, Ms. Heaphy also noted that AQR had returned 13.52% (compared to the benchmarked return of 10.10%) and DFA had returned 6.25% (compared to the benchmarked return -2.54%).

Director Li moved to adopt Agenda Item 19. The motion was seconded by Alternate Valenton*. Agenda Item 19 was carried unanimously by roll call vote: Ayes – Li, Valenton, Niz, and Land; Noes – None.

*At approximately 10:30 AM Director Kennedy had to step away from the meeting, Alternate Valenton was present to address Agenda Item 19 in Director Kennedy's place.

REPORT, IDEAS AND COMMUNICATION

20. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel noted the end of the allotted time for the Retirement Board meeting and kept his comments brief. Mr. Gobel reminded the Retirement Boards that the annual deadline for submission of Form 700s was April 1, 2022. Mr. Gobel also referenced the recent departures of MCEG Director Ham and MCEG Director Norman, as well as the departure of CFO Brent Bernegger, and thanked everyone for their work with the Retirement Boards.

March 14, 2022 Meeting Minutes – Continued

At the conclusion of Mr. Gobel’s update, ATU Director Niz referenced the rescheduling of the Quarterly Retirement Board Meeting from March 9th to March 14th, and asked Staff to refrain from last-minute changes in the future to avoid calendar conflicts among the Directors.

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 11:07 a.m.

Ralph Niz, Chair

ATTEST:

Henry Li, Secretary

By: _____

John Gobel, Assistant Secretary

**Sacramento Regional Transit District
Quarterly Retirement Board Meeting IBEW
Monday, March 14, 2022 (Rescheduled from March 9, 2022)
MEETING MINUTES**

Agenda Item 4

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The meeting was conducted via teleconference in accordance with Government Code Section 54953, as amended by Assembly Bill 361.

The Retirement Board was brought to order at 9:32 a.m. A quorum was present and comprised as follows: Directors Kennedy, Li, Bibbs, and Alternate Pickering. Alternate Valenton was present. Director McCleskey was absent.

The Common Chair presided over this Retirement Board meeting.

CONSENT CALENDAR

- 2. Motion: Approving the Minutes for the February 16, 2022 Special Retirement Board Meeting (IBEW). (Gobel)
- 7. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2021 for the IBEW Pension Plan (IBEW). (Adelman)
- 10. Motion: Receive and File the Fiscal Year 2021 State Controller's Report for the IBEW Pension Plan (IBEW). (Adelman)
- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2021 (ALL). (Adelman)
- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 2, 7, 10, 12, and 13. The motion was seconded by Director Li. Agenda Items 2, 7, 10, 12, and 13 were carried unanimously by roll call vote: Ayes – Kennedy, Li, Bibbs, and Pickering; Noes – None.

March 14, 2022 Meeting Minutes – Continued

NEW BUSINESS

14. – 16. Motions: Accept Actuarial Valuations and Approve Actuarially Determined Contribution Rates for Fiscal Year 2023. (ATU, IBEW, AEA/AFSCME/MCEG) (Gobel)

John Gobel, Manager of Pension and Retirement Services, introduced the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 16, 2022. Consistent with the earlier presentation, Mr. Gobel indicated that Mr. Schmidt would discuss the July 1, 2021 AVRs for the ATU Plan, the IBEW Plan, and the Salaried Plan as part of a single presentation. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and the recommended contribution rates for the plan covering their particular membership group.

Mr. Schmidt started the discussion by noting that the final results of the AVRs had not changed from the preliminary results presented last month and indicating that this presentation would highlight sections of the AVRs not reviewed during the prior meeting. With regard to funded ratios for the July 1, 2020 valuation date and the year-to-year changes in the unfunded actuarial liability (UAL), Mr. Schmidt referenced Table I-1 of the AVRs and provided the following information for the Retirement Plans.

ATU Plan

- UAL decreased from \$57.6 million as of 7/1/2020 to \$51.9 million as of 7/1/2021.
- Funded ratio improved from 71.4% as of 7/1/2020 to 74.9% as of 7/1/2021.
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Salaried Plan

- UAL decreased from \$64.9 million as of 7/1/2020 to \$60.7 million as of 7/1/2021.
- Funded ratio improved from 61.8% as of 7/1/2020 to 65.6% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 73.4%.

Mr. Schmidt also recapped how the UAL had changed for the Retirement Plans over the last 9-10 years and discussed the drivers for these changes by referencing Chart II-1 and

March 14, 2022 Meeting Minutes – Continued

Table II-1 of the AVRs. For the IBEW Plan and the ATU Plan, Mr. Schmidt noted that the UAL increases of \$7 million and \$8 million, respectively, were largely the result of lower discount rates and more conservative actuarial assumptions. In the case of the Salaried Plan, Mr. Schmidt noted that the UAL increase of \$16 million was partially attributable to more conservative actuarial assumptions and partially attributable to liability losses, like those resulting from pay increases that were greater than anticipated and from life expectancies that were longer than anticipated.

Finally, Mr. Schmidt explained how employee contribution rates were set for PEPRA members and reviewed the different employer contribution rates recommended for PEPRA members and Classic members of the Retirement Plans (as addressed in Section V of the AVRs). Regarding the employee contributions for PEPRA members, Mr. Schmidt noted that these rates began at one-half of the normal cost of benefits (rounded to the nearest .25%) but would require adjustment if the normal cost of benefits were to increase by more than 1.00% as of a future valuation date. For the fiscal year beginning July 1, 2022, however, the employee contribution rates for PEPRA members would remain at 7.25% for the ATU Plan, 7.00% for the IBEW Plan, and 6.50% for the Salaried Plan.

ATU Director Niz observed that the ratio of PEPRA members to Classic or legacy members (as reported on page 33 of the AVR for the ATU Plan) was a snapshot as of July 1, 2021 and that the employer contribution rate recommended for Classic members was 30.23%. In response, Mr. Graham verified both observations and noted that the Retirement Plans were approaching a point where at least half of the active population would be PEPRA members.

AEA Director McGoldrick asked how a layperson should distinguish the inflation assumption used for the AVRs from other, recent measures of inflationary activity. In response, Mr. Schmidt acknowledged that inflation has been much higher as of late but explained that the inflation assumption used for the AVRs considers a 15-20 year horizon. Given the recent spread in yields between inflation-protected securities like TIPS and U.S. Treasuries, however, Mr. Schmidt indicated that the 2.5% assumption used for the AVRs continues to be a reasonable gauge for long-term inflation.

Director Bibbs moved to adopt Agenda Item 15. The motion was seconded by Alternate Pickering. Agenda Item 15 was carried unanimously by roll call vote: Ayes – Kennedy, Li, Bibbs, and Pickering; Noes – None.

17. Information: Investment Performance Review of the Real Estate Asset Class by Clarion Partners for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

March 14, 2022 Meeting Minutes – Continued

Jamie Adelman, Acting VP, Finance/CFO, introduced relationship manager Reza Basharзад and portfolio manager Katie Vaz from Clarion Partners, which is one of the Retirement Plans' Real Estate fund managers. Ms. Adelman noted that this was the first presentation by a Real Estate fund manager to the Retirement Boards.

Mr. Basharзад thanked the Retirement Boards for the opportunity to discuss the Clarion Lion Properties Fund and reported that the Retirement Plans' \$15 million investment in the fund had returned about 23.15% since inception and outperformed the benchmark by 120 basis points.

Ms. Vaz explained that the Clarion Lion Properties Fund holds about \$20 billion in real estate, maintains a diversified portfolio of high quality assets with durable income, and is benchmarked to the ODCE Index. Ms. Vaz also indicated that the Clarion Lion Properties Fund is low-leverage and has a lower risk profile than other funds managed by the firm.

With regard to management of the portfolio, Ms. Vaz explained that Clarion Partners has an active management philosophy, which they apply to acquisitions and to existing properties. While noting that Clarion Partners prefers to hold high quality properties for extended periods of time, Ms. Vaz explained that properties which no longer meet the fund's strategic goals can and will be sold.

With regard to property diversification, Ms. Vaz indicated that about two-thirds of the fund's assets are allocated to the strongest performing real estate sectors: industrial, multifamily, and life sciences properties. Noting that the portfolio is already overweight to industrial and life sciences properties, Ms. Vaz indicated that a key goal for 2022 is to increase multifamily investment and slightly over-weight that sector as well.

Although the Clarion Lion Properties Fund is not overweight to office properties, Ms. Vaz indicated that this was an area of outperformance last year. To explain the outperformance, Ms. Vaz discussed the fund's preference for properties near "innovation nodes," like technology, biotech, and new media. Consistent with the bias toward markets with innovation nodes, Ms. Vaz noted that many of the fund's properties are in the Western U.S., with higher exposures in Seattle and Los Angeles, and significant exposures in Denver and Austin. The Boards had no questions for Ms. Vaz and Mr. Basharзад.

18. Information: Investment Performance Review of the International Large Capital Equity Asset Class by Pyrford for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced portfolio manager Luke Casey from Pyrford and relationship manager Troy Rossow from Pyrford's parent company, Columbia Threadneedle. As indicated in the written materials submitted for the Quarterly Retirement Board Meeting,

March 14, 2022 Meeting Minutes – Continued

Pyrford is the Retirement Plan's International Large Capital Equity manager, and the portfolio is benchmarked to the MSCI EAFE Index. For the measurement period ended December 31, 2021, the portfolio reported the following annualized returns: 1-Year of 8.10%, 3-Year of 11.43%, 5-Year of 8.22%, and 10-Year of 7.52%. All of these returns were gross of fees.

Mr. Rossow introduced himself to the Retirement Boards and noted that Columbia Threadneedle acquired Pyrford last year. As background, Mr. Rossow noted that Columbia Threadneedle manages \$754 billion in assets and that Pyrford is a \$12 billion boutique manager which continues to operate independently.

Mr. Casey also addressed the sale of Pyrford from the Bank of Montreal to Columbia Threadneedle and noted that the manager runs business as usual under the new owner. Mr. Casey also noted that Columbia Threadneedle does not have any influence on Pyrford's investment process, Columbia Threadneedle does not hold any seats on Pyrford's investment committee, and Pyrford's leadership team remains fully intact.

In discussing the portfolio's performance, Mr. Casey presented a 20-year chart comparing Pyrford's returns against the benchmark – in both bull markets and bear markets. Mr. Casey explained that Pyrford emphasizes value and quality of earnings in their stock selection process, and he described Pyrford as a defensive manager that seeks to preserve capital in down markets. With regard recent performance, Mr. Casey acknowledged that returns had trailed the benchmark over the last year and explained that the firm's investment process and emphasis on sustainable earnings had led Pyrford to pass on many of the reopening trades pursued by other investors. For the year ended December 31, 2021, this resulted in underperformance of about 2.50% relative to the benchmark. On a positive note, however, Mr. Casey indicated that the portfolio had recovered since the end of last year. As of February 28, 2022, Mr. Casey noted that Pyrford's portfolio was only down about 1.50%, while the benchmark was down almost 6.50%. The Boards had no questions for Mr. Casey.

19. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced Uvan Tseng and Anne Heaphy from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

During the market update, Mr. Tseng discussed the broad rally in equities for the quarter ended December 31, 2021 and noted that the benchmark for private real estate (the ODCE index) posted its best quarter in history. For the quarter ending March 31, 2022,

March 14, 2022 Meeting Minutes – Continued

however, Mr. Tseng referenced a number of challenges, including inflation and negative returns. Regarding inflation, Mr. Tseng described a rising tide, noted a new medium-term goal for the Federal Reserve, and referenced an anticipated rate hike of 25 basis points. Regarding asset prices, Mr. Tseng noted that the S&P 500 Index was down about 11.5% on a year-to-date basis, the Russell 2000 Index was down about 11.7%, the MSCI EAFE Index was down about 12.2%, the MSCI Emerging Markets Index was down about 11.7%, and the Bloomberg Aggregate Index was down about 4.8%.

During the performance review, Ms. Heaphy noted that total assets were \$394 million for the period ended December 31, 2021, which reflected a net investment gain for the year of \$47 million. For the calendar year, Ms. Heaphy indicated that all managers outperformed their respective benchmarks – with the lone exception of Pyrford – and that the aggregate, one-year return of 15.69% had exceeded the target portfolio's return of 12.59%. For the period ended December 31, 2021, written materials distributed by Callan also reported the following annualized returns: 3-Year of 15.41%, 5-Year of 11.31%, and 10-Year of 9.94%.

With regard to the two managers on the Watch List, AQR and DFA, Ms. Heaphy noted that both managers had experienced strong performance of late and that the status of both managers would be revisited at the conclusion of the two-year period ending March 31, 2022. While discussing performance for the calendar year, Ms. Heaphy also noted that AQR had returned 13.52% (compared to the benchmarked return of 10.10%) and DFA had returned 6.25% (compared to the benchmarked return -2.54%).

Director Li moved to adopt Agenda Item 19. The motion was seconded by Alternate Valenton*. Agenda Item 19 was carried unanimously by roll call vote: Ayes – Li, Valenton, Bibbs and Pickering; Noes – None.

*At approximately 10:30 AM Director Kennedy had to step away from the meeting, Alternate Valenton was present to address Agenda Item 19 in Director Kennedy's place.

REPORT, IDEAS AND COMMUNICATION

20. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel noted the end of the allotted time for the Retirement Board meeting and kept his comments brief. Mr. Gobel reminded the Retirement Boards that the annual deadline for submission of Form 700s was April 1, 2022. Mr. Gobel also referenced the recent departures of MCEG Director Ham and MCEG Director Norman, as well as the departure of CFO Brent Bernegger, and thanked everyone for their work with the Retirement Boards.

March 14, 2022 Meeting Minutes – Continued

At the conclusion of Mr. Gobel’s update, ATU Director Niz referenced the rescheduling of the Quarterly Retirement Board Meeting from March 9th to March 14th, and asked Staff to refrain from last-minute changes in the future to avoid calendar conflicts among the Directors.

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 11:07 a.m.

Constance Bibbs, Chair

ATTEST:

Henry Li, Secretary

By: _____

John Gobel, Assistant Secretary

**Sacramento Regional Transit District
Quarterly Retirement Board Meeting AEA
Monday, March 14, 2022 (Rescheduled from March 9, 2022)
MEETING MINUTES**

Agenda Item 5

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The meeting was conducted via teleconference in accordance with Government Code Section 54953, as amended by Assembly Bill 361.

The Retirement Board was brought to order at 9:32 a.m. A quorum was present and comprised as follows: Directors Kennedy, Li, Devorak, and McGoldrick. Alternates Valenton and Santhanakrishnan were present.

The Common Chair presided over this Retirement Board meeting.

CONSENT CALENDAR

- 3. Motion: Approving the Minutes for the February 16, 2022 Special Retirement Board Meeting (AEA). (Gobel)

- 8. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2021 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

- 11. Motion: Receive and File the Fiscal Year 2021 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/ MCEG). (Adelman)

- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2021 (ALL). (Adelman)

- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 3, 8, 11, 12, and 13. The motion was seconded by Director Li. Agenda Items 3, 8, 11, 12, and 13 were carried unanimously by roll call vote: Ayes – Kennedy, Li, Devorak, and McGoldrick; Noes – None.

March 14, 2022 Meeting Minutes – Continued

NEW BUSINESS

14. – 16. Motions: Accept Actuarial Valuations and Approve Actuarially Determined Contribution Rates for Fiscal Year 2023. (ATU, IBEW, AEA/AFSCME/MCEG) (Gobel)

John Gobel, Manager of Pension and Retirement Services, introduced the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 16, 2022. Consistent with the earlier presentation, Mr. Gobel indicated that Mr. Schmidt would discuss the July 1, 2021 AVRs for the ATU Plan, the IBEW Plan, and the Salaried Plan as part of a single presentation. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and the recommended contribution rates for the plan covering their particular membership group.

Mr. Schmidt started the discussion by noting that the final results of the AVRs had not changed from the preliminary results presented last month and indicating that this presentation would highlight sections of the AVRs not reviewed during the prior meeting. With regard to funded ratios for the July 1, 2020 valuation date and the year-to-year changes in the unfunded actuarial liability (UAL), Mr. Schmidt referenced Table I-1 of the AVRs and provided the following information for the Retirement Plans.

ATU Plan

- UAL decreased from \$57.6 million as of 7/1/2020 to \$51.9 million as of 7/1/2021.
- Funded ratio improved from 71.4% as of 7/1/2020 to 74.9% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 83.1%.

IBEW Plan

- UAL decreased from \$27.7 million as of 7/1/2020 to \$26.0 million as of 7/1/2021.
- Funded ratio improved from 69.5% as of 7/1/2020 to 72.4% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 80.5%.

Salaried Plan

- UAL decreased from \$64.9 million as of 7/1/2020 to \$60.7 million as of 7/1/2021.
- Funded ratio improved from 61.8% as of 7/1/2020 to 65.6% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 73.4%.

Mr. Schmidt also recapped how the UAL had changed for the Retirement Plans over the last 9-10 years and discussed the drivers for these changes by referencing Chart II-1 and

March 14, 2022 Meeting Minutes – Continued

Table II-1 of the AVRs. For the IBEW Plan and the ATU Plan, Mr. Schmidt noted that the UAL increases of \$7 million and \$8 million, respectively, were largely the result of lower discount rates and more conservative actuarial assumptions. In the case of the Salaried Plan, Mr. Schmidt noted that the UAL increase of \$16 million was partially attributable to more conservative actuarial assumptions and partially attributable to liability losses, like those resulting from pay increases that were greater than anticipated and from life expectancies that were longer than anticipated.

Finally, Mr. Schmidt explained how employee contribution rates were set for PEPRA members and reviewed the different employer contribution rates recommended for PEPRA members and Classic members of the Retirement Plans (as addressed in Section V of the AVRs). Regarding the employee contributions for PEPRA members, Mr. Schmidt noted that these rates began at one-half of the normal cost of benefits (rounded to the nearest .25%) but would require adjustment if the normal cost of benefits were to increase by more than 1.00% as of a future valuation date. For the fiscal year beginning July 1, 2022, however, the employee contribution rates for PEPRA members would remain at 7.25% for the ATU Plan, 7.00% for the IBEW Plan, and 6.50% for the Salaried Plan.

ATU Director Niz observed that the ratio of PEPRA members to Classic or legacy members (as reported on page 33 of the AVR for the ATU Plan) was a snapshot as of July 1, 2021 and that the employer contribution rate recommended for Classic members was 30.23%. In response, Mr. Graham verified both observations and noted that the Retirement Plans were approaching a point where at least half of the active population would be PEPRA members.

AEA Director McGoldrick asked how a layperson should distinguish the inflation assumption used for the AVRs from other, recent measures of inflationary activity. In response, Mr. Schmidt acknowledged that inflation has been much higher as of late but explained that the inflation assumption used for the AVRs considers a 15-20 year horizon. Given the recent spread in yields between inflation-protected securities like TIPS and U.S. Treasuries, however, Mr. Schmidt indicated that the 2.5% assumption used for the AVRs continues to be a reasonable gauge for long-term inflation.

Director Kennedy moved to adopt Agenda Item 16. The motion was seconded by Director Li. Agenda Item 16 was carried unanimously by roll call vote: Ayes – Kennedy, Li, Devorak, and McGoldrick; Noes – None.

17. Information: Investment Performance Review of the Real Estate Asset Class by Clarion Partners for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

March 14, 2022 Meeting Minutes – Continued

Jamie Adelman, Acting VP, Finance/CFO, introduced relationship manager Reza Basharзад and portfolio manager Katie Vaz from Clarion Partners, which is one of the Retirement Plans' Real Estate fund managers. Ms. Adelman noted that this was the first presentation by a Real Estate fund manager to the Retirement Boards.

Mr. Basharзад thanked the Retirement Boards for the opportunity to discuss the Clarion Lion Properties Fund and reported that the Retirement Plans' \$15 million investment in the fund had returned about 23.15% since inception and outperformed the benchmark by 120 basis points.

Ms. Vaz explained that the Clarion Lion Properties Fund holds about \$20 billion in real estate, maintains a diversified portfolio of high quality assets with durable income, and is benchmarked to the ODCE Index. Ms. Vaz also indicated that the Clarion Lion Properties Fund is low-leverage and has a lower risk profile than other funds managed by the firm.

With regard to management of the portfolio, Ms. Vaz explained that Clarion Partners has an active management philosophy, which they apply to acquisitions and to existing properties. While noting that Clarion Partners prefers to hold high quality properties for extended periods of time, Ms. Vaz explained that properties which no longer meet the fund's strategic goals can and will be sold.

With regard to property diversification, Ms. Vaz indicated that about two-thirds of the fund's assets are allocated to the strongest performing real estate sectors: industrial, multifamily, and life sciences properties. Noting that the portfolio is already overweight to industrial and life sciences properties, Ms. Vaz indicated that a key goal for 2022 is to increase multifamily investment and slightly over-weight that sector as well.

Although the Clarion Lion Properties Fund is not overweight to office properties, Ms. Vaz indicated that this was an area of outperformance last year. To explain the outperformance, Ms. Vaz discussed the fund's preference for properties near "innovation nodes," like technology, biotech, and new media. Consistent with the bias toward markets with innovation nodes, Ms. Vaz noted that many of the fund's properties are in the Western U.S., with higher exposures in Seattle and Los Angeles, and significant exposures in Denver and Austin. The Boards had no questions for Ms. Vaz and Mr. Basharзад.

18. Information: Investment Performance Review of the International Large Capital Equity Asset Class by Pyrford for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced portfolio manager Luke Casey from Pyrford and relationship manager Troy Rossow from Pyrford's parent company, Columbia Threadneedle. As indicated in the written materials submitted for the Quarterly Retirement Board Meeting,

March 14, 2022 Meeting Minutes – Continued

Pyrford is the Retirement Plan's International Large Capital Equity manager, and the portfolio is benchmarked to the MSCI EAFE Index. For the measurement period ended December 31, 2021, the portfolio reported the following annualized returns: 1-Year of 8.10%, 3-Year of 11.43%, 5-Year of 8.22%, and 10-Year of 7.52%. All of these returns were gross of fees.

Mr. Rossow introduced himself to the Retirement Boards and noted that Columbia Threadneedle acquired Pyrford last year. As background, Mr. Rossow noted that Columbia Threadneedle manages \$754 billion in assets and that Pyrford is a \$12 billion boutique manager which continues to operate independently.

Mr. Casey also addressed the sale of Pyrford from the Bank of Montreal to Columbia Threadneedle and noted that the manager runs business as usual under the new owner. Mr. Casey also noted that Columbia Threadneedle does not have any influence on Pyrford's investment process, Columbia Threadneedle does not hold any seats on Pyrford's investment committee, and Pyrford's leadership team remains fully intact.

In discussing the portfolio's performance, Mr. Casey presented a 20-year chart comparing Pyrford's returns against the benchmark – in both bull markets and bear markets. Mr. Casey explained that Pyrford emphasizes value and quality of earnings in their stock selection process, and he described Pyrford as a defensive manager that seeks to preserve capital in down markets. With regard recent performance, Mr. Casey acknowledged that returns had trailed the benchmark over the last year and explained that the firm's investment process and emphasis on sustainable earnings had led Pyrford to pass on many of the reopening trades pursued by other investors. For the year ended December 31, 2021, this resulted in underperformance of about 2.50% relative to the benchmark. On a positive note, however, Mr. Casey indicated that the portfolio had recovered since the end of last year. As of February 28, 2022, Mr. Casey noted that Pyrford's portfolio was only down about 1.50%, while the benchmark was down almost 6.50%. The Boards had no questions for Mr. Casey.

19. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced Uvan Tseng and Anne Heaphy from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

During the market update, Mr. Tseng discussed the broad rally in equities for the quarter ended December 31, 2021 and noted that the benchmark for private real estate (the ODCE index) posted its best quarter in history. For the quarter ending March 31, 2022,

March 14, 2022 Meeting Minutes – Continued

however, Mr. Tseng referenced a number of challenges, including inflation and negative returns. Regarding inflation, Mr. Tseng described a rising tide, noted a new medium-term goal for the Federal Reserve, and referenced an anticipated rate hike of 25 basis points. Regarding asset prices, Mr. Tseng noted that the S&P 500 Index was down about 11.5% on a year-to-date basis, the Russell 2000 Index was down about 11.7%, the MSCI EAFE Index was down about 12.2%, the MSCI Emerging Markets Index was down about 11.7%, and the Bloomberg Aggregate Index was down about 4.8%.

During the performance review, Ms. Heaphy noted that total assets were \$394 million for the period ended December 31, 2021, which reflected a net investment gain for the year of \$47 million. For the calendar year, Ms. Heaphy indicated that all managers outperformed their respective benchmarks – with the lone exception of Pyrford – and that the aggregate, one-year return of 15.69% had exceeded the target portfolio’s return of 12.59%. For the period ended December 31, 2021, written materials distributed by Callan also reported the following annualized returns: 3-Year of 15.41%, 5-Year of 11.31%, and 10-Year of 9.94%.

With regard to the two managers on the Watch List, AQR and DFA, Ms. Heaphy noted that both managers had experienced strong performance of late and that the status of both managers would be revisited at the conclusion of the two-year period ending March 31, 2022. While discussing performance for the calendar year, Ms. Heaphy also noted that AQR had returned 13.52% (compared to the benchmarked return of 10.10%) and DFA had returned 6.25% (compared to the benchmarked return -2.54%).

Director Li moved to adopt Agenda Item 19. The motion was seconded by Alternate Valenton*. Agenda Item 19 was carried unanimously by roll call vote: Ayes – Li, Valenton, Devorak and McGoldrick; Noes – None.

*At approximately 10:30 AM Director Kennedy had to step away from the meeting, Alternate Valenton was present to address Agenda Item 19 in Director Kennedy’s place.

REPORT, IDEAS AND COMMUNICATION

20. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel noted the end of the allotted time for the Retirement Board meeting and kept his comments brief. Mr. Gobel reminded the Retirement Boards that the annual deadline for submission of Form 700s was April 1, 2022. Mr. Gobel also referenced the recent departures of MCEG Director Ham and MCEG Director Norman, as well as the departure of CFO Brent Bernegger, and thanked everyone for their work with the Retirement Boards.

March 14, 2022 Meeting Minutes – Continued

At the conclusion of Mr. Gobel's update, ATU Director Niz referenced the rescheduling of the Quarterly Retirement Board Meeting from March 9th to March 14th, and asked Staff to refrain from last-minute changes in the future to avoid calendar conflicts among the Directors.

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 11:07 a.m.

Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By: _____

John Gobel, Assistant Secretary

**Sacramento Regional Transit District
Quarterly Retirement Board Meeting AFSCME
Monday, March 14, 2022 (Rescheduled from March 9, 2022)
MEETING MINUTES**

Agenda Item 6

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The meeting was conducted via teleconference in accordance with Government Code Section 54953, as amended by Assembly Bill 361.

The Retirement Board was brought to order at 9:32 a.m. A quorum was present and comprised as follows: Directors Kennedy, Li, Thompson, and Alternate Salva. Alternate Valenton was present. Director Guimond was absent.

The Common Chair presided over this Retirement Board meeting.

CONSENT CALENDAR

- 4. Motion: Approving the Minutes for the February 16, 2022 Special Retirement Board Meeting (AFSCME). (Gobel)

- 8. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2021 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

- 11. Motion: Receive and File the Fiscal Year 2021 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)

- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2021 (ALL). (Adelman)

- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 4, 8, 11, 12, and 13. The motion was seconded by Director Li. Agenda Items 4, 8, 11, 12, and 13 were carried unanimously by roll call vote: Ayes – Kennedy, Li, Thompson, and Salva; Noes – None.

March 14, 2022 Meeting Minutes – Continued

NEW BUSINESS

14. – 16. Motions: Accept Actuarial Valuations and Approve Actuarially Determined Contribution Rates for Fiscal Year 2023. (ATU, IBEW, AEA/AFSCME/MCEG) (Gobel)

John Gobel, Manager of Pension and Retirement Services, introduced the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 16, 2022. Consistent with the earlier presentation, Mr. Gobel indicated that Mr. Schmidt would discuss the July 1, 2021 AVRs for the ATU Plan, the IBEW Plan, and the Salaried Plan as part of a single presentation. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and the recommended contribution rates for the plan covering their particular membership group.

Mr. Schmidt started the discussion by noting that the final results of the AVRs had not changed from the preliminary results presented last month and indicating that this presentation would highlight sections of the AVRs not reviewed during the prior meeting. With regard to funded ratios for the July 1, 2020 valuation date and the year-to-year changes in the unfunded actuarial liability (UAL), Mr. Schmidt referenced Table I-1 of the AVRs and provided the following information for the Retirement Plans.

ATU Plan

- UAL decreased from \$57.6 million as of 7/1/2020 to \$51.9 million as of 7/1/2021.
- Funded ratio improved from 71.4% as of 7/1/2020 to 74.9% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 83.1%.

IBEW Plan

- UAL decreased from \$27.7 million as of 7/1/2020 to \$26.0 million as of 7/1/2021.
- Funded ratio improved from 69.5% as of 7/1/2020 to 72.4% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 80.5%.

Salaried Plan

- UAL decreased from \$64.9 million as of 7/1/2020 to \$60.7 million as of 7/1/2021.
- Funded ratio improved from 61.8% as of 7/1/2020 to 65.6% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 73.4%.

Mr. Schmidt also recapped how the UAL had changed for the Retirement Plans over the last 9-10 years and discussed the drivers for these changes by referencing Chart II-1 and

March 14, 2022 Meeting Minutes – Continued

Table II-1 of the AVRs. For the IBEW Plan and the ATU Plan, Mr. Schmidt noted that the UAL increases of \$7 million and \$8 million, respectively, were largely the result of lower discount rates and more conservative actuarial assumptions. In the case of the Salaried Plan, Mr. Schmidt noted that the UAL increase of \$16 million was partially attributable to more conservative actuarial assumptions and partially attributable to liability losses, like those resulting from pay increases that were greater than anticipated and from life expectancies that were longer than anticipated.

Finally, Mr. Schmidt explained how employee contribution rates were set for PEPRA members and reviewed the different employer contribution rates recommended for PEPRA members and Classic members of the Retirement Plans (as addressed in Section V of the AVRs). Regarding the employee contributions for PEPRA members, Mr. Schmidt noted that these rates began at one-half of the normal cost of benefits (rounded to the nearest .25%) but would require adjustment if the normal cost of benefits were to increase by more than 1.00% as of a future valuation date. For the fiscal year beginning July 1, 2022, however, the employee contribution rates for PEPRA members would remain at 7.25% for the ATU Plan, 7.00% for the IBEW Plan, and 6.50% for the Salaried Plan.

ATU Director Niz observed that the ratio of PEPRA members to Classic or legacy members (as reported on page 33 of the AVR for the ATU Plan) was a snapshot as of July 1, 2021 and that the employer contribution rate recommended for Classic members was 30.23%. In response, Mr. Graham verified both observations and noted that the Retirement Plans were approaching a point where at least half of the active population would be PEPRA members.

AEA Director McGoldrick asked how a layperson should distinguish the inflation assumption used for the AVRs from other, recent measures of inflationary activity. In response, Mr. Schmidt acknowledged that inflation has been much higher as of late but explained that the inflation assumption used for the AVRs considers a 15-20 year horizon. Given the recent spread in yields between inflation-protected securities like TIPS and U.S. Treasuries, however, Mr. Schmidt indicated that the 2.5% assumption used for the AVRs continues to be a reasonable gauge for long-term inflation.

Director Kennedy moved to adopt Agenda Item 16. The motion was seconded by Director Li. Agenda Item 16 was carried unanimously by roll call vote: Ayes – Kennedy, Li, Thompson, and Salva; Noes – None.

17. Information: Investment Performance Review of the Real Estate Asset Class by Clarion Partners for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

March 14, 2022 Meeting Minutes – Continued

Jamie Adelman, Acting VP, Finance/CFO, introduced relationship manager Reza Basharзад and portfolio manager Katie Vaz from Clarion Partners, which is one of the Retirement Plans' Real Estate fund managers. Ms. Adelman noted that this was the first presentation by a Real Estate fund manager to the Retirement Boards.

Mr. Basharзад thanked the Retirement Boards for the opportunity to discuss the Clarion Lion Properties Fund and reported that the Retirement Plans' \$15 million investment in the fund had returned about 23.15% since inception and outperformed the benchmark by 120 basis points.

Ms. Vaz explained that the Clarion Lion Properties Fund holds about \$20 billion in real estate, maintains a diversified portfolio of high quality assets with durable income, and is benchmarked to the ODCE Index. Ms. Vaz also indicated that the Clarion Lion Properties Fund is low-leverage and has a lower risk profile than other funds managed by the firm.

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With regard to property diversification, Ms. Vaz indicated that about two-thirds of the fund's assets are allocated to the strongest performing real estate sectors: industrial, multifamily, and life sciences properties. Noting that the portfolio is already overweight to industrial and life sciences properties, Ms. Vaz indicated that a key goal for 2022 is to increase multifamily investment and slightly over-weight that sector as well.

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18. Information: Investment Performance Review of the International Large Capital Equity Asset Class by Pyrford for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

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March 14, 2022 Meeting Minutes – Continued

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Mr. Rossow introduced himself to the Retirement Boards and noted that Columbia Threadneedle acquired Pyrford last year. As background, Mr. Rossow noted that Columbia Threadneedle manages \$754 billion in assets and that Pyrford is a \$12 billion boutique manager which continues to operate independently.

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In discussing the portfolio's performance, Mr. Casey presented a 20-year chart comparing Pyrford's returns against the benchmark – in both bull markets and bear markets. Mr. Casey explained that Pyrford emphasizes value and quality of earnings in their stock selection process, and he described Pyrford as a defensive manager that seeks to preserve capital in down markets. With regard recent performance, Mr. Casey acknowledged that returns had trailed the benchmark over the last year and explained that the firm's investment process and emphasis on sustainable earnings had led Pyrford to pass on many of the reopening trades pursued by other investors. For the year ended December 31, 2021, this resulted in underperformance of about 2.50% relative to the benchmark. On a positive note, however, Mr. Casey indicated that the portfolio had recovered since the end of last year. As of February 28, 2022, Mr. Casey noted that Pyrford's portfolio was only down about 1.50%, while the benchmark was down almost 6.50%. The Boards had no questions for Mr. Casey.

19. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced Uvan Tseng and Anne Heaphy from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

During the market update, Mr. Tseng discussed the broad rally in equities for the quarter ended December 31, 2021 and noted that the benchmark for private real estate (the ODCE index) posted its best quarter in history. For the quarter ending March 31, 2022,

March 14, 2022 Meeting Minutes – Continued

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During the performance review, Ms. Heaphy noted that total assets were \$394 million for the period ended December 31, 2021, which reflected a net investment gain for the year of \$47 million. For the calendar year, Ms. Heaphy indicated that all managers outperformed their respective benchmarks – with the lone exception of Pyrford – and that the aggregate, one-year return of 15.69% had exceeded the target portfolio’s return of 12.59%. For the period ended December 31, 2021, written materials distributed by Callan also reported the following annualized returns: 3-Year of 15.41%, 5-Year of 11.31%, and 10-Year of 9.94%.

With regard to the two managers on the Watch List, AQR and DFA, Ms. Heaphy noted that both managers had experienced strong performance of late and that the status of both managers would be revisited at the conclusion of the two-year period ending March 31, 2022. While discussing performance for the calendar year, Ms. Heaphy also noted that AQR had returned 13.52% (compared to the benchmarked return of 10.10%) and DFA had returned 6.25% (compared to the benchmarked return -2.54%).

Director Li moved to adopt Agenda Item 19. The motion was seconded by Alternate Valenton*. Agenda Item 19 was carried unanimously by roll call vote: Ayes – Li, Valenton, Thompson and Salva; Noes – None.

*At approximately 10:30 AM Director Kennedy had to step away from the meeting, Alternate Valenton was present to address Agenda Item 19 in Director Kennedy’s place.

REPORT, IDEAS AND COMMUNICATION

20. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel noted the end of the allotted time for the Retirement Board meeting and kept his comments brief. Mr. Gobel reminded the Retirement Boards that the annual deadline for submission of Form 700s was April 1, 2022. Mr. Gobel also referenced the recent departures of MCEG Director Ham and MCEG Director Norman, as well as the departure of CFO Brent Bernegger, and thanked everyone for their work with the Retirement Boards.

March 14, 2022 Meeting Minutes – Continued

At the conclusion of Mr. Gobel’s update, ATU Director Niz referenced the rescheduling of the Quarterly Retirement Board Meeting from March 9th to March 14th, and asked Staff to refrain from last-minute changes in the future to avoid calendar conflicts among the Directors.

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 11:07 a.m.

Peter Guimond, Chair

ATTEST:

Henry Li, Secretary

By: _____

John Gobel, Assistant Secretary

**Sacramento Regional Transit District
Quarterly Retirement Board Meeting MCEG
Monday, March 14, 2022 (Rescheduled from March 9, 2022)
MEETING MINUTES**

Agenda Item 7

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The meeting was conducted via teleconference in accordance with Government Code Section 54953, as amended by Assembly Bill 361.

The Retirement Board was brought to order at 9:32 a.m. A quorum was present comprised as follows: Directors Kennedy, Li, Bobek, and Hinz. Alternates Valenton and Flores were present.

The Common Chair presided over this Retirement Board meeting.

CONSENT CALENDAR

- 5. Motion: Approving the Minutes for the February 16, 2022 Special Retirement Board Meeting (MCEG). (Gobel)
- 8. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2021 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 11. Motion: Receive and File the Fiscal Year 2021 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Adelman)
- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2021 (ALL). (Adelman)
- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 5, 8, 11, 12, and 13. The motion was seconded by Director Li. Agenda Items 5, 8, 11, 12, and 13 were carried unanimously by roll call vote: Ayes – Kennedy, Li, Bobek and Hinz; Noes – None.

March 14, 2022 Meeting Minutes – Continued

NEW BUSINESS

14. – 16. Motions: Accept Actuarial Valuations and Approve Actuarially Determined Contribution Rates for Fiscal Year 2023. (ATU, IBEW, AEA/AFSCME/MCEG) (Gobel)

John Gobel, Manager of Pension and Retirement Services, introduced the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 16, 2022. Consistent with the earlier presentation, Mr. Gobel indicated that Mr. Schmidt would discuss the July 1, 2021 AVRs for the ATU Plan, the IBEW Plan, and the Salaried Plan as part of a single presentation. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and the recommended contribution rates for the plan covering their particular membership group.

Mr. Schmidt started the discussion by noting that the final results of the AVRs had not changed from the preliminary results presented last month and indicating that this presentation would highlight sections of the AVRs not reviewed during the prior meeting. With regard to funded ratios for the July 1, 2020 valuation date and the year-to-year changes in the unfunded actuarial liability (UAL), Mr. Schmidt referenced Table I-1 of the AVRs and provided the following information for the Retirement Plans.

ATU Plan

- UAL decreased from \$57.6 million as of 7/1/2020 to \$51.9 million as of 7/1/2021.
- Funded ratio improved from 71.4% as of 7/1/2020 to 74.9% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 83.1%.

IBEW Plan

- UAL decreased from \$27.7 million as of 7/1/2020 to \$26.0 million as of 7/1/2021.
- Funded ratio improved from 69.5% as of 7/1/2020 to 72.4% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 80.5%.

Salaried Plan

- UAL decreased from \$64.9 million as of 7/1/2020 to \$60.7 million as of 7/1/2021.
- Funded ratio improved from 61.8% as of 7/1/2020 to 65.6% as of 7/1/2021.
- Funded ratio based on market value of assets (which excludes any smoothing or deferral of investment gains) improved to 73.4%.

Mr. Schmidt also recapped how the UAL had changed for the Retirement Plans over the last 9-10 years and discussed the drivers for these changes by referencing Chart II-1 and

March 14, 2022 Meeting Minutes – Continued

Table II-1 of the AVRs. For the IBEW Plan and the ATU Plan, Mr. Schmidt noted that the UAL increases of \$7 million and \$8 million, respectively, were largely the result of lower discount rates and more conservative actuarial assumptions. In the case of the Salaried Plan, Mr. Schmidt noted that the UAL increase of \$16 million was partially attributable to more conservative actuarial assumptions and partially attributable to liability losses, like those resulting from pay increases that were greater than anticipated and from life expectancies that were longer than anticipated.

Finally, Mr. Schmidt explained how employee contribution rates were set for PEPRA members and reviewed the different employer contribution rates recommended for PEPRA members and Classic members of the Retirement Plans (as addressed in Section V of the AVRs). Regarding the employee contributions for PEPRA members, Mr. Schmidt noted that these rates began at one-half of the normal cost of benefits (rounded to the nearest .25%) but would require adjustment if the normal cost of benefits were to increase by more than 1.00% as of a future valuation date. For the fiscal year beginning July 1, 2022, however, the employee contribution rates for PEPRA members would remain at 7.25% for the ATU Plan, 7.00% for the IBEW Plan, and 6.50% for the Salaried Plan.

ATU Director Niz observed that the ratio of PEPRA members to Classic or legacy members (as reported on page 33 of the AVR for the ATU Plan) was a snapshot as of July 1, 2021 and that the employer contribution rate recommended for Classic members was 30.23%. In response, Mr. Graham verified both observations and noted that the Retirement Plans were approaching a point where at least half of the active population would be PEPRA members.

AEA Director McGoldrick asked how a layperson should distinguish the inflation assumption used for the AVRs from other, recent measures of inflationary activity. In response, Mr. Schmidt acknowledged that inflation has been much higher as of late but explained that the inflation assumption used for the AVRs considers a 15-20 year horizon. Given the recent spread in yields between inflation-protected securities like TIPS and U.S. Treasuries, however, Mr. Schmidt indicated that the 2.5% assumption used for the AVRs continues to be a reasonable gauge for long-term inflation.

Director Kennedy moved to adopt Agenda Item 16. The motion was seconded by Director Li. Agenda Item 16 was carried unanimously by roll call vote: Ayes – Kennedy, Li, Bobek and Hinz; Noes – None.

17. Information: Investment Performance Review of the Real Estate Asset Class by Clarion Partners for the ATU, IBEW, and Salaried Employee

March 14, 2022 Meeting Minutes – Continued

Retirement Funds for the Quarter Ended December 31, 2021 (ALL).
(Adelman)

Jamie Adelman, Acting VP, Finance/CFO, introduced relationship manager Reza Basharзад and portfolio manager Katie Vaz from Clarion Partners, which is one of the Retirement Plans' Real Estate fund managers. Ms. Adelman noted that this was the first presentation by a Real Estate fund manager to the Retirement Boards.

Mr. Basharзад thanked the Retirement Boards for the opportunity to discuss the Clarion Lion Properties Fund and reported that the Retirement Plans' \$15 million investment in the fund had returned about 23.15% since inception and outperformed the benchmark by 120 basis points.

Ms. Vaz explained that the Clarion Lion Properties Fund holds about \$20 billion in real estate, maintains a diversified portfolio of high quality assets with durable income, and is benchmarked to the ODCE Index. Ms. Vaz also indicated that the Clarion Lion Properties Fund is low-leverage and has a lower risk profile than other funds managed by the firm.

With regard to management of the portfolio, Ms. Vaz explained that Clarion Partners has an active management philosophy, which they apply to acquisitions and to existing properties. While noting that Clarion Partners prefers to hold high quality properties for extended periods of time, Ms. Vaz explained that properties which no longer meet the fund's strategic goals can and will be sold.

With regard to property diversification, Ms. Vaz indicated that about two-thirds of the fund's assets are allocated to the strongest performing real estate sectors: industrial, multifamily, and life sciences properties. Noting that the portfolio is already overweight to industrial and life sciences properties, Ms. Vaz indicated that a key goal for 2022 is to increase multifamily investment and slightly over-weight that sector as well.

Although the Clarion Lion Properties Fund is not overweight to office properties, Ms. Vaz indicated that this was an area of outperformance last year. To explain the outperformance, Ms. Vaz discussed the fund's preference for properties near "innovation nodes," like technology, biotech, and new media. Consistent with the bias toward markets with innovation nodes, Ms. Vaz noted that many of the fund's properties are in the Western U.S., with higher exposures in Seattle and Los Angeles, and significant exposures in Denver and Austin. The Boards had no questions for Ms. Vaz and Mr. Basharзад.

18. Information: Investment Performance Review of the International Large Capital Equity Asset Class by Pyrford for the ATU, IBEW, and Salaried Employee Retirement Funds for the Quarter Ended December 31, 2021 (ALL). (Adelman)

March 14, 2022 Meeting Minutes – Continued

Ms. Adelman introduced portfolio manager Luke Casey from Pymfords and relationship manager Troy Rossow from Pymfords parent company, Columbia Threadneedle. As indicated in the written materials submitted for the Quarterly Retirement Board Meeting, Pymfords is the Retirement Plan's International Large Capital Equity manager, and the portfolio is benchmarked to the MSCI EAFE Index. For the measurement period ended December 31, 2021, the portfolio reported the following annualized returns: 1-Year of 8.10%, 3-Year of 11.43%, 5-Year of 8.22%, and 10-Year of 7.52%. All of these returns were gross of fees.

Mr. Rossow introduced himself to the Retirement Boards and noted that Columbia Threadneedle acquired Pymfords last year. As background, Mr. Rossow noted that Columbia Threadneedle manages \$754 billion in assets and that Pymfords is a \$12 billion boutique manager which continues to operate independently.

Mr. Casey also addressed the sale of Pymfords from the Bank of Montreal to Columbia Threadneedle and noted that the manager runs business as usual under the new owner. Mr. Casey also noted that Columbia Threadneedle does not have any influence on Pymfords investment process, Columbia Threadneedle does not hold any seats on Pymfords investment committee, and Pymfords leadership team remains fully intact.

In discussing the portfolio's performance, Mr. Casey presented a 20-year chart comparing Pymfords returns against the benchmark – in both bull markets and bear markets. Mr. Casey explained that Pymfords emphasizes value and quality of earnings in their stock selection process, and he described Pymfords as a defensive manager that seeks to preserve capital in down markets. With regard recent performance, Mr. Casey acknowledged that returns had trailed the benchmark over the last year and explained that the firm's investment process and emphasis on sustainable earnings had led Pymfords to pass on many of the reopening trades pursued by other investors. For the year ended December 31, 2021, this resulted in underperformance of about 2.50% relative to the benchmark. On a positive note, however, Mr. Casey indicated that the portfolio had recovered since the end of last year. As of February 28, 2022, Mr. Casey noted that Pymfords portfolio was only down about 1.50%, while the benchmark was down almost 6.50%. The Boards had no questions for Mr. Casey.

19. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2021 (ALL). (Adelman)

Ms. Adelman introduced Uvan Tseng and Anne Heaphy from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

March 14, 2022 Meeting Minutes – Continued

During the market update, Mr. Tseng discussed the broad rally in equities for the quarter ended December 31, 2021 and noted that the benchmark for private real estate (the ODCE index) posted its best quarter in history. For the quarter ending March 31, 2022, however, Mr. Tseng referenced a number of challenges, including inflation and negative returns. Regarding inflation, Mr. Tseng described a rising tide, noted a new medium-term goal for the Federal Reserve, and referenced an anticipated rate hike of 25 basis points. Regarding asset prices, Mr. Tseng noted that the S&P 500 Index was down about 11.5% on a year-to-date basis, the Russell 2000 Index was down about 11.7%, the MSCI EAFE Index was down about 12.2%, the MSCI Emerging Markets Index was down about 11.7%, and the Bloomberg Aggregate Index was down about 4.8%.

During the performance review, Ms. Heaphy noted that total assets were \$394 million for the period ended December 31, 2021, which reflected a net investment gain for the year of \$47 million. For the calendar year, Ms. Heaphy indicated that all managers outperformed their respective benchmarks – with the lone exception of Pyrford – and that the aggregate, one-year return of 15.69% had exceeded the target portfolio’s return of 12.59%. For the period ended December 31, 2021, written materials distributed by Callan also reported the following annualized returns: 3-Year of 15.41%, 5-Year of 11.31%, and 10-Year of 9.94%.

With regard to the two managers on the Watch List, AQR and DFA, Ms. Heaphy noted that both managers had experienced strong performance of late and that the status of both managers would be revisited at the conclusion of the two-year period ending March 31, 2022. While discussing performance for the calendar year, Ms. Heaphy also noted that AQR had returned 13.52% (compared to the benchmarked return of 10.10%) and DFA had returned 6.25% (compared to the benchmarked return -2.54%).

Director Li moved to adopt Agenda Item 19. The motion was seconded by Alternate Valenton*. Agenda Item 19 was carried unanimously by roll call vote: Ayes – Li, Valenton, Bobek and Hinz; Noes – None.

*At approximately 10:30 AM Director Kennedy had to step away from the meeting, Alternate Valenton was present to address Agenda Item 19 in Director Kennedy’s place.

REPORT, IDEAS AND COMMUNICATION

20. Information: Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel noted the end of the allotted time for the Retirement Board meeting and kept his comments brief. Mr. Gobel reminded the Retirement Boards that the annual deadline

March 14, 2022 Meeting Minutes – Continued

for submission of Form 700s was April 1, 2022. Mr. Gobel also referenced the recent departures of MCEG Director Ham and MCEG Director Norman, as well as the departure of CFO Brent Bernegger, and thanked everyone for their work with the Retirement Boards.

At the conclusion of Mr. Gobel's update, ATU Director Niz referenced the rescheduling of the Quarterly Retirement Board Meeting from March 9th to March 14th, and asked Staff to refrain from last-minute changes in the future to avoid calendar conflicts among the Directors.

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 11:07 a.m.

Sandy Bobek, Chair

ATTEST:

Henry Li, Secretary

By: _____

John Gobel, Assistant Secretary



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 8
TO: Sacramento Regional Transit Retirement Board – ATU
FROM: Jamie Adelman, Acting, VP, Finance/CFO
SUBJ: RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED MARCH 31, 2022 FOR THE ATU PENSION PLAN (ATU). (ADELMAN)

RECOMMENDATION

Motion to Approve

RESULT OF RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2022 for the ATU Pension Plan (ATU). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

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

Table 1

**Employer Contribution Rates
As of March 31, 2022**

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	30.65%	32.36%	43.17%
Classic w/Contribution*	30.65%		
PEPRA**	22.46%	23.75%	30.08%

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

**PEPRA employee rates: ATU – 7.25%, IBEW 7.00% and Salary 6.50%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2022. 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 March 31, 2022 (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 ATU Plan's Schedule of Cash Activities for the three months ended March 31, 2022. 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 March 31, 2022. The ATU Plan reimbursed \$454,898.89 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the ATU Plan's Asset Allocation as of March 31, 2022. This statement shows the ATU Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and Northern Trust Company 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 March 31, 2022 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting transfers of plan assets from the ATU Plan to the Salaried Plan resulting from employee transfers from one union/employee group to another, as well as all retirements, and retiree deaths during the three months ended March 31, 2022.

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

Accrual Basis

As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
100000 · Long-Term Investments	173,175,362.10
Total Checking/Savings	173,175,362.10
Accounts Receivable	
1110108 · Distributions Receivable	74,144.16
Total Accounts Receivable	74,144.16
Other Current Assets	
1110120 · Prepays	1,169.39
Total Other Current Assets	1,169.39
Total Current Assets	173,250,675.65
TOTAL ASSETS	173,250,675.65
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	18,156.33
3110110 · Other Pay - Due to RT	191,543.70
3110122 · MetWest	27,805.76
3110124 · Boston Partners	37,985.66
3110125 · Callan	5,172.63
3110128 · Atlanta Capital	29,132.84
3110129 · SSgA - S&P Index	1,384.30
3110130 · SSgA - EAFE	792.65
3110132 · Pyrford	31,146.87
3110133 · Northern Trust	10,873.85
3110134 · Clarion	23,302.11
Total Accounts Payable	377,296.70
Total Current Liabilities	377,296.70
Total Liabilities	377,296.70
Equity	
3340100 · Retained Earning	122,948,269.10
3340101 · Retained Earnings	48,596,295.55
Net Income	1,328,814.30
Total Equity	172,873,378.95
TOTAL LIABILITIES & EQUITY	173,250,675.65

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

Accrual Basis

January through March 2022

	Jan - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	2,683,251.61	-134.9%
6630110 · Employee Contributions	299,134.73	-15.0%
Total RT Required Contribution	2,982,386.34	-149.9%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	255,740.27	-12.9%
6830102 · Interest	223,182.70	-11.2%
6830103 · Other Income	-41,970.76	2.1%
6830104 · Dividend - Distributions	74,144.16	-3.7%
Total Interest, Dividend, & Other Inc	511,096.37	-25.7%
Investment Income		
6530900 · Gains/(Losses) - All	-486,207.22	24.4%
6530915 · Increase(Decrease) in FV	-4,996,962.71	251.1%
Total Investment Income	-5,483,169.93	275.6%
Total Total Investment Earnings	-4,972,073.56	249.9%
Total Income	-1,989,687.22	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	3,223,697.51	-162.0%
8531201 · EE Contribution Refunds	104,150.21	-5.2%
8532004 · Invest Exp - Metropolitan West	27,805.76	-1.4%
8532013 · Invest Exp - Boston Partners	37,985.66	-1.9%
8532020 · Invest Exp - Callan	15,539.20	-0.8%
8532024 · Invest Exp - Atlanta Capital	29,132.84	-1.5%
8532025 · Invest Exp - S&P Index - SSgA	1,384.30	-0.1%
8532026 · Invest Exp - EAFE - SSgA	792.65	-0.0%
8532027 · Invest Exp - AQR	19,493.82	-1.0%
8532028 · Invest Exp - Pyrford	31,146.87	-1.6%
8532029 · Invest Exp - Northern Trust	10,873.85	-0.5%
8532030 · Invest Exp - Clarion	23,302.11	-1.2%
8532031 · Invest Exp - Morgan Stanley	26,037.51	-1.3%
Total COGS	3,551,342.29	-178.5%
Gross Profit	-5,541,029.51	278.5%
Expense		
8533002 · Admin Exp - Actuary	6,014.97	-0.3%
8533003 · Admin Exp - Med Center	4,450.00	-0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	333.32	-0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,608.16	-0.2%
8533021 · Admin Exp - Legal Services	22,227.22	-1.1%
8533025 · Admin Exp - Information Service	291.67	-0.0%
8533029 · Admin Exp - Administrator	31,478.70	-1.6%
8533031 · Admin Exp - CAFR Online	0.00	0.0%
Total Expense	68,404.04	-3.4%
Net Income	-5,609,433.55	281.9%

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

July 2021 through March 2022

Accrual Basis

	Jul '21 - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	7,852,385.06	65.0%
6630110 · Employee Contributions	882,844.39	7.3%
Total RT Required Contribution	8,735,229.45	72.3%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	872,474.61	7.2%
6830102 · Interest	608,871.61	5.0%
6830103 · Other Income	6,293.26	0.1%
6830104 · Dividend - Distributions	217,421.13	1.8%
Total Interest, Dividend, & Other Inc	1,705,060.61	14.1%
Investment Income		
6530900 · Gains/(Losses) - All	7,967,286.72	65.9%
6530915 · Increase(Decrease) in FV	-6,319,823.53	-52.3%
Total Investment Income	1,647,463.19	13.6%
Total Total Investment Earnings	3,352,523.80	27.7%
Total Income	12,087,753.25	100.0%
Cost of Goods Sold		
8531200 · ATU - Retirement Benefits Paid	9,773,919.60	80.9%
8531201 · EE Contribution Refunds	156,614.28	1.3%
8532004 · Invest Exp - Metropolitan West	85,289.32	0.7%
8532013 · Invest Exp - Boston Partners	114,397.39	0.9%
8532020 · Invest Exp - Callan	45,770.13	0.4%
8532024 · Invest Exp - Atlanta Capital	91,126.10	0.8%
8532025 · Invest Exp - S&P Index - SSgA	4,380.59	0.0%
8532026 · Invest Exp - EAFE - SSgA	2,453.76	0.0%
8532027 · Invest Exp - AQR	62,020.36	0.5%
8532028 · Invest Exp - Pyrford	80,430.62	0.7%
8532029 · Invest Exp - Northern Trust	32,687.22	0.3%
8532030 · Invest Exp - Clarion	65,614.19	0.5%
8532031 · Invest Exp - Morgan Stanley	48,588.36	0.4%
Total COGS	10,563,291.92	87.4%
Gross Profit	1,524,461.33	12.6%
Expense		
8533002 · Admin Exp - Actuary	25,849.65	0.2%
8533003 · Admin Exp - Med Center	4,450.00	0.0%
8533007 · Admin Exp - CALPRS Dues/Courses	333.32	0.0%
8533008 · Admin Exp - Accounting Software	666.67	0.0%
8533014 · Admin Exp - Fiduciary Insurance	10,624.50	0.1%
8533021 · Admin Exp - Legal Services	61,742.28	0.5%
8533025 · Admin Exp - Information Service	291.67	0.0%
8533029 · Admin Exp - Administrator	91,702.44	0.8%
8533030 · Admin Exp - Audit	0.00	0.0%
8533031 · Admin Exp - CAFR Online	0.00	0.0%
8533050 · Miscellaneous	-13.50	-0.0%
Total Expense	195,647.03	1.6%
Net Income	1,328,814.30	11.0%

**Sacramento Regional Transit District
Retirement Fund - ATU
Schedule of Cash Activities
For the Three Months Period Ended March 31, 2022**

	January 2022	February 2022	March 2022	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2021	95,939.45	348,893.31	454,898.91	95,939.45
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 22.46% - 30.65%	867,080.48	944,971.06	871,200.07	2,683,251.61
Employee Pension Contributions	101,838.65	95,418.05	101,878.03	299,134.73
Total Deposits	968,919.13	1,040,389.11	973,078.10	2,982,386.34
<u>Expenses</u>				
Payout to Retirees	(1,078,349.17)	(1,074,615.85)	(1,070,732.49)	(3,223,697.51)
Employee Contribution Refunds	(20,166.24)	(10,482.82)	(73,501.15)	(104,150.21)
Payout to Retirees Subtotal	(1,098,515.41)	(1,085,098.67)	(1,144,233.64)	(3,327,847.72)
Fund Investment Management Expenses:				
Atlanta Capital	(31,036.09)	-	-	(31,036.09)
Boston Partners	-	(36,686.13)	-	(36,686.13)
SSgA S&P 500 Index	(1,445.05)	-	-	(1,445.05)
SSgA EAFE MSCI	(827.57)	-	-	(827.57)
Metropolitan West	(29,571.37)	-	-	(29,571.37)
Pyrford	(22,099.66)	-	-	(22,099.66)
Northern Trust	(10,888.11)	-	-	(10,888.11)
Callan	(5,028.19)	(5,182.67)	(5,183.90)	(15,394.76)
Fund Invest. Mgmt Exp. Subtotal	(100,896.04)	(41,868.80)	(5,183.90)	(147,948.74)
Administrative Expenses				
Legal Services	(4,939.33)	(7,409.00)	-	(12,348.33)
Pension Administration	(10,087.43)	(10,040.13)	(11,351.14)	(31,478.70)
Actuarial Services	(2,318.11)	(1,978.11)	(3,228.11)	(7,524.33)
CALAPRS Dues	-	-	(166.67)	(166.67)
Investigation Information Services	-	-	(291.67)	(291.67)
Medical Evaluations	(4,450.00)	-	-	(4,450.00)
Staff Training	-	-	(166.65)	(166.65)
Accounting Software	(666.67)	-	-	(666.67)
Administrative Exp. Subtotal	(22,461.54)	(19,427.24)	(15,204.24)	(57,093.02)
Total Expenses	(1,221,872.99)	(1,146,394.71)	(1,164,621.78)	(3,532,889.48)
Monthly Net Owed from/(to) District	(252,953.86)	(106,005.60)	(191,543.68)	(550,503.14)
Payment from/(to) the District	-	-	(454,898.89)	(454,898.89)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	348,893.31	454,898.91	191,543.70	191,543.70

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation ***
As of March 31, 2022

Asset Class	Net Asset Market Value 3/31/2022	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 66,460,389	17.39%	16.00%	1.39%	\$ 5,305,078	
Large Cap Growth - SSgA S&P 500 Index - XH	61,969,288	16.21%	16.00%	0.21%	813,978	
Total Large Cap Domestic Equity	128,429,677	33.60%	32.00%	1.60%	6,119,056	\$ 122,310,621
Small Cap - Atlanta Capital - XB	32,150,081	8.41%	8.00%	0.41%	1,572,426	30,577,655
International Equity:						
Large Cap Growth:						
Pyrford - ZD	34,563,064	9.04%	9.50%	-0.46%	(1,747,902)	
Large Cap Core:						
SSgA MSCI EAFE - XG	17,471,764	4.57%				
Total Core	17,471,764	4.57%	4.50%	0.07%	271,833	
Small Cap:						
AQR - ZB	19,683,424	5.15%	5.00%	0.15%	572,390	
Emerging Markets						
DFA - ZA	23,581,667	6.17%	6.00%	0.17%	648,426	
Total International Equity	95,299,920	24.93%	25.00%	-0.07%	(255,253)	95,555,173
Fixed Income:*						
Met West - XD	89,266,825	23.35%	25.00%	-1.65%	(6,288,348)	95,555,173
Real Estate:*						
Clarion - Lion	18,969,476	4.96%	5.00%	-0.04%	(141,559)	
Morgan Stanley	18,104,713	4.74%	5.00%	-0.26%	(1,006,321)	
Total Real Estate	37,074,189	9.70%	10.00%	-0.30%	(1,147,880)	38,222,069
Total Combined Net Asset	\$ 382,220,692	100.00%	100.00%	0.00%	\$ -	\$ 382,220,692

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	20.0%	25.0%	30.0%
Real Estate	6.0%	10.0%	14.0%

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of March 31, 2022**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	173,175,362
ATU Accrued Clarion Distributions Receivable	74,144 **
IBEW Allocated Custodial Assets	77,022,990
IBEW Accrued Clarion Distributions Receivable	31,958 **
Salaried Allocated Custodial Assets	132,022,340
Salaried Accrued Clarion Distributions Receivable	<u>48,697 **</u>
Total Consolidated Net Asset	<u><u>382,375,491</u></u>
Per Callan Report:	
Total Investments	<u><u>382,375,492</u></u>
Net Difference	<u><u>(1) *</u></u>

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

**Callan includes Clarion distributions receivable in total investments and Northern Trust recognizes the balance the following quarter when cash is received.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Investment Income
For the Quarter Ended March 31, 2022**

Per Both Pension Fund Income Statements:	
ATU - Investment Earnings	(4,972,074)
ATU - Management Fees	(67,294)
IBEW - Investment Earnings	(2,216,139)
IBEW - Management Fees	(29,328)
Salaried - Investment Earnings	(3,893,560)
Salaried - Management Fees	<u>(47,085)</u>
Total Investment Income	<u><u>(11,225,480)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(11,225,294)</u></u>
Net Difference	<u><u>(186) ***</u></u>

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

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended March 31, 2022**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU	-	-	(454,899)	(454,899)
Boston Partners - IBEW	-	-	(133,774)	(133,774)
Boston Partners - Salaried	-	-	203,839	203,839
Total Payments from/(to) the District	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	(384,834)	(384,834)
Total Transfers In/(Out) of Investment Funds	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(384,834)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months March 31, 2022**

	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	-	(5,272,866)	-	(454,899)	(5,727,765)
Boston Partners - IBEW	-	(2,283,722)	-	(133,774)	(2,417,496)
Boston Partners - Salaried	-	(3,411,354)	-	203,839	(3,207,515)
S&P 500 Index - ATU	(346,532)	(4,608,568)	(641,771)	-	(5,596,871)
S&P 500 Index - IBEW	(130,841)	(2,215,511)	(219,729)	-	(2,566,081)
S&P 500 Index - Salaried	(45,164)	(4,175,921)	(205,208)	-	(4,426,293)
Atlanta Capital - ATU	-	-	(1,657,756)	-	(1,657,756)
Atlanta Capital - IBEW	-	-	(653,724)	-	(653,724)
Atlanta Capital - Salaried	-	-	(1,103,945)	-	(1,103,945)
AQR - ATU	-	-	(465,769)	-	(465,769)
AQR - IBEW	-	-	(200,893)	-	(200,893)
AQR - Salaried	-	-	(333,338)	-	(333,338)
DFA - ATU	-	-	(863,084)	-	(863,084)
DFA - IBEW	-	-	(360,489)	-	(360,489)
DFA - Salaried	-	-	(776,427)	-	(776,427)
Metropolitan West - ATU	(7,184,542)	5,273,320	2,403,362	-	492,140
Metropolitan West - IBEW	(3,096,744)	2,519,328	1,050,943	-	473,527
Metropolitan West - Salaried	(4,718,714)	4,707,352	2,045,695	-	2,034,333
Clarion - ATU	3,592,271	-	-	-	3,592,271
Clarion - IBEW	1,548,372	-	-	-	1,548,372
Clarion - Salaried	2,359,357	-	-	-	2,359,357
Morgan Stanley - ATU	3,592,271	3,323,762	-	-	6,916,033
Morgan Stanley - IBEW	1,548,372	1,519,087	-	-	3,067,459
Morgan Stanley - Salaried	2,359,357	2,657,151	-	-	5,016,508
Total Payments from/(to) the District	<u>(522,537)</u>	<u>(1,967,942)</u>	<u>(1,982,132)</u>	<u>(384,834)</u>	<u>(4,857,445)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
03/31/22**

	1 Year		1 Year			3 Years		3 Years		
	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	
Boston Partners										
Investment Returns	9,476,819	100.00%				27,585,057	100.00%			
Investment Expense	(339,949)	3.59%				(864,805)	3.14%			
Net Gain/(Loss)	9,136,870	96.41%	14.62%	11.67%	295.00	26,720,252	96.86%	15.22%	13.02%	220.00
S&P 500										
Investment Returns	9,764,803	100.00%				30,877,973	100.00%			
Investment Expense	(13,075)	0.13%				(49,863)	0.16%			
Net Gain/(Loss)	9,751,728	99.87%	15.57%	15.65%	(8.00)	30,828,110	99.84%	18.86%	18.92%	(6.00)
Atlanta Capital										
Investment Returns	1,493,452	100.00%				11,041,348	100.00%			
Investment Expense	(269,845)	18.07%				(704,923)	6.38%			
Net Gain/(Loss)	1,223,607	81.93%	3.78%	-5.79%	957.00	10,336,425	93.62%	12.29%	11.74%	55.00
Pyrford										
Investment Returns	1,222,145	100.00%				6,872,682	100.00%			
Investment Expense	(235,631)	19.28%				(631,254)	9.18%			
Net Gain/(Loss)	986,514	80.72%	2.97%	1.16%	181.00	6,241,429	90.82%	6.94%	7.78%	N/A
EAFE										
Investment Returns	237,354	100.00%				3,893,620	100.00%			
Investment Expense	(7,214)	3.04%				(24,357)	0.63%			
Net Gain/(Loss)	230,140	96.96%	1.28%	1.16%	12.00	3,869,263	99.37%	8.04%	7.78%	26.00
AQR										
Investment Returns	(171,657)	100.00%				4,646,687	100.00%			
Investment Expense	(179,166)	-104.37%				(428,603)	9.22%			
Net Gain/(Loss)	(350,823)	204.37%	-1.03%	-3.63%	260.00	4,218,084	90.78%	8.24%	8.51%	(27.00)
DFA										
Investment Returns	(799,162)	100.00%				5,664,625	100.00%			
Investment Expense	(119,289)	-14.93%				(367,888)	6.49%			
Net Gain/(Loss)	(918,451)	114.93%	-3.29%	-11.37%	808.00	5,296,737	93.51%	7.40%	4.94%	246.00
Metropolitan West										
Investment Returns	(3,532,921)	100.00%				9,881,484	100.00%			
Investment Expense	(240,481)	-6.81%				(798,465)	8.08%			
Net Gain/(Loss)	(3,773,402)	106.81%	-3.88%	-4.15%	27.00	9,083,019	91.92%	2.68%	1.69%	99.00
Clarion										
Investment Returns	3,996,914	100.00%				N/A	0.00%			
Investment Expense	(171,277)	4.29%				N/A	0.00%			
Net Gain/(Loss)	3,825,637	95.71%	26.89%	28.47%	N/A	-	-	N/A	N/A	N/A
Morgan Stanley										
Investment Returns	N/A	0.00%				N/A	0.00%			
Investment Expense	N/A	0.00%				N/A	0.00%			
Net Gain/(Loss)	-	-	N/A	N/A	N/A	-	-	N/A	N/A	N/A
Total Fund										
Investment Returns	21,687,747	100.00%				100,463,476	100.00%			
Investment Expense	(1,575,928)	7.27%				(3,870,157)	3.85%			
Net Gain/(Loss)	20,111,819	92.73%	6.56%	5.01%	155.00	96,593,319	96.15%	11.06%	10.68%	38.00

**Sacramento Regional Transit District, Retirements and Deaths
For the Time Period: January 1, 2022 - March 31, 2022**

Retirement

Emp#	Previous Position	Pension Group	Retirement Date
2752	Bus Operator	ATU	01/12/22
814	Operator	ATU	01/21/22
1663	Sr Human Resources Analyst	MCEG	02/01/22
3053	Maintenance Supervisor Wayside	AFSC	02/01/22
654	Transportation Supervisor	AFSC	02/01/22
2181	Electronic Mechanic	IBEW	02/01/22
3194	Bus Maintenance	IBEW	02/01/22
2867	Maintenance Supervisor	AFSC	02/01/22
1421	Maintenance Trainer	AFSC	02/01/22
2940	Light Rail Operator	ATU	03/01/22
2265	LR Maintenance	IBEW	03/01/22
2262	Mechanic	IBEW	03/01/22
2190	Upholsterer	IBEW	03/01/22
3365	Route Checker	AFST	03/01/22
2833	Light Rail Trans	ATU	03/26/22

Deaths

Emp#	Pension Group	Type	Date of Death
854	ATU	Life Alone	01/03/22
513	ATU	Life Alone	02/14/22
103	ATU	Life Alone	02/14/22
100	ATU	Life Alone	02/18/22
1628	AEA	100% J&S	02/21/22
572	ATU	Life Alone	02/24/22
2863	ATU	Survivor Beneficiary	02/26/22



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 9

TO: Sacramento Regional Transit Retirement Board – IBEW

FROM: Jamie Adelman, Acting, VP, Finance/CFO

SUBJ: RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED MARCH 31, 2022 FOR THE IBEW PENSION PLAN (IBEW). (ADELMAN)

RECOMMENDATION

Motion to Approve

RESULT OF RECOMMENDED ACTION

Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2022 for the IBEW Pension Plan (IBEW). (Adelman)

FISCAL IMPACT

None.

DISCUSSION

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

Table 1

**Employer Contribution Rates
As of March 31, 2022**

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	30.65%	32.36%	43.17%
Classic w/Contribution*	30.65%		
PEPRA**	22.46%	23.75%	30.08%

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

**PEPRA employee rates: ATU – 7.25%, IBEW 7.00% and Salary 6.50%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2022. 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 March 31, 2022 (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 IBEW Plan's Schedule of Cash Activities for the three months ended March 31, 2022. 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 March 31, 2022. The IBEW Plan reimbursed \$133,774.20 to the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the IBEW Plan's Asset Allocation as of March 31, 2022. This statement shows the IBEW Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and Northern Trust Company 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 March 31, 2022 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting transfers of plan assets from the ATU Plan to the Salaried Plan resulting from employee transfers from one union/employee group to another, as well as all retirements, and retiree deaths during the three months ended March 31, 2022.

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

Accrual Basis

As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
100000 · Long-Term Investments	77,022,989.68
Total Checking/Savings	77,022,989.68
Accounts Receivable	
1110108 · Distributions Receivable	31,958.26
Total Accounts Receivable	31,958.26
Other Current Assets	
1110120 · Prepays	1,169.39
Total Other Current Assets	1,169.39
Total Current Assets	77,056,117.33
TOTAL ASSETS	77,056,117.33
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	18,156.31
3110110 · Other Pay - Due to RT	51,433.68
3110122 · MetWest	12,367.13
3110124 · Boston Partners	16,894.83
3110125 · Callan	2,300.62
3110128 · Atlanta Capital	12,957.38
3110129 · SSgA - S&P Index	615.69
3110130 · SSgA - EAFE	352.55
3110132 · Pyrford	13,851.47
3110133 · Northern Trust	4,836.35
3110134 · Clarion	10,043.88
Total Accounts Payable	143,809.89
Total Current Liabilities	143,809.89
Total Liabilities	143,809.89
Equity	
3340100 · Retained Earning	45,066,750.96
3340101 · Retained Earnings	30,850,646.07
Net Income	994,910.41
Total Equity	76,912,307.44
TOTAL LIABILITIES & EQUITY	77,056,117.33

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

Accrual Basis

January through March 2022

	Jan - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	1,105,328.54	(111.6)%
6630110 · Employee Contributions	120,518.70	(12.2)%
Total RT Required Contribution	1,225,847.24	(123.8)%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	115,740.96	(11.7)%
6830102 · Interest	97,519.57	(9.8)%
6830103 · Other Income	(18,110.82)	1.8%
6830104 · Dividend - Distributions	31,958.26	(3.2)%
Total Interest, Dividend, & Other Inc	227,107.97	(22.9)%
Investment Income		
6530900 · Gains/(Losses) - All	(202,125.30)	20.4%
6530915 · Increase(Decrease) in FV	(2,241,122.14)	226.3%
Total Investment Income	(2,443,247.44)	246.7%
Total Total Investment Earnings	(2,216,139.47)	223.8%
Total Income	(990,292.23)	100.0%
Cost of Goods Sold		
8531201 · IBEW - Retirement Benefits Paid	1,262,798.45	(127.5)%
8531203 · EE Contribution Refunds	237.45	(0.0)%
8532004 · Invest Exp - Metropolitan West	12,367.13	(1.2)%
8532013 · Invest Exp - Boston Partners	16,894.83	(1.7)%
8532020 · Invest Exp - Callan	6,904.75	(0.7)%
8532024 · Invest Exp - Atlanta Capital	12,957.38	(1.3)%
8532025 · Invest Exp - S&P Index - SSgA	615.69	(0.1)%
8532026 · Invest Exp - EAFE - SSgA	352.55	(0.0)%
8532027 · Invest Exp - AQR	8,407.96	(0.8)%
8532028 · Invest Exp - Pyrford	13,851.47	(1.4)%
8532029 · Invest Exp - Northern Trust	4,836.35	(0.5)%
8532030 · Invest Exp - Clarion	10,043.88	(1.0)%
8532031 · Invest Exp - Morgan Stanley	11,540.02	(1.2)%
Total COGS	1,361,807.91	(137.5)%
Gross Profit	(2,352,100.14)	237.5%
Expense		
8533002 · Admin Exp - Actuary	3,573.72	(0.4)%
8533007 · Admin Exp - CALPRS Dues/Courses	333.34	(0.0)%
8533008 · Admin Exp - Accounting Software	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,608.16	(0.4)%
8533021 · Admin Exp - Legal Services	22,227.20	(2.2)%
8533025 · Admin Exp - Information Service	291.66	(0.0)%
8533029 · Admin Exp - Administrator	23,132.29	(2.3)%
Total Expense	53,166.37	(5.4)%
Net Income	(2,405,266.51)	242.9%

Sacramento Regional Transit District Retirement Plan - IBEW

Statement of Changes in Fiduciary Net Position

Accrual Basis

July 2021 through March 2022

	Jul '21 - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	3,175,799.11	61.4%
6630110 · Employee Contributions	361,143.93	7.0%
Total RT Required Contribution	3,536,943.04	68.4%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	388,309.29	7.5%
6830102 · Interest	264,996.05	5.1%
6830103 · Other Income	2,327.40	0.0%
6830104 · Dividend - Distributions	93,714.76	1.8%
Total Interest, Dividend, & Other Inc	749,347.50	14.5%
Investment Income		
6530900 · Gains/(Losses) - All	3,739,359.58	72.3%
6530915 · Increase(Decrease) in FV	-2,850,998.47	-55.1%
Total Investment Income	888,361.11	17.2%
Total Total Investment Earnings	1,637,708.61	31.6%
Total Income	5,174,651.65	100.0%
Cost of Goods Sold		
8531201 · IBEW - Retirement Benefits Paid	3,731,574.25	72.1%
8531203 · EE Contribution Refunds	237.45	0.0%
8532004 · Invest Exp - Metropolitan West	37,869.12	0.7%
8532013 · Invest Exp - Boston Partners	50,789.96	1.0%
8532020 · Invest Exp - Callan	20,311.10	0.4%
8532024 · Invest Exp - Atlanta Capital	40,458.70	0.8%
8532025 · Invest Exp - S&P Index - SSgA	1,944.81	0.0%
8532026 · Invest Exp - EAFE - SSgA	1,089.44	0.0%
8532027 · Invest Exp - AQR	26,750.26	0.5%
8532028 · Invest Exp - Pyrford	35,710.55	0.7%
8532029 · Invest Exp - Northern Trust	14,513.10	0.3%
8532030 · Invest Exp - Clarion	28,281.62	0.5%
8532031 · Invest Exp - Morgan Stanley	21,534.72	0.4%
Total COGS	4,011,065.08	77.5%
Gross Profit	1,163,586.57	22.5%
Expense		
8533002 · Admin Exp - Actuary	25,279.65	0.5%
8533003 · Admin Exp - Med Center	4,075.00	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	333.34	0.0%
8533008 · Admin Exp - Accounting Software	666.67	0.0%
8533014 · Admin Exp - Fiduciary Insurance	10,624.50	0.2%
8533021 · Admin Exp - Legal Services	54,618.12	1.1%
8533025 · Admin Exp - Information Service	291.66	0.0%
8533029 · Admin Exp - Administrator	72,800.73	1.4%
8533030 · Admin Exp - Audit	0.00	0.0%
8533050 · Miscellaneous	-13.51	-0.0%
Total Expense	168,676.16	3.3%
Net Income	994,910.41	19.2%

**Sacramento Regional Transit District
Retirement Fund - IBEW
Schedule of Cash Activities
For the Three Months Period Ended March 31, 2022**

	January 2022	February 2022	March 2022	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2021	39,397.13	91,247.68	133,774.21	39,397.13
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 23.75% - 32.36%	377,996.13	370,400.49	356,931.92	1,105,328.54
Employee Pension Contributions	43,552.29	36,731.39	40,235.02	120,518.70
Total Deposits	421,548.42	407,131.88	397,166.94	1,225,847.24
<u>Expenses</u>				
Payout to Retirees	(414,186.04)	(414,206.97)	(434,405.44)	(1,262,798.45)
Employee Contribution Refunds	-	-	(237.45)	(237.45)
Payout to Retirees Subtotal	(414,186.04)	(414,206.97)	(434,642.89)	(1,263,035.90)
Fund Investment Management Expenses:				
Atlanta Capital	(13,792.68)	-	-	(13,792.68)
Boston Partners	-	(16,303.60)	-	(16,303.60)
SSgA S&P 500 Index	(642.19)	-	-	(642.19)
SSgA EAFE MSCI	(367.78)	-	-	(367.78)
Metropolitan West	(13,141.75)	-	-	(13,141.75)
Pyrford	(9,821.26)	-	-	(9,821.26)
Northern Trust	(4,838.76)	-	-	(4,838.76)
Callan	(2,234.57)	(2,302.00)	(2,302.13)	(6,838.70)
Fund Invest. Mgmt Exp. Subtotal	(44,838.99)	(18,605.60)	(2,302.13)	(65,746.72)
Administrative Expenses				
Legal Services	(4,939.33)	(7,409.00)	-	(12,348.33)
Pension Administration	(6,789.83)	(7,458.73)	(8,883.73)	(23,132.29)
Actuarial Services	(1,978.11)	(1,978.11)	(2,146.86)	(6,103.08)
CALAPRS Dues	-	-	(166.67)	(166.67)
Investigation Information Services	-	-	(291.66)	(291.66)
Accounting Software	(666.67)	-	-	(666.67)
CALAPRS Training	-	-	(166.67)	(166.67)
Administrative Exp. Subtotal	(14,373.94)	(16,845.84)	(11,655.59)	(42,875.37)
Total Expenses	(473,398.97)	(449,658.41)	(448,600.61)	(1,371,657.99)
Monthly Net Owed from/(to) District	(51,850.55)	(42,526.53)	(51,433.67)	(145,810.75)
Payment from/(to) the District	-	-	(133,774.20)	(133,774.20)
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	91,247.68	133,774.21	51,433.68	51,433.68

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of March 31, 2022**

Asset Class	Net Asset Market Value 3/31/2022	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 66,460,389	17.39%	16.00%	1.39%	\$ 5,305,078	
Large Cap Growth - SSgA S&P 500 Index - XH	61,969,288	16.21%	16.00%	0.21%	813,978	
Total Large Cap Domestic Equity	128,429,677	33.60%	32.00%	1.60%	6,119,056	\$ 122,310,621
Small Cap - Atlanta Capital - XB	32,150,081	8.41%	8.00%	0.41%	1,572,426	30,577,655
International Equity:						
Large Cap Growth:						
Pyrford - ZD	34,563,064	9.04%	9.50%	-0.46%	(1,747,902)	
Large Cap Core:						
SSgA MSCI EAFE - XG	17,471,764	4.57%				
Total Core	17,471,764	4.57%	4.50%	0.07%	271,833	
Small Cap:						
AQR - ZB	19,683,424	5.15%	5.00%	0.15%	572,390	
Emerging Markets						
DFA - ZA	23,581,667	6.17%	6.00%	0.17%	648,426	
Total International Equity	95,299,920	24.93%	25.00%	-0.07%	(255,253)	95,555,173
Fixed Income:*						
Met West - XD	89,266,825	23.35%	25.00%	-1.65%	(6,288,348)	95,555,173
Real Estate:*						
Clarion - Lion	18,969,476	4.96%	5.00%	-0.04%	(141,559)	
Morgan Stanley	18,104,713	4.74%	5.00%	-0.26%	(1,006,321)	
Total Real Estate	37,074,189	9.70%	10.00%	-0.30%	(1,147,880)	38,222,069
Total Combined Net Asset	\$ 382,220,692	100.00%	100.00%	0.00%	\$ -	\$ 382,220,692

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	20.0%	25.0%	30.0%
Real Estate	6.0%	10.0%	14.0%

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of March 31, 2022**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	173,175,362
ATU Accrued Clarion Distributions Receivable	74,144 **
IBEW Allocated Custodial Assets	77,022,990
IBEW Accrued Clarion Distributions Receivable	31,958 **
Salaried Allocated Custodial Assets	132,022,340
Salaried Accrued Clarion Distributions Receivable	<u>48,697 **</u>
Total Consolidated Net Asset	<u><u>382,375,491</u></u>
Per Callan Report:	
Total Investments	<u><u>382,375,492</u></u>
Net Difference	<u><u>(1) *</u></u>

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

**Callan includes Clarion distributions receivable in total investments and Northern Trust recognizes the balance the following quarter when cash is received.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Investment Income
For the Quarter Ended March 31, 2022**

Per Both Pension Fund Income Statements:	
ATU - Investment Earnings	(4,972,074)
ATU - Management Fees	(67,294)
IBEW - Investment Earnings	(2,216,139)
IBEW - Management Fees	(29,328)
Salaried - Investment Earnings	(3,893,560)
Salaried - Management Fees	<u>(47,085)</u>
Total Investment Income	<u><u>(11,225,480)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(11,225,294)</u></u>
Net Difference	<u><u>(186) ***</u></u>

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

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended March 31, 2022**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU	-	-	(454,899)	(454,899)
Boston Partners - IBEW	-	-	(133,774)	(133,774)
Boston Partners - Salaried	-	-	203,839	203,839
Total Payments from/(to) the District	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	(384,834)	(384,834)
Total Transfers In/(Out) of Investment Funds	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(384,834)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months March 31, 2022**

	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	-	(5,272,866)	-	(454,899)	(5,727,765)
Boston Partners - IBEW	-	(2,283,722)	-	(133,774)	(2,417,496)
Boston Partners - Salaried	-	(3,411,354)	-	203,839	(3,207,515)
S&P 500 Index - ATU	(346,532)	(4,608,568)	(641,771)	-	(5,596,871)
S&P 500 Index - IBEW	(130,841)	(2,215,511)	(219,729)	-	(2,566,081)
S&P 500 Index - Salaried	(45,164)	(4,175,921)	(205,208)	-	(4,426,293)
Atlanta Capital - ATU	-	-	(1,657,756)	-	(1,657,756)
Atlanta Capital - IBEW	-	-	(653,724)	-	(653,724)
Atlanta Capital - Salaried	-	-	(1,103,945)	-	(1,103,945)
AQR - ATU	-	-	(465,769)	-	(465,769)
AQR - IBEW	-	-	(200,893)	-	(200,893)
AQR - Salaried	-	-	(333,338)	-	(333,338)
DFA - ATU	-	-	(863,084)	-	(863,084)
DFA - IBEW	-	-	(360,489)	-	(360,489)
DFA - Salaried	-	-	(776,427)	-	(776,427)
Metropolitan West - ATU	(7,184,542)	5,273,320	2,403,362	-	492,140
Metropolitan West - IBEW	(3,096,744)	2,519,328	1,050,943	-	473,527
Metropolitan West - Salaried	(4,718,714)	4,707,352	2,045,695	-	2,034,333
Clarion - ATU	3,592,271	-	-	-	3,592,271
Clarion - IBEW	1,548,372	-	-	-	1,548,372
Clarion - Salaried	2,359,357	-	-	-	2,359,357
Morgan Stanley - ATU	3,592,271	3,323,762	-	-	6,916,033
Morgan Stanley - IBEW	1,548,372	1,519,087	-	-	3,067,459
Morgan Stanley - Salaried	2,359,357	2,657,151	-	-	5,016,508
Total Payments from/(to) the District	<u>(522,537)</u>	<u>(1,967,942)</u>	<u>(1,982,132)</u>	<u>(384,834)</u>	<u>(4,857,445)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
03/31/22**

	1 Year		1 Year			3 Years		3 Years		
	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	
Boston Partners										
Investment Returns	9,476,819	100.00%				27,585,057	100.00%			
Investment Expense	(339,949)	3.59%				(864,805)	3.14%			
Net Gain/(Loss)	9,136,870	96.41%	14.62%	11.67%	295.00	26,720,252	96.86%	15.22%	13.02%	220.00
S&P 500										
Investment Returns	9,764,803	100.00%				30,877,973	100.00%			
Investment Expense	(13,075)	0.13%				(49,863)	0.16%			
Net Gain/(Loss)	9,751,728	99.87%	15.57%	15.65%	(8.00)	30,828,110	99.84%	18.86%	18.92%	(6.00)
Atlanta Capital										
Investment Returns	1,493,452	100.00%				11,041,348	100.00%			
Investment Expense	(269,845)	18.07%				(704,923)	6.38%			
Net Gain/(Loss)	1,223,607	81.93%	3.78%	-5.79%	957.00	10,336,425	93.62%	12.29%	11.74%	55.00
Pyrford										
Investment Returns	1,222,145	100.00%				6,872,682	100.00%			
Investment Expense	(235,631)	19.28%				(631,254)	9.18%			
Net Gain/(Loss)	986,514	80.72%	2.97%	1.16%	181.00	6,241,429	90.82%	6.94%	7.78%	N/A
EAFE										
Investment Returns	237,354	100.00%				3,893,620	100.00%			
Investment Expense	(7,214)	3.04%				(24,357)	0.63%			
Net Gain/(Loss)	230,140	96.96%	1.28%	1.16%	12.00	3,869,263	99.37%	8.04%	7.78%	26.00
AQR										
Investment Returns	(171,657)	100.00%				4,646,687	100.00%			
Investment Expense	(179,166)	-104.37%				(428,603)	9.22%			
Net Gain/(Loss)	(350,823)	204.37%	-1.03%	-3.63%	260.00	4,218,084	90.78%	8.24%	8.51%	(27.00)
DFA										
Investment Returns	(799,162)	100.00%				5,664,625	100.00%			
Investment Expense	(119,289)	-14.93%				(367,888)	6.49%			
Net Gain/(Loss)	(918,451)	114.93%	-3.29%	-11.37%	808.00	5,296,737	93.51%	7.40%	4.94%	246.00
Metropolitan West										
Investment Returns	(3,532,921)	100.00%				9,881,484	100.00%			
Investment Expense	(240,481)	-6.81%				(798,465)	8.08%			
Net Gain/(Loss)	(3,773,402)	106.81%	-3.88%	-4.15%	27.00	9,083,019	91.92%	2.68%	1.69%	99.00
Clarion										
Investment Returns	3,996,914	100.00%				N/A	0.00%			
Investment Expense	(171,277)	4.29%				N/A	0.00%			
Net Gain/(Loss)	3,825,637	95.71%	26.89%	28.47%	N/A	-	-	N/A	N/A	N/A
Morgan Stanley										
Investment Returns	N/A	0.00%				N/A	0.00%			
Investment Expense	N/A	0.00%				N/A	0.00%			
Net Gain/(Loss)	-	-	N/A	N/A	N/A	-	-	N/A	N/A	N/A
Total Fund										
Investment Returns	21,687,747	100.00%				100,463,476	100.00%			
Investment Expense	(1,575,928)	7.27%				(3,870,157)	3.85%			
Net Gain/(Loss)	20,111,819	92.73%	6.56%	5.01%	155.00	96,593,319	96.15%	11.06%	10.68%	38.00

**Sacramento Regional Transit District, Retirements and Deaths
For the Time Period: January 1, 2022 - March 31, 2022**

Retirement

Emp#	Previous Position	Pension Group	Retirement Date
2752	Bus Operator	ATU	01/12/22
814	Operator	ATU	01/21/22
1663	Sr Human Resources Analyst	MCEG	02/01/22
3053	Maintenance Supervisor Wayside	AFSC	02/01/22
654	Transportation Supervisor	AFSC	02/01/22
2181	Electronic Mechanic	IBEW	02/01/22
3194	Bus Maintenance	IBEW	02/01/22
2867	Maintenance Supervisor	AFSC	02/01/22
1421	Maintenance Trainer	AFSC	02/01/22
2940	Light Rail Operator	ATU	03/01/22
2265	LR Maintenance	IBEW	03/01/22
2262	Mechanic	IBEW	03/01/22
2190	Upholsterer	IBEW	03/01/22
3365	Route Checker	AFST	03/01/22
2833	Light Rail Trans	ATU	03/26/22

Deaths

Emp#	Pension Group	Type	Date of Death
854	ATU	Life Alone	01/03/22
513	ATU	Life Alone	02/14/22
103	ATU	Life Alone	02/14/22
100	ATU	Life Alone	02/18/22
1628	AEA	100% J&S	02/21/22
572	ATU	Life Alone	02/24/22
2863	ATU	Survivor Beneficiary	02/26/22



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 10
TO: Sacramento Regional Transit Retirement Boards – AEA/AFSCME/MCEG
FROM: Jamie Adelman, Acting, VP, Finance/CFO
SUBJ: RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED MARCH 31, 2022 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 March 31, 2022 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 March 31, 2022**

	ATU	IBEW	Salary
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	30.65%	32.36%	43.17%
Classic w/Contribution*	30.65%		
PEPRA**	22.46%	23.75%	30.08%

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

**PEPRA employee rates: ATU – 7.25%, IBEW 7.00% and Salary 6.50%

Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2022. 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 March 31, 2022 (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 March 31, 2022. 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 March 31, 2022. The District reimbursed \$203,839.16 to the Salaried Plan 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 March 31, 2022. 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 Northern Trust Company 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 March 31, 2022 as compared to their benchmarks.

Attached hereto as Attachment 9 is a schedule reflecting transfers of plan assets from the ATU Plan to the Salaried Plan resulting from employee transfers from one union/employee group to another, as well as all retirements, and retiree deaths during the three months ended March 31, 2022.

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

Accrual Basis

As of March 31, 2022

	Mar 31, 22
ASSETS	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	132,022,340.32
Total Long-Term Investments	132,022,340.32
Total Checking/Savings	132,022,340.32
Accounts Receivable	
1110104 · Other Rec - Due from RT	92,472.38
1110109 · Distributions Receivable	48,696.92
Total Accounts Receivable	141,169.30
Other Current Assets	
1110120 · Prepays	1,169.39
Total Other Current Assets	1,169.39
Total Current Assets	132,164,679.01
TOTAL ASSETS	132,164,679.01
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	18,665.06
3110122 · MetWest	21,198.06
3110124 · Boston Partners	28,958.83
3110125 · Callan	3,943.42
3110128 · Atlanta Capital	22,209.78
3110129 · S&P Index - SSgA	1,055.34
3110130 · EAFE - SSgA	604.28
3110132 · Pyrford	23,733.42
3110133 · Northern Trust	8,289.80
3110134 · Clarion	15,304.52
Total Accounts Payable	143,962.51
Total Current Liabilities	143,962.51
Total Liabilities	143,962.51
Equity	
3340101 · Retained Earnings	129,366,720.90
Net Income	2,653,995.60
Total Equity	132,020,716.50
TOTAL LIABILITIES & EQUITY	132,164,679.01

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

Accrual Basis

January through March 2022

	Jan - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	3,018,222.26	-440.0%
6630110 · Employee Contribution	189,305.88	-27.6%
Total RT Required Contribution	3,207,528.14	-467.5%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	204,177.45	-29.8%
6830102 · Interest	155,233.77	-22.6%
6830103 · Other Income	-30,125.42	4.4%
6830104 · Dividend - Distributions	48,696.92	-7.1%
Total Interest, Dividend, & Other Inc	377,982.72	-55.1%
Investment Income		
6530900 · Gains/(Losses) - All	-281,602.95	41.0%
6530915 · Increase(Decrease) in FV	-3,989,939.52	581.6%
Total Investment Income	-4,271,542.47	622.6%
Total Total Investment Earnings	-3,893,559.75	567.5%
Total Income	-686,031.61	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	837,379.28	-122.1%
8531211 · AFSCME-Retirement Benefits Paid	881,949.31	-128.6%
8531212 · MCEG - Retirement Benefits Paid	1,042,707.11	-152.0%
8531213 · Employee Contribution Refunds	10,719.35	-1.6%
8532004 · Invest Exp - MetropolitanWest	21,198.06	-3.1%
8532013 · Invest Exp - Boston Partners	28,958.83	-4.2%
8532020 · Invest Exp - Callan	11,806.06	-1.7%
8532024 · Invest Exp - Atlanta Capital	22,209.78	-3.2%
8532025 · Invest Exp - S&P Index SSgA	1,055.34	-0.2%
8532026 · Invest Exp - EAFE SSgA	604.28	-0.1%
8532027 · Invest Exp - AQR	13,951.22	-2.0%
8532028 · Invest Exp - Pyrford	23,733.42	-3.5%
8532029 · Invest Exp - Northern Trust	8,289.80	-1.2%
8532030 · Invest Exp - Clarion	15,304.52	-2.2%
8532031 · Invest Exp - Morgan Stanley	18,840.29	-2.7%
Total COGS	2,938,706.65	-428.4%
Gross Profit	-3,624,738.26	528.4%
Expense		
8533002 · Admin Exp - Actuary	5,493.72	-0.8%
8533007 · Admin Exp - CALPRS Dues/Courses	333.34	-0.0%
8533008 · Admin Exp - Accounting Software	0.00	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,758.15	-0.5%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	291.67	-0.0%
8533026 · Admin Exp - Legal Services	22,227.20	-3.2%
8533029 · Admin Exp - Administrator	30,506.70	-4.4%
8533050 · Admin Exp - Misc Exp	-100.00	0.0%
Total Expense	62,510.78	-9.1%
Net Income	-3,687,249.04	537.5%

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

July 2021 through March 2022

Accrual Basis

	Jul '21 - Mar 22	% of Income
Income		
RT Required Contribution		
6630101 · Employer Contributions	8,204,426.67	71.1%
6630110 · Employee Contribution	491,446.51	4.3%
Total RT Required Contribution	8,695,873.18	75.4%
Total Investment Earnings		
Interest, Dividend, & Other Inc		
6830101 · Dividend	714,290.61	6.2%
6830102 · Interest	416,025.73	3.6%
6830103 · Other Income	1,994.64	0.0%
6830104 · Dividend - Distributions	142,799.37	1.2%
Total Interest, Dividend, & Other Inc	1,275,110.35	11.1%
Investment Income		
6530900 · Gains/(Losses) - All	6,944,121.02	60.2%
6530915 · Increase(Decrease) in FV	-5,379,507.01	-46.6%
Total Investment Income	1,564,614.01	13.6%
Total Total Investment Earnings	2,839,724.36	24.6%
Total Income	11,535,597.54	100.0%
Cost of Goods Sold		
8531210 · AEA - Retirement Benefits Paid	2,498,474.07	21.7%
8531211 · AFSCME-Retirement Benefits Paid	2,561,667.36	22.2%
8531212 · MCEG - Retirement Benefits Paid	3,087,741.28	26.8%
8531213 · Employee Contribution Refunds	71,075.84	0.6%
8532004 · Invest Exp - MetropolitanWest	64,710.85	0.6%
8532013 · Invest Exp - Boston Partners	86,784.00	0.8%
8532020 · Invest Exp - Callan	34,668.76	0.3%
8532024 · Invest Exp - Atlanta Capital	69,131.20	0.6%
8532025 · Invest Exp - S&P Index SSgA	3,322.83	0.0%
8532026 · Invest Exp - EAFE SSgA	1,861.52	0.0%
8532027 · Invest Exp - AQR	44,386.38	0.4%
8532028 · Invest Exp - Pyrford	61,020.07	0.5%
8532029 · Invest Exp - Northern Trust	24,799.68	0.2%
8532030 · Invest Exp - Clarion	43,094.56	0.4%
8532031 · Invest Exp - Morgan Stanley	35,157.69	0.3%
Total COGS	8,687,896.09	75.3%
Gross Profit	2,847,701.45	24.7%
Expense		
8533002 · Admin Exp - Actuary	25,839.67	0.2%
8533003 · Admin Exp - Med Center	4,075.00	0.0%
8533007 · Admin Exp - CALPRS Dues/Courses	333.34	0.0%
8533008 · Admin Exp - Accounting Software	666.66	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	10,724.49	0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	291.67	0.0%
8533026 · Admin Exp - Legal Services	68,866.46	0.6%
8533029 · Admin Exp - Administrator	83,022.07	0.7%
8533050 · Admin Exp - Misc Exp	-113.51	-0.0%
8533051 · Admin Exp - Audit	0.00	0.0%
Total Expense	193,705.85	1.7%
Net Income	2,653,995.60	23.0%

Sacramento Regional Transit District
Retirement Fund - Salaried
Schedule of Cash Activities
For the Three Months Period Ended March 31, 2022

	January 2022	February 2022	March 2022	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2021	(25,501.47)	(147,566.04)	(203,839.16)	(25,501.47)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 30.08% - 43.17%	1,062,782.85	960,858.80	994,580.61	3,018,222.26
Employee Pension Contributions	64,110.91	62,268.92	62,926.05	189,305.88
Total Deposits	<u>1,126,893.76</u>	<u>1,023,127.72</u>	<u>1,057,506.66</u>	<u>3,207,528.14</u>
<u>Expenses</u>				
Payout to Retirees:				
AEA	(279,880.13)	(279,400.50)	(278,098.65)	(837,379.28)
AFSCME	(280,652.85)	(280,652.85)	(320,643.61)	(881,949.31)
MCEG	(345,974.57)	(348,366.27)	(348,366.27)	(1,042,707.11)
Employee Contribution Refunds	(4,957.57)	(5,761.78)	-	(10,719.35)
Payout to Retirees Subtotal	<u>(911,465.12)</u>	<u>(914,181.40)</u>	<u>(947,108.53)</u>	<u>(2,772,755.05)</u>
Fund Investment Management Expenses:				
Atlanta Capital	(23,582.23)	-	-	(23,582.23)
Boston Partners	-	(27,875.30)	-	(27,875.30)
SSgA S&P 500 Index	(1,097.99)	-	-	(1,097.99)
SSgA EAFE MSCI	(628.81)	-	-	(628.81)
Metropolitan West	(22,469.27)	-	-	(22,469.27)
Pyrford	(16,792.04)	-	-	(16,792.04)
Northern Trust	(8,273.13)	-	-	(8,273.13)
Callan	(3,820.57)	(3,932.00)	(3,930.64)	(11,683.21)
Fund Invest. Mgmt Exp. Subtotal	<u>(76,664.04)</u>	<u>(31,807.30)</u>	<u>(3,930.64)</u>	<u>(112,401.98)</u>
Administrative Expenses				
Legal Services	(4,939.34)	(7,409.00)	-	(12,348.34)
Pension Administration	(8,775.92)	(11,110.04)	(10,620.74)	(30,506.70)
Actuarial Services	(2,318.11)	(2,371.86)	(2,824.36)	(7,514.33)
CALAPRS Dues	-	-	(166.66)	(166.66)
Investigation Information Services	-	-	(291.67)	(291.67)
Accounting Software	(666.66)	-	-	(666.66)
CALAPRS Training	-	-	(166.68)	(166.68)
Miscellaneous	-	25.00	75.00	100.00
Administrative Exp. Subtotal	<u>(16,700.03)</u>	<u>(20,865.90)</u>	<u>(13,995.11)</u>	<u>(51,561.04)</u>
Total Expenses	<u>(1,004,829.19)</u>	<u>(966,854.60)</u>	<u>(965,034.28)</u>	<u>(2,936,718.07)</u>
Monthly Net Owed from/(to) District	122,064.57	56,273.12	92,472.38	270,810.07
Payment from/(to) the District	<u>-</u>	<u>-</u>	<u>203,839.16</u>	<u>203,839.16</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>(147,566.04)</u>	<u>(203,839.16)</u>	<u>(92,472.38)</u>	<u>(92,472.38)</u>

**RT Combined Pension Plans - ATU, IBEW and Salaried
Asset Allocation *
As of March 31, 2022**

Asset Class	Net Asset Market Value 3/31/2022	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
FUND MANAGERS:						
Domestic Equity:						
Large Cap Value - Boston Partners - Z8	\$ 66,460,389	17.39%	16.00%	1.39%	\$ 5,305,078	
Large Cap Growth - SSgA S&P 500 Index - XH	61,969,288	16.21%	16.00%	0.21%	813,978	
Total Large Cap Domestic Equity	128,429,677	33.60%	32.00%	1.60%	6,119,056	\$ 122,310,621
Small Cap - Atlanta Capital - XB	32,150,081	8.41%	8.00%	0.41%	1,572,426	30,577,655
International Equity:						
Large Cap Growth:						
Pyrford - ZD	34,563,064	9.04%	9.50%	-0.46%	(1,747,902)	
Large Cap Core:						
SSgA MSCI EAFE - XG	17,471,764	4.57%				
Total Core	17,471,764	4.57%	4.50%	0.07%	271,833	
Small Cap:						
AQR - ZB	19,683,424	5.15%	5.00%	0.15%	572,390	
Emerging Markets						
DFA - ZA	23,581,667	6.17%	6.00%	0.17%	648,426	
Total International Equity	95,299,920	24.93%	25.00%	-0.07%	(255,253)	95,555,173
Fixed Income:*						
Met West - XD	89,266,825	23.35%	25.00%	-1.65%	(6,288,348)	95,555,173
Real Estate:*						
Clarion - Lion	18,969,476	4.96%	5.00%	-0.04%	(141,559)	
Morgan Stanley	18,104,713	4.74%	5.00%	-0.26%	(1,006,321)	
Total Real Estate	37,074,189	9.70%	10.00%	-0.30%	(1,147,880)	38,222,069
Total Combined Net Asset	\$ 382,220,692	100.00%	100.00%	0.00%	\$ -	\$ 382,220,692

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	20.0%	25.0%	30.0%
Real Estate	6.0%	10.0%	14.0%

**Reconciliation between Callan Report
and
Consolidated Pension Fund Balance Sheet
As of March 31, 2022**

Per Both Pension Fund Balance Sheets:	
ATU Allocated Custodial Assets	173,175,362
ATU Accrued Clarion Distributions Receivable	74,144 **
IBEW Allocated Custodial Assets	77,022,990
IBEW Accrued Clarion Distributions Receivable	31,958 **
Salaried Allocated Custodial Assets	132,022,340
Salaried Accrued Clarion Distributions Receivable	<u>48,697 **</u>
Total Consolidated Net Asset	<u><u>382,375,491</u></u>
Per Callan Report:	
Total Investments	<u><u>382,375,492</u></u>
Net Difference	<u><u>(1) *</u></u>

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

**Callan includes Clarion distributions receivable in total investments and Northern Trust recognizes the balance the following quarter when cash is received.

**Reconciliation between Callan Report
and
Consolidated Pension Fund Investment Income
For the Quarter Ended March 31, 2022**

Per Both Pension Fund Income Statements:	
ATU - Investment Earnings	(4,972,074)
ATU - Management Fees	(67,294)
IBEW - Investment Earnings	(2,216,139)
IBEW - Management Fees	(29,328)
Salaried - Investment Earnings	(3,893,560)
Salaried - Management Fees	<u>(47,085)</u>
Total Investment Income	<u><u>(11,225,480)</u></u>
Per Callan Report:	
Investment Returns	<u><u>(11,225,294)</u></u>
Net Difference	<u><u>(186) ***</u></u>

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

**Reconciliation between Callan Report
and
Consolidated Schedule of Cash Activities
For the Quarter Ended March 31, 2022**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
Payments from/(to) the District				
Boston Partners - ATU	-	-	(454,899)	(454,899)
Boston Partners - IBEW	-	-	(133,774)	(133,774)
Boston Partners - Salaried	-	-	203,839	203,839
Total Payments from/(to) the District	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Transfers In/(Out) of Investment Funds				
Boston Partners	-	-	(384,834)	(384,834)
Total Transfers In/(Out) of Investment Funds	<u>-</u>	<u>-</u>	<u>(384,834)</u>	<u>(384,834)</u>
Variance between Payments and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Callan Report:				
Net New Investment/(Withdrawals)				<u>(384,834)</u>
Net Difference				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities
For the 12-Months March 31, 2022**

	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>	<u>Total</u>
Payments from/(to) the District					
Boston Partners - ATU	-	(5,272,866)	-	(454,899)	(5,727,765)
Boston Partners - IBEW	-	(2,283,722)	-	(133,774)	(2,417,496)
Boston Partners - Salaried	-	(3,411,354)	-	203,839	(3,207,515)
S&P 500 Index - ATU	(346,532)	(4,608,568)	(641,771)	-	(5,596,871)
S&P 500 Index - IBEW	(130,841)	(2,215,511)	(219,729)	-	(2,566,081)
S&P 500 Index - Salaried	(45,164)	(4,175,921)	(205,208)	-	(4,426,293)
Atlanta Capital - ATU	-	-	(1,657,756)	-	(1,657,756)
Atlanta Capital - IBEW	-	-	(653,724)	-	(653,724)
Atlanta Capital - Salaried	-	-	(1,103,945)	-	(1,103,945)
AQR - ATU	-	-	(465,769)	-	(465,769)
AQR - IBEW	-	-	(200,893)	-	(200,893)
AQR - Salaried	-	-	(333,338)	-	(333,338)
DFA - ATU	-	-	(863,084)	-	(863,084)
DFA - IBEW	-	-	(360,489)	-	(360,489)
DFA - Salaried	-	-	(776,427)	-	(776,427)
Metropolitan West - ATU	(7,184,542)	5,273,320	2,403,362	-	492,140
Metropolitan West - IBEW	(3,096,744)	2,519,328	1,050,943	-	473,527
Metropolitan West - Salaried	(4,718,714)	4,707,352	2,045,695	-	2,034,333
Clarion - ATU	3,592,271	-	-	-	3,592,271
Clarion - IBEW	1,548,372	-	-	-	1,548,372
Clarion - Salaried	2,359,357	-	-	-	2,359,357
Morgan Stanley - ATU	3,592,271	3,323,762	-	-	6,916,033
Morgan Stanley - IBEW	1,548,372	1,519,087	-	-	3,067,459
Morgan Stanley - Salaried	2,359,357	2,657,151	-	-	5,016,508
Total Payments from/(to) the District	<u>(522,537)</u>	<u>(1,967,942)</u>	<u>(1,982,132)</u>	<u>(384,834)</u>	<u>(4,857,445)</u>

**Sacramento Regional Transit District
ATU, IBEW and Salaried Retirement Plans
Schedule of Fund Investment Returns and Expenses
03/31/22**

	1 Year		1 Year			3 Years		3 Years		
	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	Net of Fees Returns	Bench-Mark Returns	Favorable/ (Unfavor) Basis Pts	
Boston Partners										
Investment Returns	9,476,819	100.00%				27,585,057	100.00%			
Investment Expense	(339,949)	3.59%				(864,805)	3.14%			
Net Gain/(Loss)	9,136,870	96.41%	14.62%	11.67%	295.00	26,720,252	96.86%	15.22%	13.02%	220.00
S&P 500										
Investment Returns	9,764,803	100.00%				30,877,973	100.00%			
Investment Expense	(13,075)	0.13%				(49,863)	0.16%			
Net Gain/(Loss)	9,751,728	99.87%	15.57%	15.65%	(8.00)	30,828,110	99.84%	18.86%	18.92%	(6.00)
Atlanta Capital										
Investment Returns	1,493,452	100.00%				11,041,348	100.00%			
Investment Expense	(269,845)	18.07%				(704,923)	6.38%			
Net Gain/(Loss)	1,223,607	81.93%	3.78%	-5.79%	957.00	10,336,425	93.62%	12.29%	11.74%	55.00
Pyrford										
Investment Returns	1,222,145	100.00%				6,872,682	100.00%			
Investment Expense	(235,631)	19.28%				(631,254)	9.18%			
Net Gain/(Loss)	986,514	80.72%	2.97%	1.16%	181.00	6,241,429	90.82%	6.94%	7.78%	N/A
EAFE										
Investment Returns	237,354	100.00%				3,893,620	100.00%			
Investment Expense	(7,214)	3.04%				(24,357)	0.63%			
Net Gain/(Loss)	230,140	96.96%	1.28%	1.16%	12.00	3,869,263	99.37%	8.04%	7.78%	26.00
AQR										
Investment Returns	(171,657)	100.00%				4,646,687	100.00%			
Investment Expense	(179,166)	-104.37%				(428,603)	9.22%			
Net Gain/(Loss)	(350,823)	204.37%	-1.03%	-3.63%	260.00	4,218,084	90.78%	8.24%	8.51%	(27.00)
DFA										
Investment Returns	(799,162)	100.00%				5,664,625	100.00%			
Investment Expense	(119,289)	-14.93%				(367,888)	6.49%			
Net Gain/(Loss)	(918,451)	114.93%	-3.29%	-11.37%	808.00	5,296,737	93.51%	7.40%	4.94%	246.00
Metropolitan West										
Investment Returns	(3,532,921)	100.00%				9,881,484	100.00%			
Investment Expense	(240,481)	-6.81%				(798,465)	8.08%			
Net Gain/(Loss)	(3,773,402)	106.81%	-3.88%	-4.15%	27.00	9,083,019	91.92%	2.68%	1.69%	99.00
Clarion										
Investment Returns	3,996,914	100.00%				N/A	0.00%			
Investment Expense	(171,277)	4.29%				N/A	0.00%			
Net Gain/(Loss)	3,825,637	95.71%	26.89%	28.47%	N/A	-	-	N/A	N/A	N/A
Morgan Stanley										
Investment Returns	N/A	0.00%				N/A	0.00%			
Investment Expense	N/A	0.00%				N/A	0.00%			
Net Gain/(Loss)	-	-	N/A	N/A	N/A	-	-	N/A	N/A	N/A
Total Fund										
Investment Returns	21,687,747	100.00%				100,463,476	100.00%			
Investment Expense	(1,575,928)	7.27%				(3,870,157)	3.85%			
Net Gain/(Loss)	20,111,819	92.73%	6.56%	5.01%	155.00	96,593,319	96.15%	11.06%	10.68%	38.00

**Sacramento Regional Transit District, Retirements and Deaths
For the Time Period: January 1, 2022 - March 31, 2022**

Retirement

Emp#	Previous Position	Pension Group	Retirement Date
2752	Bus Operator	ATU	01/12/22
814	Operator	ATU	01/21/22
1663	Sr Human Resources Analyst	MCEG	02/01/22
3053	Maintenance Supervisor Wayside	AFSC	02/01/22
654	Transportation Supervisor	AFSC	02/01/22
2181	Electronic Mechanic	IBEW	02/01/22
3194	Bus Maintenance	IBEW	02/01/22
2867	Maintenance Supervisor	AFSC	02/01/22
1421	Maintenance Trainer	AFSC	02/01/22
2940	Light Rail Operator	ATU	03/01/22
2265	LR Maintenance	IBEW	03/01/22
2262	Mechanic	IBEW	03/01/22
2190	Upholsterer	IBEW	03/01/22
3365	Route Checker	AFST	03/01/22
2833	Light Rail Trans	ATU	03/26/22

Deaths

Emp#	Pension Group	Type	Date of Death
854	ATU	Life Alone	01/03/22
513	ATU	Life Alone	02/14/22
103	ATU	Life Alone	02/14/22
100	ATU	Life Alone	02/18/22
1628	AEA	100% J&S	02/21/22
572	ATU	Life Alone	02/24/22
2863	ATU	Survivor Beneficiary	02/26/22



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 11
TO: Sacramento Regional Transit Retirement Board - All
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: AUTHORIZE EXECUTION OF SECOND AMENDMENT TO EXTEND
ACTUARIAL SERVICES CONTRACT

RECOMMENDATION

Adopt the attached Resolutions.

RESULT OF RECOMMENDED ACTION

Exercise a second, one-year option to the Retirement Boards' contract with Cheiron, Inc. for actuarial services (as permitted under the Retirement Boards' current contract) and authorize the execution of a corresponding contract amendment.

FISCAL IMPACT

Exercising the second of two, one-year options to extend the existing contract with Cheiron will allow the Retirement Boards to preserve the quality of service and institutional knowledge provided by the current actuary at an estimated annual cost of \$105,000, and an aggregate cost of no more than \$917,000 over the seven-year contract period, to be shared by the Sacramento Regional Transit District pension plans. Based on the fee schedule and participant projections presented in Cheiron's response to the Retirement Boards' request for proposal (RFP) six years ago, charges are expected to be similar to those incurred during the prior fiscal year.

DISCUSSION

Cheiron provides actuarial and pension administration services for the Retirement Plans under a five-year contract that the Retirement Boards approved on June 15, 2016 and extended for a one-year period on December 9, 2020. By exercising the option to extend the contract for a second one-year period, the Retirement Boards will ensure that the actuarial valuation reports (AVRs) for July 1, 2022 are completed within the customary timeframe (e.g., in the spring of 2023).

Staff recommends that the Retirement Boards approve the second amendment to the agreement with Cheiron and exercise final one-year option set forth therein. This will

maintain actuarial services for the Retirement Plans until the next AVRs are delivered and a new, multi-year contract is authorized by the Retirement Boards. Staff also recommends that the Retirement Boards authorize Sacramento Regional Transit District's General Manager/CEO to execute the contract amendment exercising the contract option and take any other actions necessary to give effect to this action.

Over the next year, to ensure no gaps in access to actuarial services, Staff expects to issue a new RFP for actuarial services and assess the bids and qualifications of all proposers who are capable of performing the functions required for the Retirement Plans.

RESOLUTION NO. 2022-06-345

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of ATU Local Union 256 on this date:

June 8, 2022

**Authorizing Execution of Second Amendment to
Extend Actuarial Services Contract**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the ATU Local 256 (Retirement Board) authorizes a Second Amendment to its July 1, 2016 agreement with Cheiron, Inc. for actuarial services to exercise a second one-year option term, at the prices set forth therein, subject to a maximum not-to-exceed aggregate contract cost of \$917,000 over the seven-year contract term, to be shared by all three Sacramento Regional Transit Retirement Plans.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute said Amendment, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution.

Ralph Niz, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-230

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of IBEW Union Local 1245 on this date:

June 8, 2022

**Authorizing Execution of Second Amendment to
Extend Actuarial Services Contract**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of IBEW Local 1245 (Retirement Board) authorizes a Second Amendment to its July 1, 2016 agreement with Cheiron, Inc. for actuarial services to exercise a second one-year option term, at the prices set forth therein, subject to a maximum not-to-exceed aggregate contract cost of \$917,000 over the seven-year contract term, to be shared by all three Sacramento Regional Transit Retirement Plans.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute said Amendment, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution.

Constance Bibbs, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-227

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AEA on this date:

June 8, 2022

**Authorizing Execution of Second Amendment to
Extend Actuarial Services Contract**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AEA (Retirement Board) authorizes a Second Amendment to its July 1, 2016 agreement with Cheiron, Inc. for actuarial services to exercise a second one-year option term, at the prices set forth therein, subject to a maximum not-to-exceed aggregate contract cost of \$917,000 over the seven-year contract term, to be shared by all three Sacramento Regional Transit Retirement Plans.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute said Amendment, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution.

Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-194

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AFSCME Local Union 146 on this date:

June 8, 2022

**Authorizing Execution of Second Amendment to
Extend Actuarial Services Contract**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME LOCAL 146 AS FOLLOWS:

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AFSCME Local 146 (Retirement Board) authorizes a Second Amendment to its July 1, 2016 agreement with Cheiron, Inc. for actuarial services to exercise a second one-year option term, at the prices set forth therein, subject to a maximum not-to-exceed aggregate contract cost of \$917,000 over the seven-year contract term, to be shared by all three Sacramento Regional Transit Retirement Plans.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute said Amendment, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution.

Peter Guimond, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-231

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of MCEG on this date:

June 8, 2022

**Authorizing Execution of Second Amendment to
Extend Actuarial Services Contract**

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

THAT, the Board of Directors of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of MCEG (Retirement Board) authorizes a Second Amendment to its July 1, 2016 agreement with Cheiron, Inc. for actuarial services to exercise a second one-year option term, at the prices set forth therein, subject to a maximum not-to-exceed aggregate contract cost of \$917,000 over the seven-year contract term, to be shared by all three Sacramento Regional Transit Retirement Plans.

THAT, the Retirement Board hereby authorizes the General Manager/CEO of the Sacramento Regional Transit District to execute said Amendment, subject to Legal Counsel's review and approval, and to take other actions that may be necessary to give effect to this resolution.

Sandra Bobek, Chair

ATTEST:

Henry Li, Secretary

By:

John Gobel, Assistant Secretary



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 12
TO: Sacramento Regional Transit Retirement Board – ALL
FROM: John Gobel, Manager, Pension and Retirement Services
SUBJ: UPDATE ON ROLES AND RESPONSIBILITIES RELATED TO PENSION
ADMINISTRATION - QUARTER ENDED MARCH 31, 2022 (ALL).
(Gobel)

RECOMMENDATION

No Recommendation - Information Only

RESULT OF RECOMMENDED ACTION

No recommended action.

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

Every quarter, three reports are distributed to apprise the Retirement Boards of functions performed by Staff and Legal Counsel in support of the pension plans. For reference, the reports prepared for the quarter ended March 31, 2022 are attached for review and identified below:

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs Attributable and Charged to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter Ended
March 31, 2022

For the latest 90-day processing period (March 11, 2022 to June 10, 2022), staff effected pensions for 16 new retirees and noted that the average wait time for initial payments was 54 days. While new retirement activity follows a seasonal pattern (which frequently leads to an increase in new applications during March and April), staff production for the measurement period ended June 10, 2002 compared favorably to the period ended March 10, 2022 (when 4 new retirement applications were processed and paid) and the period ended December 10, 2021 (when 14 new retirement applications were processed and paid).

Since adding an Administrative Assistant II to the Retirement Services team in January 2022, we have modified the delineation of duties reported in the Staff Roles and Responsibilities attachment to reflect the new resource and the changing allocation of responsibilities for the defined benefit plans. As with some other staff members referenced in the matrix, please note that the Administrative Assistant II also works on the defined contribution plans and assists the Finance Department with other functions that are not retirement-related.

Pension Administration Staff Roles and Responsibilities

Pension Plan Member Relations:

Task	Primary Responsibility	Back Up Responsibility
Respond to Employee and Retiree Inquiries	Retirement Services Analyst (I & II), Administrative Assistant II	Manager - Pension & Retirement
Conduct Educational Sessions	Manager - Pension & Retirement	Retirement Services Analyst II
Create Pension Estimates	Retirement Services Analyst II	Retirement Services Analyst I
Process Disability Retirements	Retirement Services Analyst II	Manager - Pension & Retirement
Process Employee and Retiree Deaths	Retirement Services Analyst I	Retirement Services Analyst II
Administer Active and Term Vested Retirement Process	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Prepare 48-Month Salary Calculations	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Verify Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Retirement Service Analysts (I & II), Payroll Analyst	Payroll Manager
Facilitate Employees' Required Contributions (per contracts and/or PEPRA)	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Convert Employees to Retirees in SAP	Retirement Services Analysts (I & II)	Sr. HR Analyst - HRIS
Process Lump-Sum Distribution or "Refund" of Employee Contributions for Terminated PEPRA Members	Retirement Services Analyst I	Manager - Pension & Retirement
Retrieve Undeliverable Retiree Mail and Facilitate Required Changes of Address	Retirement Services Analyst I	Administrative Assistant II
Conduct Lost Participant Searches and Related Processes for Returned Checks/stubs	Retirement Services Analyst I	Administrative Assistant II
Retiree Medical – Initial Enrollment	Sr. HR Analyst	HR Department
Print, Stuff and Mail Pay Stubs	Payroll Analyst	Payroll Manager
Manage Stale and Lost Check Replacement	Payroll Analyst	Payroll Manager
Issue Copies of Retiree Pay Stubs and 1099-R Forms	Payroll Analyst	Payroll Manager

Plan Documents:

Task	Primary Responsibility	Back Up Responsibility
Negotiate Benefits, Provisions	Director, Labor Relations	Senior Manager, Labor Relations
Incorporate Negotiated Benefits/Provisions into Plan Documents	Chief Counsel, RT	External Counsel
Interpret Plan Provisions	Manager – Pension & Retirement, Hanson Bridgett	Chief Counsel, RT

Provide Guidance to Staff Regarding New Plan Provisions & Regulations	Manager – Pension & Retirement, Hanson Bridgett	Chief Counsel, RT
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Contracting & Contract Administration:

Task	Primary Responsibility	Back Up Responsibility
Contract Management, including Oversight of RFP Processes	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance
Legal Services (Hanson Bridgett) Contract Procurement	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance
Actuarial Services (Cheiron) Contract Procurement	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance
Investment Manager Services (Callan) Contract Procurement	Accountant II, AVP - Finance & Treasury	VP - Finance
Ensure Adherence to Contract Provisions	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance
Process Retirement Board Vendor Invoices	Retirement Services Analyst II	Manager - Pension & Retirement
Pay Invoices	AVP - Finance & Treasury, Manager – Pension & Retirement	VP - Finance
Collect Form 700 Statements of Economic Interests from Retirement Board Vendors	Retirement Services Analyst I	Manager - Pension & Retirement

Retirement Board Meetings:

Task	Primary Responsibility	Back Up Responsibility
Manage Retirement Board Meeting Content and Process	Manager - Pension & Retirement	AVP - Finance & Treasury
Draft Staff Reports and Resolutions, Compile Attachments	Staff Presenting Issue to Board, Hanson Bridgett	Manager – Pension & Retirement, AVP - Finance & Treasury
Post Retirement Board Agenda Materials	Retirement Services Analyst I	Administrative Assistant II
Moderate Retirement Board Meetings	Manager - Pension & Retirement	AVP - Finance & Treasury

Retirement Board Administration:

Task	Primary Responsibility	Back Up Responsibility
Train Staff/Board Members	Manager – Pension & Retirement, AVP - Finance & Treasury	Staff/Vendor Subject Matter Expert
Prepare and Process Travel Arrangements for Retirement Board Members for Training	Retirement Services Analyst I	Administrative Assistant II
Facilitate Annual Fiduciary Liability Insurance Renewal	Manager – Pension & Retirement	AVP - Finance & Treasury
Renew Fiduciary Liability Coverage & Communicate Waiver of Recourse Info. to Retirement Board Members	Manager - Pension & Retirement	AVP - Finance & Treasury
Develop and Administer Retirement Board Policies	Manager – Pension & Retirement, AVP - Finance & Treasury,	VP - Finance

	Hanson Bridgett	
Respond to Public Records Act Requests	Manager – Pension & Retirement	AVP - Finance & Treasury

Coordinate Actuarial Activities:

Task	Primary Responsibility	Back Up Responsibility
Valuation Study and Establish Contribution Rates (annual)	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance
Experience Study (every 3-5 years)	Manager – Pension & Retirement, AVP - Finance & Treasury	VP - Finance

Asset Management:

Task	Primary Responsibility	Back Up Responsibility
Asset Rebalancing	Accountant II	AVP - Finance & Treasury
Account Reconciliations	Accountant II	AVP - Finance & Treasury
Cash Transfers	Accountant II	AVP - Finance & Treasury
Fund Accounting	Accountant II	AVP - Finance & Treasury
Investment Management	Accountant II	AVP - Finance & Treasury
Financial Statement Preparation	Accountant II	AVP - Finance & Treasury
Annual Audit	Accountant II	AVP - Finance & Treasury
State Controller's Office Reporting	Accountant II	AVP - Finance & Treasury
U.S. Census Bureau Reporting	Accountant II	AVP - Finance & Treasury
Work with Investment advisors (Callan), Custodian (Northern Trust), Fund Managers, Auditors, and Actuary (Cheiron)	Accountant II	AVP - Finance & Treasury
Review Monthly Asset Rebalancing	Accountant II	AVP - Finance & Treasury
Review/Update of Statement of Investment Objectives and Policy Guidelines management (at least annually)	Accountant II	AVP - Finance & Treasury

Pension Administration Costs
For the Time Period: January 1, 2022 to March 31, 2022

Sum of Value TranCurr				
WBS Element	Source object name	Per	Total	
SAXXXX.PENATU	Finance And Treasury / Matthews, Rosalie	007	1,000.03	
		009	1,000.03	
		008	1,261.58	
	Finance And Treasury / Gobel, John	007	1,620.49	
		009	1,478.68	
		008	1,438.18	
	Finance And Treasury / Mathew, Jessica	007	1,824.25	
		009	2,762.59	
		008	1,448.86	
	Finance And Treasury / Cruz Mendoza, Jessic	007	147.00	
		009	28.88	
		008	446.27	
	SAXXXX.PENATU Total			14,456.84
	SAXXXX.PENIBEW	Finance And Treasury / Matthews, Rosalie	007	600.02
			009	630.79
008			476.94	
Finance And Treasury / Gobel, John		007	324.09	
		009	1,438.16	
		008	587.42	
Finance And Treasury / Mathew, Jessica		007	322.81	
		009	720.69	
		008	773.24	
Finance And Treasury / Cruz Mendoza, Jessic		007	47.25	
		009	13.13	
		008	175.89	
SAXXXX.PENIBEW Total			6,110.43	
SAXXXX.PENSALA		Finance And Treasury / Matthews, Rosalie	007	430.79
			009	446.17
	008		861.58	
	Finance And Treasury / Gobel, John	007	638.06	
		009	1,154.60	
		008	1,721.77	
	Finance And Treasury / Mathew, Jessica	007	2,011.90	
		009	2,912.74	
		008	2,845.18	
	Finance And Treasury / Cruz Mendoza, Jessic	007	199.50	
		009	26.26	
		008	236.27	
	SAXXXX.PENSALA Total			13,484.82
	SAXXXX.PENSION	Finance And Treasury / Adelman, Jamie	007	1,644.74
			008	2,124.44
009			3,150.34	
Finance And Treasury / Volk, Lynda		007	4,114.25	
		008	2,492.06	
		009	3,753.94	
Finance And Treasury / Matthews, Rosalie		007	3,753.94	
		009	4,000.11	
		008	4,314.52	
Finance And Treasury / Gobel, John		007	5,124.78	
		009	4,932.33	
		008	1,081.02	
Finance And Treasury / Mathew, Jessica		007	1,704.11	
		009	1,493.92	
		008	2,542.43	
Finance And Treasury / Mouton, Wendy		007	1,490.39	
		009	789.03	
		008	339.89	
Board Support / Smith, Tabetha		009	188.83	
		008	931.89	
		009	315.00	
Finance And Treasury / Cruz Mendoza, Jessic	009	783.64		
	008			
	009			
SAXXXX.PENSION Total			51,065.60	
Grand Total			85,117.69	

**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 March 31, 2022.

1. Weekly client conference calls and as-needed client and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Preparation for and participation in quarterly and special Retirement Board Meetings, including review and markup of agenda materials and related Board Chair conference calls.
3. Review and advise on Plan participant communications with staff;
4. Prepare contract documents for disability examination services vendor;
5. Prepare and conduct new Board member general and fiduciary training sessions;
6. Provide counsel on issues including, but not limited to:
 - a. service retirement applications, benefit amounts and payments, and related questions and disputes; and
 - b. processing and evaluation of disability retirement applications.

Respectfully Submitted,

/s/ Shayna M. van Hoften



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 13

TO: Sacramento Regional Transit Retirement Boards – ALL

FROM: Jamie Adelman, Acting, VP, Finance/CFO

SUBJ: Investment Performance Review by Met West for the ATU, IBEW and Salaried Funds for the Domestic Fixed Income Asset Class for the Quarter Ended March 31, 2022 (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, (6) Domestic Fixed-Income, and (7) Real Estate.

Met West is the Retirement Boards' Domestic Fixed Income fund manager. Met West will be presenting performance results for the quarter ended March 31, 2022, shown in Attachment 1, and answering any questions.

FOR INVESTMENT PROFESSIONAL USE ONLY

TCW

Fixed Income Review

TCW Core and Core Plus Fixed Income Strategies

PRESENTATION TO:

Sacramento Regional Transit District

JUNE 8, 2022

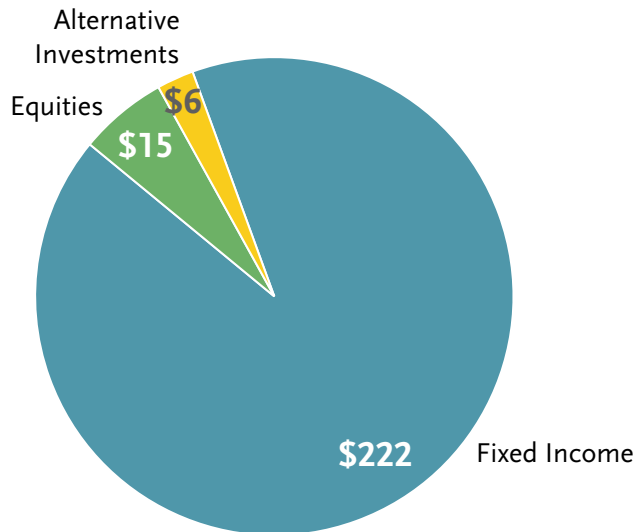
Presented by:

Victoria Vogel, CFA | Senior Vice President | Client Services – Fixed Income

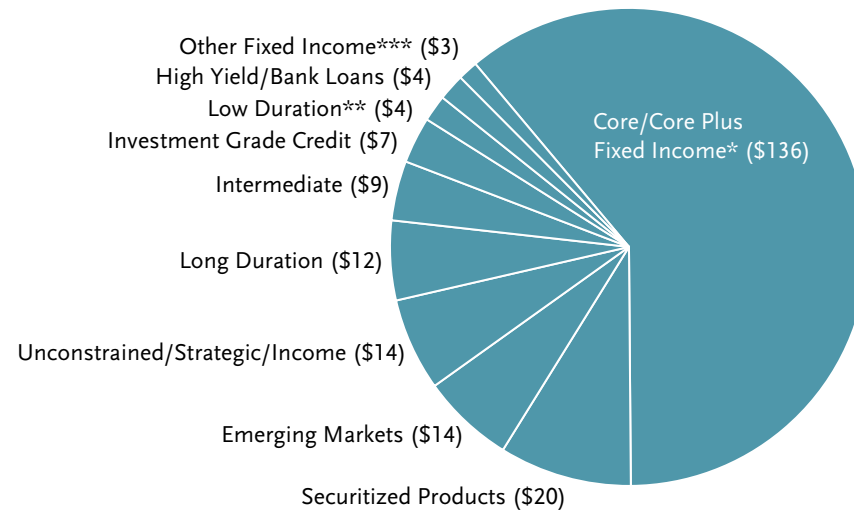
TCW Assets Under Management

AS OF MARCH 31, 2022

Firm AUM: \$243 Billion¹



Fixed Income Assets by Strategy: \$224 Billion²



Source: TCW

Note: Totals may not reconcile due to rounding.

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

¹ Includes respective allocations for multi-asset products.

² Total invested assets by strategy includes cross-held positions and is not meant to reconcile to overall net firm AUM.

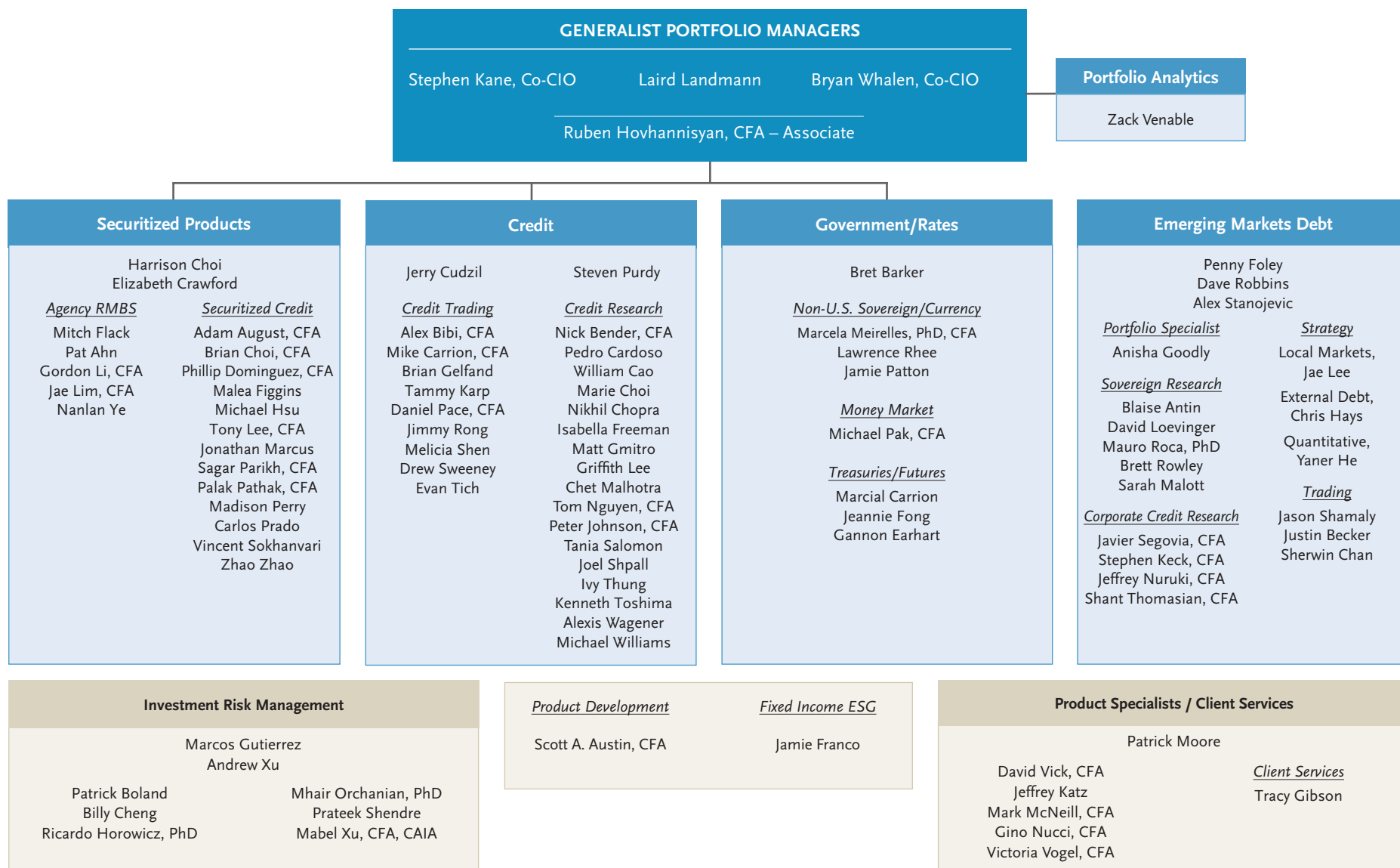
* Includes Core, Core Plus, and Opportunistic Core Plus Fixed Income.

** Includes Low Duration and Ultra Short/Cash Management.

*** Includes U.S. Government, Government/Credit, Global, and Other Fixed Income.

Fixed Income Team

MAY 2022



Sacramento Regional Transit District - Contract Employees

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670) / BENCHMARK: BLOOMBERG AGGREGATE

AS OF MARCH 31, 2022

Executive Summary

Base Currency: US Dollar

Ending Market Value

89,308,255.43

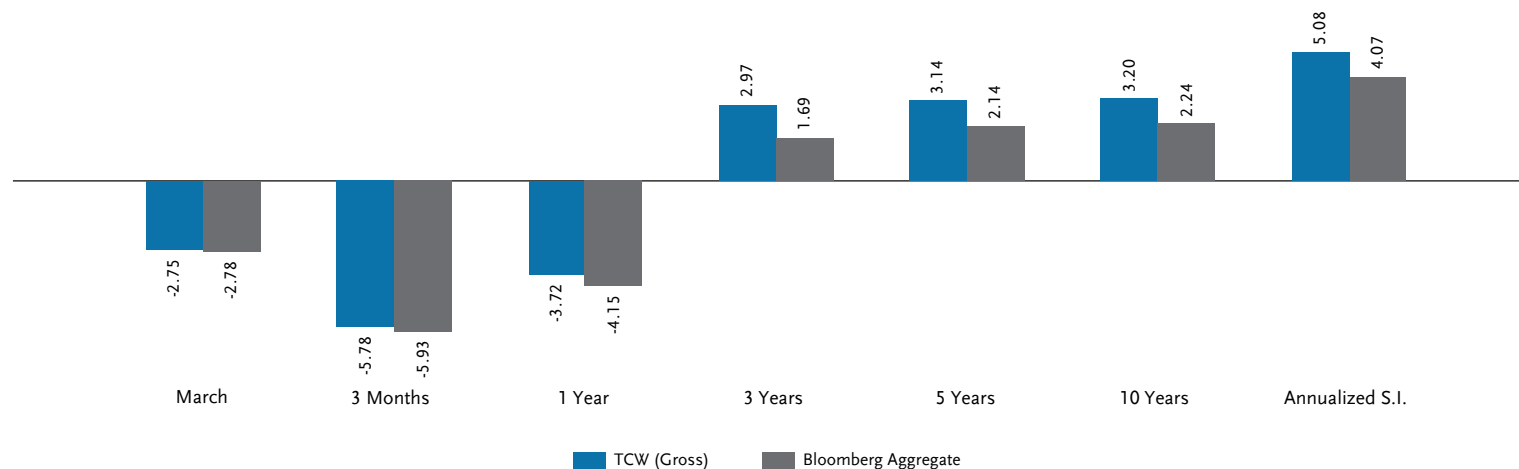
Portfolio Characteristics

	Portfolio	Index
Yield To Worst	3.34%	2.92%
Duration	6.48 yrs	6.58 yrs
Spread Duration	4.74 yrs	3.96 yrs
Quality	AA	AA+
Government / Cash	22.05%	41.02%
Credit	32.91%	29.02%
Mortgage Backed	39.92%	29.65%
Asset Backed	5.13%	0.31%
Other	(0.01)%	0.00%

Sector Allocation Highlights

	Portfolio	Index
Mortgage Backed	39.92%	29.65%
Agency MBS	31.92%	27.67%
Non-Agency MBS	4.82%	0.00%
CMBS	3.17%	1.97%
Credit	32.91%	29.02%
Corporate Credit	31.78%	24.75%
Investment Grade	27.57%	24.75%
HY / Bank Loans	4.21%	0.00%
Non Corp Credit	0.63%	2.89%
Emerging Markets	0.50%	1.38%
Other	0.00%	0.00%

Total Rate of Return (%)



Returns are annualized for periods greater than one year.

Inception Date: 04/03/2001

Sacramento Regional Transit District - Contract Employees

CORE PLUS FIXED INCOME (ACCOUNT #: SMS670)

CONTRIBUTIONS & WITHDRAWALS

AS OF MARCH 31, 2022

Period	Initial Contribution	Contributions	Withdrawals	Investment Earnings*	Ending Balance
Since Inception (04/03/2001)	\$42,403,084.61	\$73,843,266.61	(\$92,374,809.58)	\$65,436,713.79	\$89,308,255.43

*Gross Gains: \$40,783,462.28 / Gross Losses: \$23,641,120.41 / Earned Interest: \$50,698,533.25 + unrealized gain/loss, accrued interest and other accounting items
Source: TCW

1Q 2022: Market Returns

Fixed Income	1Q 2022 Total Return	1Q 2022 Excess Return**	1 Year Total Return	1 Year Excess Return**	Yield-to-Maturity	OAS (bps)
Treasury	-5.6%	0.0%	-3.7%	0.0%	2.4%	-
3 mo T-Bills	0.0%	0.0%	0.1%	0.0%	0.5%	-
1-3 Year	-2.5%	0.0%	-3.0%	0.0%	2.3%	-
TIPS	-3.0%	0.0%	4.3%	0.0%	2.5%	-
Non U.S. DM Treasury	-7.2%	0.0%	-10.3%	0.0%	0.8%	-
Corporate	-7.7%	-1.5%	-4.2%	-0.9%	3.6%	116
AA-Rated	-7.9%	-1.1%	-4.1%	-1.0%	3.1%	68
BBB-Rated	-7.9%	-1.7%	-4.2%	-0.8%	3.9%	142
High Yield	-4.8%	-0.9%	-0.7%	2.9%	6.2%	325
Agency MBS	-5.0%	-0.7%	-4.9%	-1.5%	3.0%	24
Commercial MBS	-5.6%	-0.6%	-4.5%	0.0%	3.3%	85
Asset Backed	-2.9%	-0.3%	-3.1%	-0.2%	2.8%	57
Emerging Markets (USD)	-9.2%	-3.7%	-7.5%	-3.9%	5.6%	321

Equity	1Q 2022 Total Return	1 Year Total Return	Yield-to-Maturity	OAS (bps)
S&P 500 Index	-4.60%	15.63%	-	-
DJIA Index	-4.10%	7.11%	-	-
NASDAQ Index	-8.94%	8.09%	-	-

Source: Bloomberg
For period ending 3/31/2022

* Excess return represents each index's return in excess of return of duration matched U.S. Treasury securities.

1Q 2022: Core and Core Plus Fixed Income Performance Attribution*

	Positioning	Market Action	Results
Duration	Extended duration positioning throughout the quarter as rates moved higher, but remained slightly underweight	U.S. Treasury rates increased during the first quarter as the Fed hiked for the first time in March, led by 2-year yields up 160 bps to 2.3%, while 10-year and 30-year rates increased by 100 bps and 55 bps, respectively	Small Positive
Yield Curve	Moved to slightly overweight the front-end while remaining modestly underweight the long-end of the curve	The yield curve flattened as markets priced in an aggressive move higher in rates by the Fed over the next twelve months, with short and intermediate rates leading the move higher	Negative
Sector	<ul style="list-style-type: none"> Trimmed allocation to government securities, ending the quarter underweight Increased volatility during the quarter allowed for opportunistic additions among corporate credit, bringing what had been an underweight position to nearly neutral by quarter-end, while the small allocation to high yield, where allowed, was maintained Overweight securitized sectors, particularly agency and non-agency RMBS with a smaller overweight in ABS 	<ul style="list-style-type: none"> Fixed income spread sectors, as represented by the Bloomberg U.S. Aggregate Bond Index, significantly lagged Treasuries on a duration-adjusted basis Investment grade corporate yield premiums rose during the quarter and the sector lagged Treasuries by 145 bps on a duration-adjusted basis, while high yield trailed Treasuries by over 90 bps Securitized sectors outpaced corporates but trailed Treasuries on a duration-adjusted basis 	Small Positive
Issue Selection	<ul style="list-style-type: none"> Corporate additions during the quarter were focused on longer tenor bonds from high quality issuers in banking, communications, consumer non-cyclicals, insurance and other financials, among other sectors Agency MBS emphasizes current coupon TBAs with attractive financing rates given the Fed's sizable footprint, while pools focus on low loan balance and geography stories Maintained position in senior seasoned legacy non-agency MBS ABS focused on AAA and AA-rated CLOs and select government guaranteed FFELP student loan collateral, while CMBS positioning favored non-agency bonds 	<ul style="list-style-type: none"> Healthcare, tobacco, cable, and wireless were among the worst performing subsectors during the quarter with negative excess returns (vs duration-matched Treasuries) of more than 200 bps, while finance holdings in the strategy modestly outpaced those in the index Among agency MBS, lower coupons performed the worst, weighing on relative returns, though some of this drag was offset by the emphasis on TBAs, which continued to benefit from a higher running yield than pools While non-agency MBS continued to benefit from a solid housing backdrop with prices rising and loan-to-value ratios improving, the sector experienced some price volatility in sympathy with broader markets during the quarter Issue selection among ABS had little impact on relative performance, while CMBS holdings focused on non-agency collateral trailed Treasuries by 75 bps during the quarter 	Negative

*Attribution based on gross performance. Realized performance will be reduced by fees and expenses. Portfolio characteristics and holdings are subject to change at any time. Past performance is no guarantee of future results.

1Q 2022: Bond Market Rout One of the Worst in History

- The bond market, as measured by the Bloomberg U.S. Aggregate Bond Index, was down almost 6% in the first quarter, bringing the total decline from the peak levels seen at the beginning of August last year to over 8%. That decline represents the largest peak to trough loss since 1980 and is the third worst result for the index since its inception in 1976.

Historical Bond Market Drawdowns

Rank	Depth (Total Return)	Price Return	Coupon Return	Peak	Valley	10 Year Yield Change (bps)
1	-12.74%	-17.47%	4.74%	7/31/79	2/29/80	+371
2	-9.00%	-21.25%	12.25%	6/30/80	9/30/81	+575
3	-8.08%	-9.31%	1.39%	8/3/21	3/25/22	+130
4	-6.56%	-8.29%	1.73%	1/28/94	5/9/94	+185
5	-6.30%	-6.38%	0.08%	3/9/20	3/19/20	+60

Source: Bloomberg

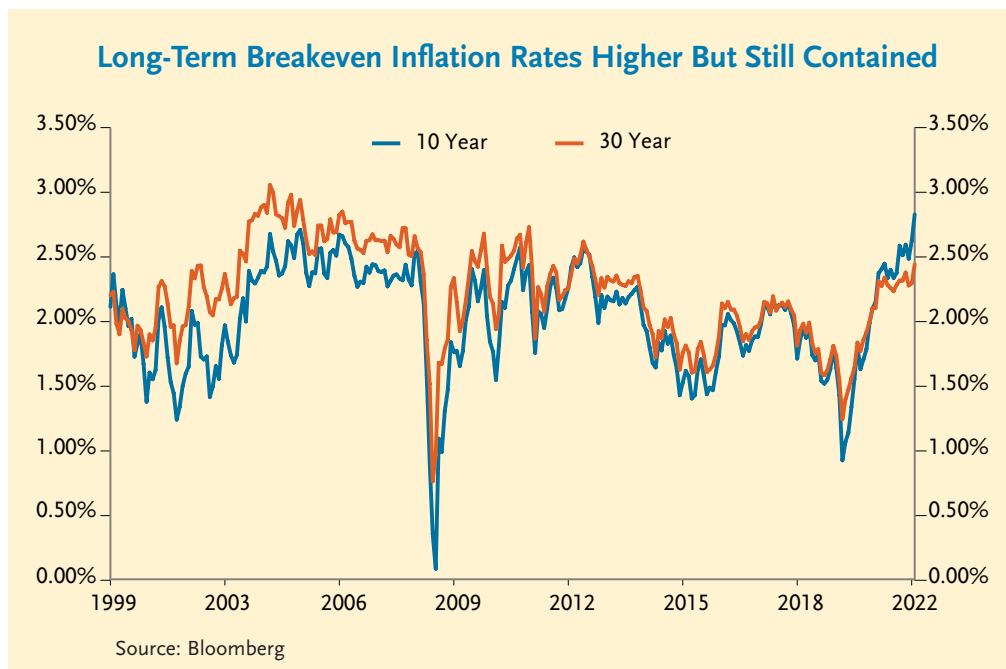
- This poor performance came as a result of an increase in Treasury rates (as measured by the 10-Year note) that was only the 8th largest over the same period. The combination of a historically long duration and extremely low interest rates, and hence limited coupon income, made this period particularly painful for investors, despite the relatively modest move in rates compared to other major bond market downturns.
- Further compounding the performance lag from higher interest rates was the increase in credit spreads seen in the first quarter, with all sectors, including investment grade credit, high yield, and all parts of the securitized markets underperforming comparable duration Treasuries.

- After such a difficult period, and staring down the barrel of a rapid and sustained hiking cycle by the Federal Reserve, many investors ask themselves “Why am I holding fixed income assets at all?”
 - Longer duration assets, particularly Treasuries, are still the best hedge against credit and equity market volatility, even if the hedge is not as effective as it once was given the low absolute level of rates.
 - Even aggressive hikes by the Fed may not push long-term rates dramatically higher, particularly if the market continues to price in an overcorrection, suggesting the curve could remain flat or invert.
 - If the curve steepens, long-term Treasury rates aren’t likely sustainable at substantially higher levels given the large amount of debt across the economy, and as the cost of servicing that debt goes up, it becomes a bigger and bigger drag on economic activity.
 - Maintaining an investment in fixed income rather than cash minimizes the risk that an investor is unable to get that cash reinvested in markets near the bottom and misses out on the subsequent recovery.

Our View: Despite the challenges of the past quarter, there is likely to be further volatility ahead, both in interest rates and in credit spreads. With spreads moving wider, we have been disciplined and added risk commensurate with the additional compensation. Further volatility will likely create even more compelling opportunities and we have ample ability to expand the risk budget further should conditions allow. Current positioning reflects near-neutral interest rate exposure, an overweight to high quality “spread” sectors and an overall yield advantage to the index. While ongoing volatility may result in some short-term periods of underperformance, the portfolio is well positioned for strong long-term performance, while maintaining substantial liquidity to adjust portfolio structure as relative value shifts in the market.

1Q 2022: The Fed Takes a Hawkish Turn

- Inflation continued to march higher in the first quarter, reaching almost 8% on a year-over-year basis, with more evidence that it is becoming increasingly broad based, rather than concentrated primarily in COVID-impacted sectors.
- Despite the run-up in realized inflation, long-term inflation expectations remain well contained, with the TIPS market implying 10-year breakeven inflation rates are below 3% while 30-year breakeven rates sit just below 2.5%.
- Inflation is likely to remain high for the foreseeable future as the primary drivers of inflation – commodity prices, supply chain challenges, labor shortages, de-globalization and onshoring of critical industries, and rapidly rising home prices are not easily corrected in the short-term.
- Given those factors, the Fed has made it clear that they will use the primary tool they have – higher rates – to bring inflation lower, with the market currently pricing in 11 hikes of 25 bps each between now and the middle of 2023. Those hikes are largely front-loaded, with 50 bp increases expected in each of the next two meetings and 25 bp increases in every subsequent meeting.



- Though Fed Chairman Powell has spoken highly of former Fed chair Paul Volcker and his determination to stamp out inflation by lifting short rates into the teens and sending the economy into a long and deep recession, more recent

Fed history implies that Volcker's comfort with misery in pursuit of lower inflation might not be present to the same degree in today's Fed. The real test will come if (when?) we encounter a scenario where inflation is still elevated (5+%) but credit and equity markets have begun to price in a recession and are down significantly. It is an open question how the Fed will respond, particularly if labor markets remain tight.

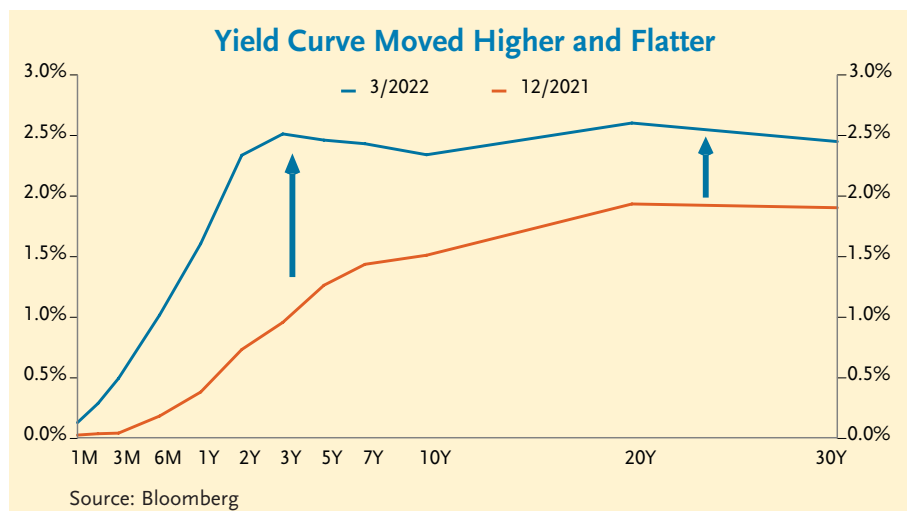
- No modern central banker wants to be the one that lets inflation get out of control, which suggests the Fed will maintain resolve in the face of challenging circumstances, while they also benefit from the currently reasonable expectations for long-

term inflation. Volcker needed to squash not only current inflation, but also elevated expectations, making his job much more difficult and likely more damaging to the economy.

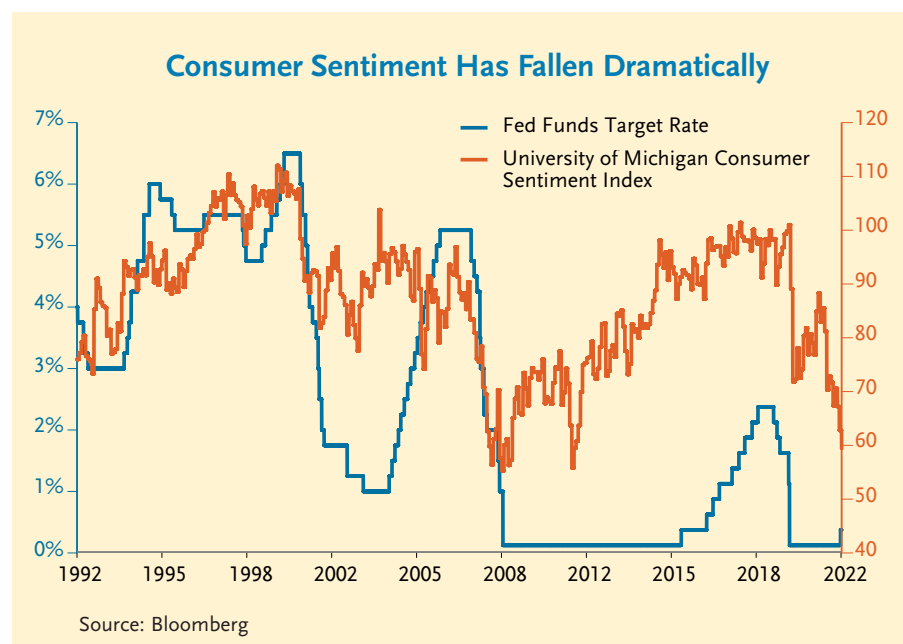
Our View: The Fed has an incredibly tiny needle to thread trying to engineer a drop in prices without an equivalent decline in economic activity. While markets are pricing in 11 hikes over the next 12 months or so, we think it's unlikely that all 11 actually get implemented, rather, we expect that conditions will change, i.e., some part of the market or economy will "break" forcing the Fed into a very difficult position. However, if that break is accompanied by increasing unemployment, it may provide the Fed the cover they need to pause or even reverse course on their hiking plan.

1Q 2022: Economic Indicators Starting to Turn Lower

- The yield curve looks less like a curve and more like a plateau, with the front end very steep as it prices in an aggressive Fed and then a long, flat expanse all the way out to 30 years. While different parts of the curve vacillate between mild inversion and slight steepness, the signal remains clear – markets are skeptical of future growth but believe the Fed will be successful at moderating inflation over the medium-to long-term.



- Nominal wages have been rising steadily and headlines continue to show anecdotal evidence of wage pressures across numerous industries and income levels. Even so, once adjusted for current high levels of inflation, it is clear workers have been consistently losing real spending power.
- That is likely one of the reasons consumer sentiment has fallen substantially over the year, and is well below the highs seen pre-pandemic. Current levels around 60 are typically associated with a weak economic environment in which the Fed is easing rates to bolster the economy, rather than one in which the Fed is expected to be lifting rates to dampen economic activity.

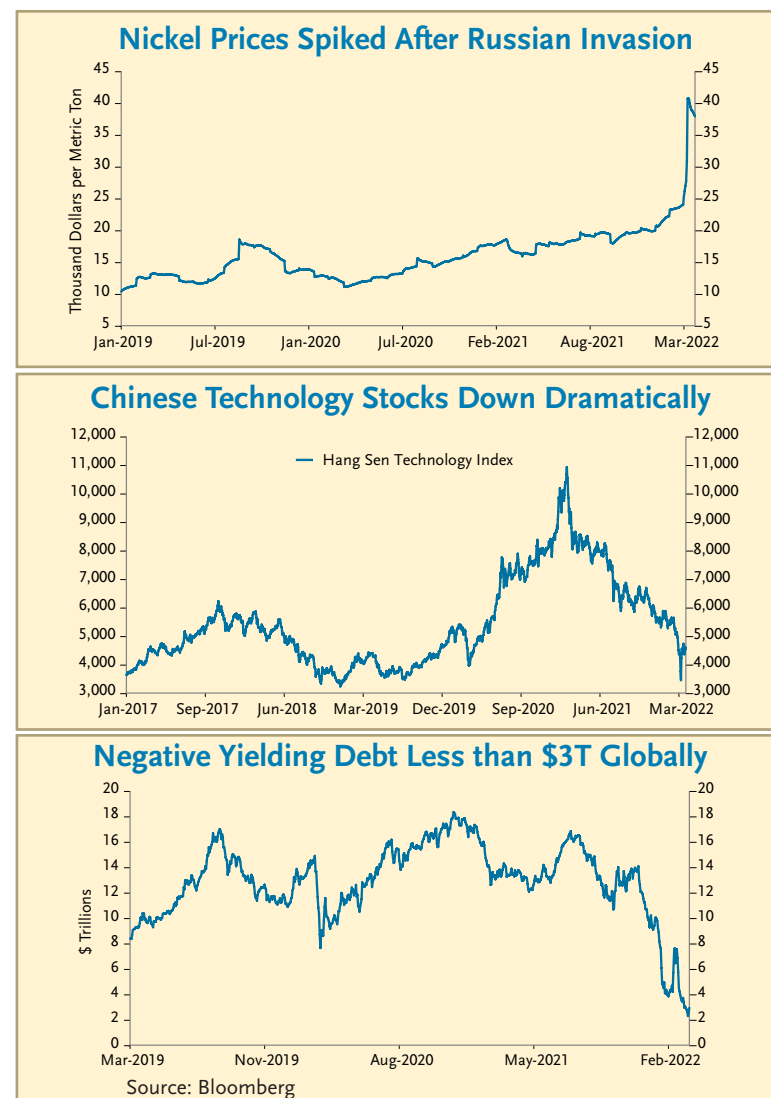


- There are numerous reasons for the market's skepticism about future growth prospects:
 - High current inflation, leading to reduced consumer spending
 - Fading fiscal stimulus
 - Higher short-term rates as the Fed continues hiking
 - Declining real (after adjusting for inflation) wages
 - Tighter financial conditions
 - Geopolitical tensions, including most significantly, Russia's invasion of Ukraine and the subsequent sanctions

Our View: The dangerous confluence of factors has meaningfully increased the odds of recession in the next 12-18 months. Further, we are likely to see stagflationary conditions (slowing growth and high inflation) for at least some period of time, though probably not as long or as painful as the episode experienced in the late '70s or early '80s. Nevertheless, we believe the next 12-24 months could be a challenging period for markets and for fixed income investors especially, though with those challenges will also come significant opportunity.

1Q 2022: Global Upheaval Adds to Uncertainty

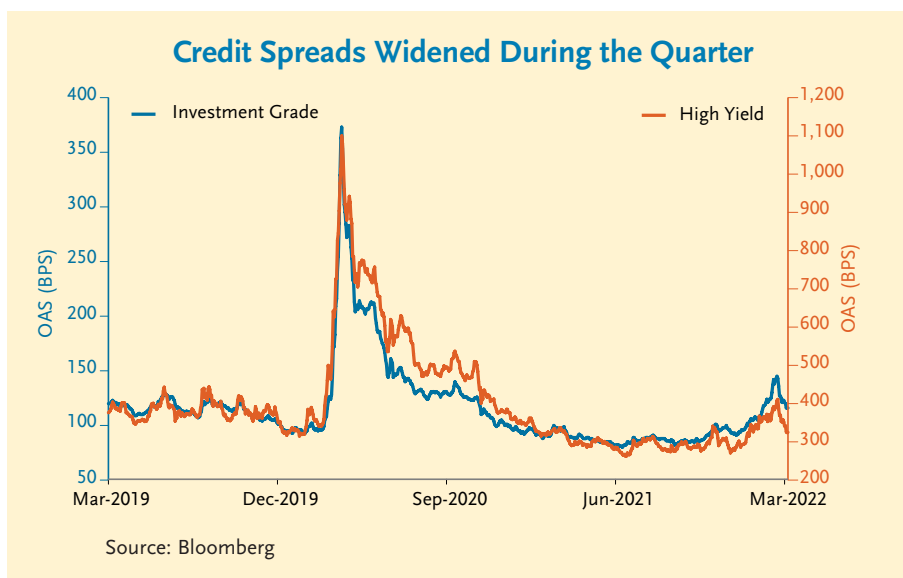
- Russia's invasion of Ukraine dominated headlines and spurred quick and unified action on the part of western countries, which introduced heavy sanctions on Russia and Russian oligarchs, essentially locking them out of the global financial system. While sanctions were severe, they could have been worse, as exceptions were made for select banks to allow for the purchase of Russian oil and gas by Europe. Nevertheless, excising the 12th largest economy in the world from global trade overnight is almost certain to have a negative impact on future growth.
- In addition to the negative impact on growth, the aftermath of the invasion is also likely to be inflationary as well, as Russia and Ukraine combined were large exporters of numerous industrial and agricultural commodities such as wheat, nickel, oil, and gas. Interruptions in the flow of those commodities has already created havoc in London based nickel markets, sent the price of oil and gas higher, and raised the specter of much higher food inflation, particularly in Europe.
- China has attempted to avoid choosing sides, calling for a peaceful resolution publicly while continuing to purchase Russian commodities. But, they face their own set of difficulties at home, with more draconian lockdowns impacting various cities and companies as more transmissible strains of the coronavirus make their zero-COVID policies difficult to maintain. Separately, technology stocks have fallen almost 50% from the highs while property markets have slowed dramatically. China was forced to ease recently introduced regulations and introduce programs to support property markets in an effort to support those sectors and maintain growth.
- As inflation has risen around the world, central banks are lifting rates and markets have adjusted long-term interest rates higher. As a result, negative yielding debt around the world has dropped to less than \$3 trillion, from a high just over \$18 trillion at the end of 2020. The rising cost of debt in a heavily indebted world is almost certain to be an additional drag on growth.



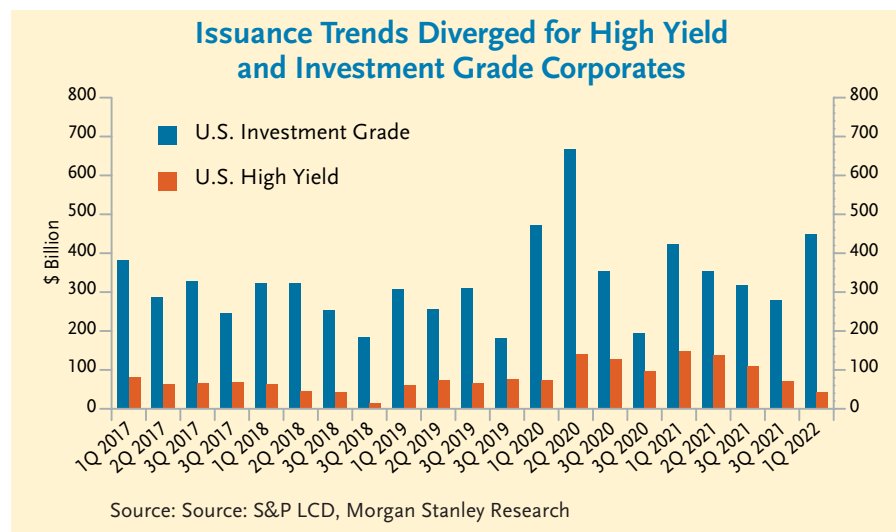
Our View: The Russian invasion of Ukraine has fundamentally changed the world order and could accelerate a longer-term trend of de-globalization, leading to somewhat higher structural inflation. More immediately, it is difficult to envision a scenario where global markets welcome Russia back into the fold, suggesting strained relations and export volatility in the future. Infrastructure to replace Russian oil and gas in Europe will take years to put in place implying long-term upward pressure on inflation, potentially balanced by the negative growth impacts of Russia's near removal from the global economy.

1Q 2022: Corporate Credit Markets Repriced Swiftly

- Spreads widened across the board in the first quarter, with the investment grade market widening over 50 bps to a peak of 144 bps in mid-March before recovering to end the quarter at 114 bps. And even this movement understated the actual widening as more liquid credits were wider still, with the index lagging the move of those liquid issues by 15-20 bps.
- High yield spreads showed a similar pattern, with spreads starting the year around 280 bps, before widening in mid-March to just over 400 bps, and rallying to end the quarter around 320 bps. Prices on high yield bonds, however, were more stable than the spread movement would suggest as some of the spread movement, particularly later in the month was due to changes in Treasury rates rather than a repricing of credit risk in the sector.



- Technical conditions have improved in high yield and bank loans with issuance much lower than last year, particularly in March as market volatility kept any opportunistic issuers on the sidelines. Investment grade was a different story, with issuance running slightly ahead of 2021 year-to-date, and well ahead of average levels of the previous several years.

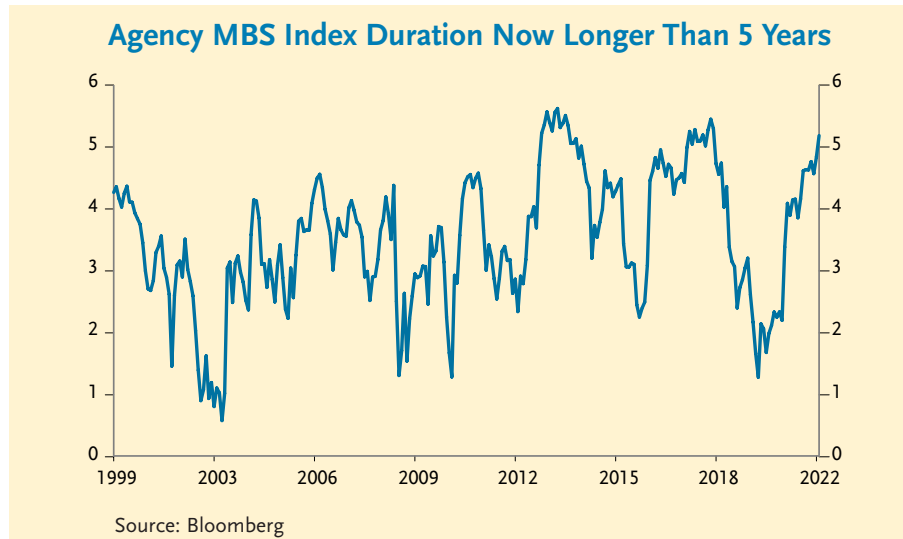


- One benefit of the volatility is that lending standards have improved somewhat with terms shifting modestly back in favor of lenders. In the last couple of months, bond buyers have been successful at pushing back against certain loose bond covenants favored by underwriters. The new, more restrictive terms were considered necessary to get the deals done, and have been generally well received by markets.
- While fears of higher rates have generally led to outflows for fixed income funds, bank loans have been the exception given their floating rate structures. In the first quarter alone, loan funds saw \$64 billion of retail inflows, helping to offset the decline in CLO issuance and bringing the loan mutual fund base to \$135 billion, which isn't far below the all-time high of \$154 billion in late 2018.

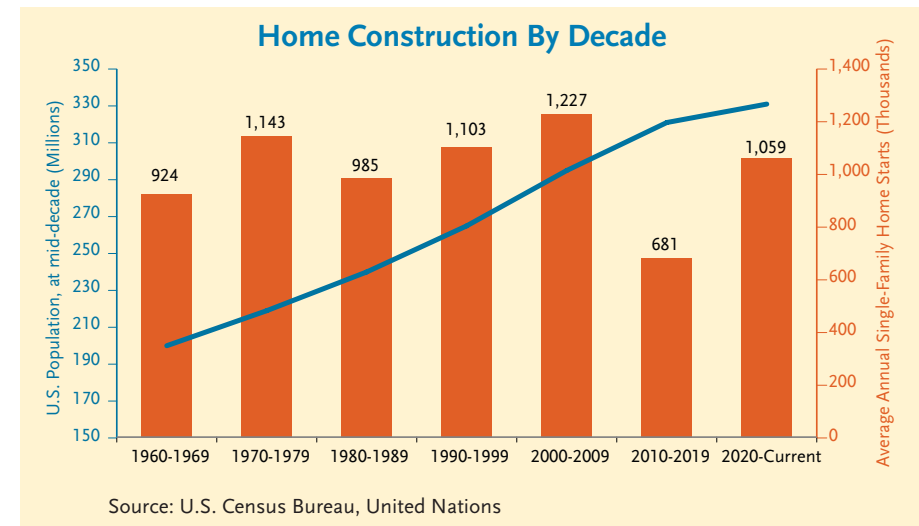
Our View: Wider credit spreads during the quarter provided opportunities to add high quality issuers at far more attractive valuations, though some of these purchases were subsequently trimmed toward the end of the quarter as spreads tightened. Future earnings releases will be interesting to see how companies respond to rising input costs and the impact on profitability. We expect there to be further divergence in company performance, which should create additional opportunities to add to corporate bond exposures in the months and quarters ahead.

TQ 2022: Securitized Markets Lagged As Well

- Agency mortgages lagged for the quarter given high volatility, increasing interest rates, and growing concerns about the Fed's plan to reduce their exposure to the sector. At this point, however, with a duration north of five years, a threshold that's been reached just a handful of times over the last 20 years, and over 60% of the index in lower coupon mortgages, the sector is approaching fully extended duration, meaning future rate increases aren't likely to see significant further extension.
- Despite the increase in spreads across securitized sectors, housing fundamentals continue to look favorable, though affordability is likely to come under pressure given rapidly rising home prices and higher mortgage rates. At the most fundamental level, there are simply too few homes available given a massive decline in single-family home starts in the decade following the Great Financial Crisis, leading to current supply/demand imbalance and supporting home values for some years ahead.



- Similarly, non-agency spreads were also wider during the quarter as markets moved in sympathy with broader credit markets and began to price in growing risks to the economy. In particular, lower rated tranches in both the non-qualified mortgage sector and the agency credit risk transfer (CRT) market widened materially, with new issue spreads on subordinate CRT tranches 300-500 bps wider than similar issuance in the second half of last year.



- With home prices rising quickly, an analysis by CoreLogic suggested homeowners in total have seen a total equity increase of over \$3.2 trillion since the 4th quarter of 2020 with the average homeowner gaining about \$55k during 2021. This suggests that as long as rates remain relatively high, rate refinancings will continue to be slow, but cash-out refs will pick up as borrowers look to tap that available equity. Given that most of the mortgage market is now priced at a discount, investors may start to look at deals with underlying loans likely to take advantage of that cash-out opportunity, such as low LTV loans or those with more aggressive servicers, which ultimately will generate faster prepaids and potentially more attractive returns.

Our View: We continue to find value in various parts of the securitized markets. Agency MBS looks attractive at current levels, especially considering the liquidity and high quality of the asset class, even with the expectation of less Fed buying in the future. Similarly, wider spreads on recent issues of non-agency MBS provide a greater buffer for adverse events down the road, with compensation now reasonable for the risks undertaken. Legacy non-agency MBS remains a compelling asset class given the ongoing fundamental improvement in borrower profiles, while modestly wider spreads in ABS provide some offset to a potentially softening consumer credit outlook.

1Q 2022: Core and Core Plus Fixed Income Positioning Summary

Volatility allowed for opportunistic additions in the first quarter with ample room to expand risk budgets further going forward should we see continuing volatility.

Characteristics	Positioning	Comments
Duration	Ended the quarter approximately 0.1 years short versus the benchmark	Long-term rates at current levels are close to fair value, and we will be slow to add meaningful duration given the potential for a large, but likely temporary, move in rates materially higher
Curve	Expectations for a steeper curve	<ul style="list-style-type: none"> • Small overweight to the 2-year part of the curve given large number of hikes already priced in • Modest underweight to the 10-year and 30-year part of the curve due to potential for inflation to push term premiums higher
Governments	Underweight, with an emphasis on on-the-run securities	<ul style="list-style-type: none"> • On-the-run Treasury securities provide much greater liquidity • Maintained a small position in long TIPS
MBS	<ul style="list-style-type: none"> • Agency MBS – overweight • Non-Agency MBS – maintain allocation, with bias to add on pricing dislocations 	<ul style="list-style-type: none"> • Preference for current coupon agency MBS TBAs which remain attractive given relatively high carry of TBAs versus specified pools • Maintain emphasis on higher quality, shorter duration, currently amortizing non-agency MBS bonds • Look to add exposure in heavily discounted senior legacy non-agency MBS bonds with solid fundamentals
ABS	Small overweight	<ul style="list-style-type: none"> • Prefer AAA and AA rated CLOs given better liquidity, robust structures and reasonable spreads • Maintain modest position in select FFELP student loan ABS
CMBS	Neutral	Emphasis on non-agency CMBS holdings, including CRE CLOs and super senior single asset single borrower deals, but continue to monitor the sector for opportunities down the capital structure
Investment Grade Credit	Neutral	<ul style="list-style-type: none"> • Look to take advantage of volatility and add on weakness and trim into strength • Positioning remains concentrated in high conviction names, intermediate banks, and defensive sectors like communications and non-cyclicals, particularly healthcare • Minimal exposure to cyclical credit sectors and non-corporate credit
High Yield	Small allocation	Emphasize defensive credits and select, high conviction idiosyncratic issuers
International	Small allocation	Slowing growth and a tightening Fed has historically been a difficult environment for EM issuers

Portfolio characteristics and holdings are subject to change at any time. The views and forecasts expressed in this quarterly review are as of March 2022, are subject to change without notice and may not come to pass. TCW reserves the right to change its investment perspective and outlook without notice as market conditions dictate. Source: Bloomberg, TCW

1Q 2022: Sector Highlight – Aircraft Lessors, Assessing the Impact from Russian Sanctions

Russia's invasion of Ukraine resulted in sanctions from the U.S. and the European Union (EU) that have impacted global financial markets. Aircraft leasing companies have varying degrees of exposure to Russian airlines, and as a result of sanctions and subsequent actions taken by Russia and Russian airlines, aircraft lessors may experience short-term headwinds as the complex situation unfolds.

Overview

- Russia is a large aviation market and relies heavily on aircraft lessors to attain planes as Russian airlines lease more than 50% of their planes through various lessors.
- Global aircraft lessors' exposure to Russian airlines ranges from less than 2% to 10%.

Lessor	Global Fleet Size	Fleet Exposure to Russia	Range in TCW Fixed Income Strategies*
Dubai Aero	355	10.0%	–
SMBC	360	10.0%	< 5 bps
BOCA	390	6.0%	–
Air Castle	260	6.0%	–
AerCap	2050	5.0%	20 to 40 bps
Air Lease	440	5.0%	20 to 40 bps
ACG	340	3.0%	–
Avolon	560	1.7%	20 to 40 bps

Source: TCW

How Do Lessors Mitigate Losses?

- Aircraft lessors carry insurance policies on their fleets, which include coverage for events such as losses (crashes), war and confiscation. Since repossession of all the planes from Russia is remote, the insurance policies are structured to result in the recovery of most of the aircraft's carrying value.
- In past instances, certain companies have filled confiscation related claims under their insurance policies, which did eventually result in full payment by the insurance carrier.
- Lessors also collect security deposits and maintenance reserves on their fleets, which likely totals several months of equivalent rental payments.

Portfolio characteristics and holdings are subject to change at any time.

*These numbers are based off core/core plus, but are indicative for other strategies that may hold these issuers as well.

Our View: We expect that most lessors will never recover the entire fleet of planes leased to Russian airlines. However, the overall exposure and potential impact to the companies is manageable as there are safeguards in place to help limit losses. We continue to monitor the situation, but remain constructive on the aircraft lessors as we believe these companies are well-positioned to weather the volatility.

Impact of Sanctions on Russia

- EU sanctions are more stringent than U.S. sanctions, and the EU sanctions prohibit supplying aircraft and aircraft components to Russian entities or for use in Russia.
- Since many of the aircraft lessors and/or the operating leases are subject to the EU sanctions, the lessors must terminate all lease contracts with Russian airlines, leading to an event of default per the lease agreements.
- The probability of repossessing aircraft located in Russia is extremely remote given recently passed Russian law allowing Russian airlines to keep hold of leased aircraft and re-register them as Russian aircraft.
- The longer the planes stay in Russia, the higher the likelihood that the value of the planes falls significantly due to lack of proper maintenance records and the probability Russia will use uncertified replacement parts (due to sanctions).

Potential Outcome?

- Base case scenario is that the companies recover a significant portion of any losses through insurance claims, however, this will likely take time to fully play out. The companies also have security deposits and maintenance reserves that can help offset losses.
- Even in a worst case scenario where the lessors were to experience 100% loss, overall leverage for the companies is likely to remain somewhat stable and the potential for a credit downgrade remains low.

Lessor	Credit Quality (Moody's, S&P, Fitch)	Current Net Leverage	Net Leverage Assuming 100% Loss
AerCap	Baa3/BBB/BBB-	3.0x	3.6x
Air Lease	NR/BBB/BBB	2.3x	2.7x
Avolon	Baa3/BBB-/BBB-	2.4x	2.5x
SMBC	NR/A-/A-	1.5x	2.8x

Source: TCW

Biography



Victoria Vogel, CFA
Senior Vice President
Client Services – Fixed Income

Ms. Vogel joined TCW in 2011 as a Product Specialist Analyst with the Client Services group. In this capacity, she is responsible for communicating investment strategies, performance, and outlook to fixed income clients with a specific focus on portfolio attribution analytics. Ms. Vogel graduated from Middlebury College with a BA in Economics and is a CFA charterholder.

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RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022

Agenda Item: 14

TO: Sacramento Regional Transit Retirement Boards – ALL

FROM: Jamie Adelman, Acting, VP, Finance/CFO

SUBJ: Investment Performance Review by AQR for the ATU, IBEW and Salaried Retirement Funds for the International Small Capitalization Equity Asset Class for the Quarter Ended March 31, 2022 (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, (6) Domestic Fixed-Income, and (7) Real Estate.

AQR is the Retirement Boards' International Small Capitalization Equity fund manager. AQR will be presenting performance results for the quarter ended March 31, 2022, shown in Attachment 1, and answering any questions.

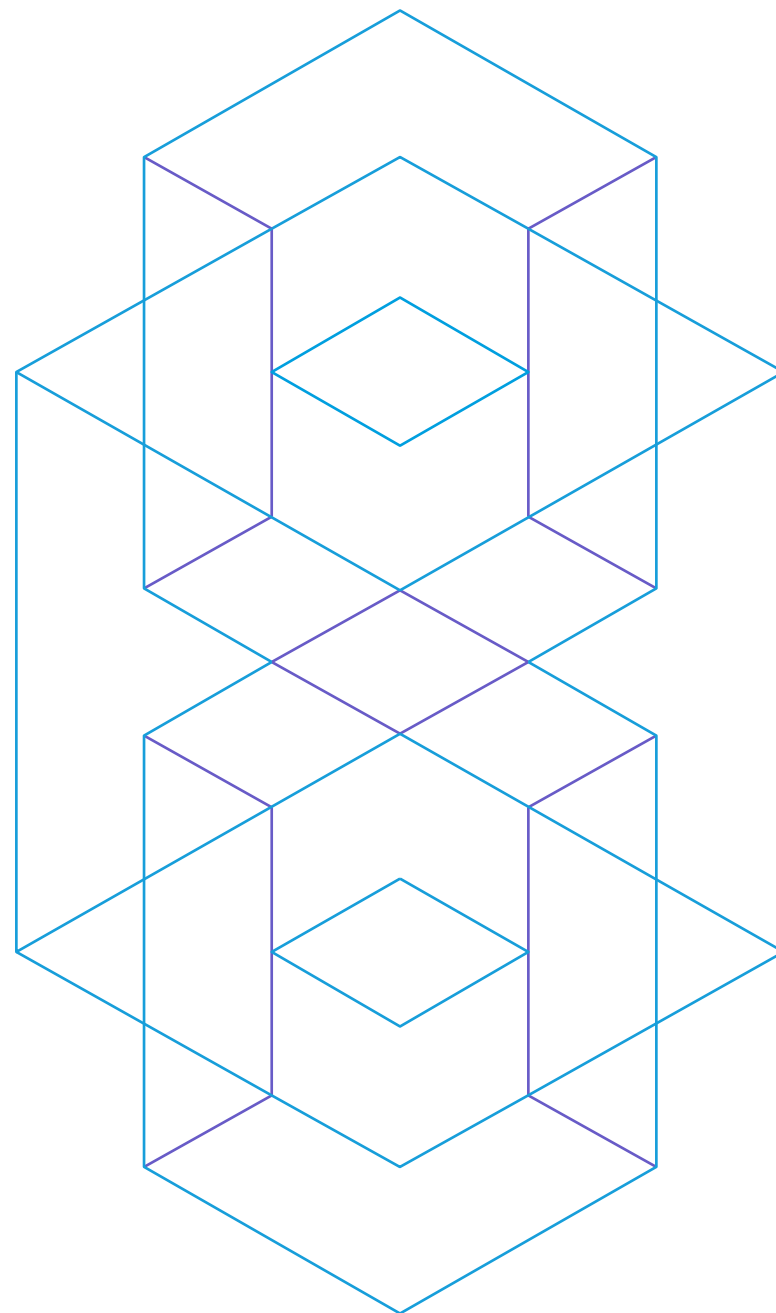
AQR International Small Cap Review

Prepared exclusively for Sacramento Regional Transit District

FOR CLIENT REVIEW USE ONLY

For Due Diligence Purposes Only

June 2022



Disclosures

You have requested certain performance information in connection with your due diligence review of the AQR International Small Cap Equity Fund, L.P. (the "Fund"). All information disclosed by AQR to you will be deemed Confidential Information and may be used only for informational, due diligence purposes. In consideration of AQR's making the Confidential Information available to you, you agree that you will not: (i) reproduce, summarize or otherwise use any Confidential Information for any purpose other than for Recipient's internal evaluation of establishing a relationship with AQR or investing in the Fund; or (ii) disclose the Confidential Information to any third party. You agree and acknowledge that the Confidential Information is and shall remain the property of AQR and AQR has not granted and will not grant you any license, copyright or similar right with respect to any of the Confidential Information.

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There can be no assurance that an investment strategy will be successful. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. Target allocations contained herein are subject to change. There is no assurance that the target allocations will be achieved, and actual allocations may be significantly different than that shown here. This presentation should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

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AQR Presenters

Dave Kershner, CFA, *Managing Director*

Dave Kershner is a Managing Director at AQR Capital Management, where he is a member of the strategy team within the firm's Global Stock Selection group. In this role, he is responsible for addressing involved client requests, running portfolio analysis and monitoring accounts. Prior to AQR, Dave was a portfolio manager and vice president with Dimensional Fund Advisors. Dave earned a B.S. and M.S. in electrical engineering from Pennsylvania State University and an M.B.A. in finance from The Anderson School at UCLA. Dave is a CFA charterholder.

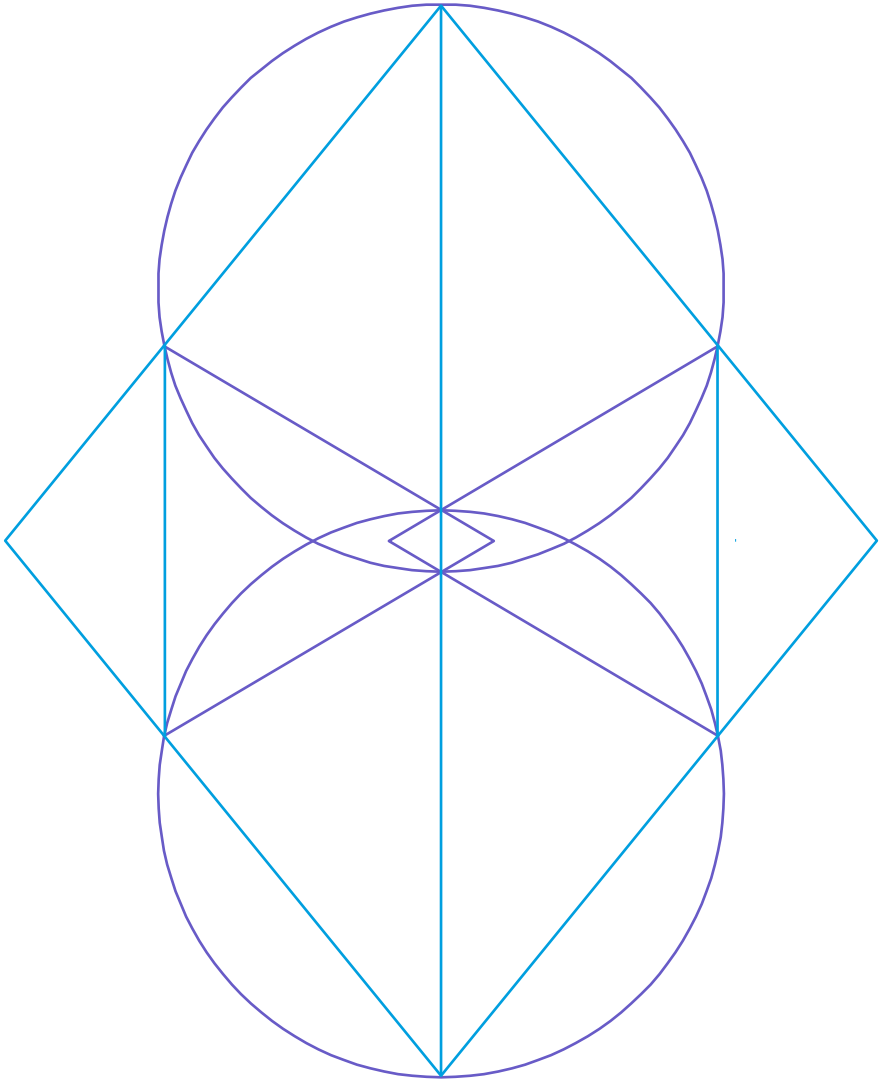


Daniel Ohgi, *Executive Director*

Dan Ohgi is an Executive Director on the Consultant Relations team at AQR Capital Management. In this role, he is responsible for representing AQR's strategies and capabilities to U.S. institutional investment consultants and research professionals. Previously Dan worked on the Client Strategies team at AQR, where he was responsible for overseeing institutional client relationships throughout the Western and Southwestern U.S. Prior to AQR, Dan spent ten years at J.P. Morgan, most recently as an investment specialist in the endowments and foundations group. He began his career in the investment banking division at Salomon Smith Barney. Dan earned a B.S. in economics and B.A. in political science from the University of Pennsylvania, graduating Magna Cum Laude, and an M.B.A. with honors from the University of Chicago's Graduate School of Business.



Firm Overview



Our Firm

Systematic investing grounded in economic theory

**Investment innovation
at the nexus of economics,
behavioral finance, data
and technology**

- Dedicated to the pursuit of investment excellence for our clients
- Pioneer in quantitative investing through applied research
- Leading provider of long-only and liquid alternative strategies
- Clients representing some of the largest and most sophisticated investors across the globe



Our Approach

Fundamental investors pursuing advantages at every step

Fundamental Investing

We rely on sound economic theory and analysis to help us deliver long-term, repeatable results.

Systematically Applied

A disciplined methodology underlies everything we do. Our models, built over 20 years, are based on a continuous process of design, test, refine, repeat.

Thoughtfully Designed

In portfolio construction, risk management and trading we seek additional value for our clients. Using both qualitative and quantitative tools, we're meticulous in every detail of the investment process.



Industry-Leading Research

Committed to advancing financial knowledge

Academic Engagement

- ~60% of our researchers hold advanced degrees
- ~40 employees hold PhDs
- ~15 current and former professors work at AQR
- AQR Insight Award: \$100,000 prize honoring unpublished papers that provide the most significant investment insights
- Online research library with over **400** AQR papers, journal articles, books and periodicals, as well as our data sets

Awards and Prizes

67 Research Awards

Notable awards include¹:

- 12 Bernstein Fabozzi JPM Awards
- 11 Graham & Dodd Awards
- 6 Smith Breeden Awards²
- 6 DFA Prizes²
- 4 Michael Brennan Awards²
- 3 Markowitz JOIM Awards
- 1 Fischer Black Prize
- 1 Bernacer Prize

Widely-Cited Financial Research³

SSRN Downloads

New downloads over a 4-year period

1. New York University (NYU)
2. Harvard University
3. University of Chicago
4. Cornell University
5. Stanford University
6. Columbia University
7. University of Oxford
8. University of Pennsylvania
9. Yale University
10. Massachusetts Institute of Technology (MIT)
11. Duke University
12. University of New South Wales
13. **AQR Capital Management**

AQR also ranks #14 in total number of SSRN downloads of all time among ~10,000 institutions and universities



As of 3/31/2022. Source: AQR, SSRN.

¹Bernstein Fabozzi Awards won in 2022, 2020, 2018, 2015, 2014, 2013, 2012, 2005, 2004, 2003; Graham & Dodd Awards won in 2021, 2020, 2018, 2015, 2011, 2005, 2004, 2003, 2000, 1998, 1991; Smith Breeden Awards won in 2010, 2008, 2002, 2000, 1998; DFA Prizes won in 2018, 2016, 2014, 2008, 2005; Michael Brennan Awards won in 2014, 2013, 2005 and 2004; Markowitz Award won in 2021, 2020, 2015; Fischer Black Prize won in 2007; Bernacer Prize won in 2011.

²Three Smith Breeden Awards were second place mentions; four DFA Awards were second place mentions; one Michael Brennan Award was a second place mention.

³Social Science Research Network (SSRN) Finance Economic Network ranked by total new downloads of papers in the last 4 Years. SSRN List is as of 4/1/2022.

Our Offerings

Diversified strategies across asset classes

Asset Class	Strategies	Target Beta Range	\$117 B AUM*
Equity	<ul style="list-style-type: none"> • 3 Alpha • Defensive • Enhanced • Styles • Relaxed Constraint • Tax Aware 	0.7 – 1.0	\$74.5 B
Alternatives: Total Return	<ul style="list-style-type: none"> • Adaptive Multi-Asset • Delphi • Global Risk Premium • Long/Short Equity • Multi-Strategy Total Return • Tax Aware 	0.1 – 0.7	\$23.2 B
Alternatives: Absolute Return	<ul style="list-style-type: none"> • Alpha <ul style="list-style-type: none"> - Absolute Return - Alternative Trends - Equity Market Neutral - Event Driven - Global Macro - Tax Aware • Alternative Risk Premia <ul style="list-style-type: none"> - DELTA - Managed Futures - Style Premia 	0.0	\$19.2 B



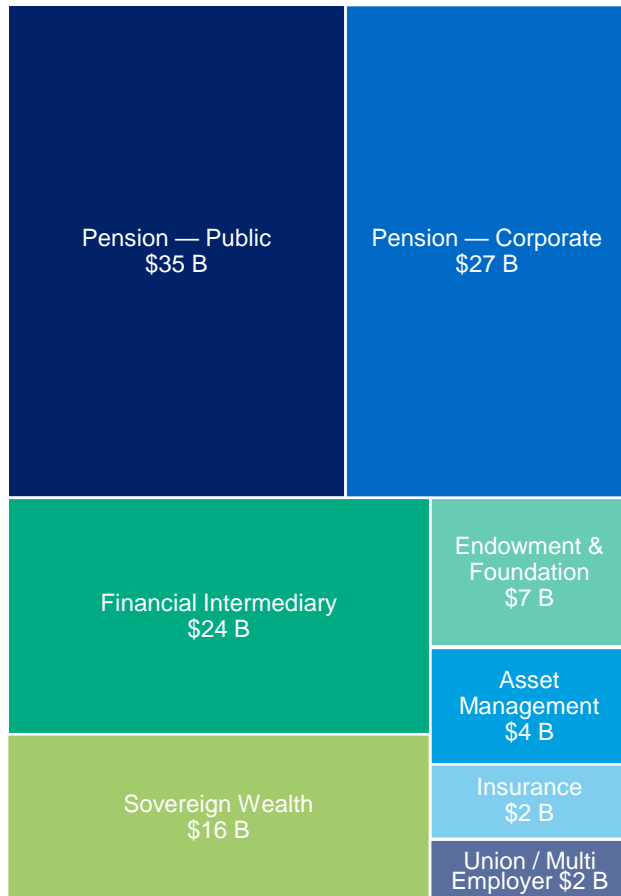
Source: AQR. There is no guarantee, express or implied, that these targets will be achieved. Actual results may come in higher or lower than expected. Diversification does not eliminate the risk of experiencing investment losses.

*Approximate as of 3/31/2022, includes assets managed by AQR and its advisory affiliates

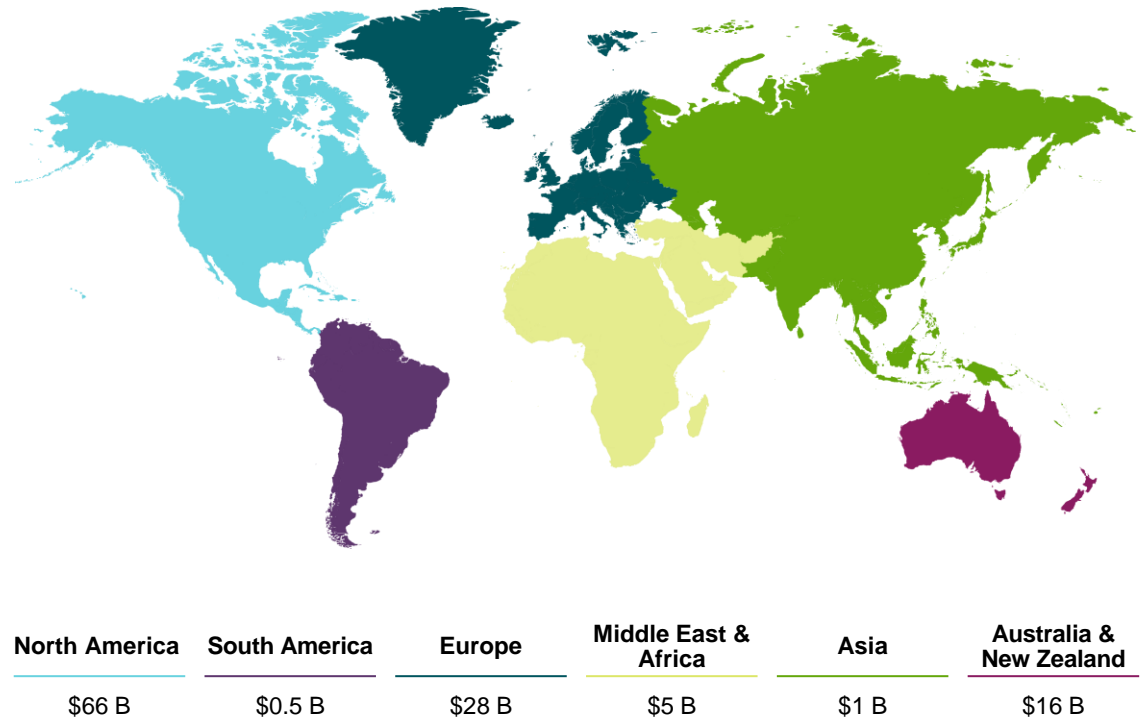
Assets Under Management

Our assets are diversified by client type and across regions

By Type



By Region



Source: AQR.
Approximate as of 3/31/2022, includes assets managed by AQR and its advisory affiliates.

Our Team

Experienced leadership across disciplines

John Liew, Ph.D.
Founding Principal

Cliff Asness, Ph.D.
Managing and Founding Principal

David Kabiller, CFA
Founding Principal

Portfolio Management

Research

Michele Aghassi, Ph.D.
Principal

Yao Hua Ooi
Principal

Jordan Brooks, Ph.D.
Principal

Lasse Pedersen, Ph.D.
Principal

Andrea Frazzini, Ph.D.
Principal

Nathan Sosner, Ph.D.
Principal

John Huss
Principal

Ashwin Thapar
Principal

Michael Mendelson
Principal

Mark Mitchell, Ph.D.
Principal (AQR Arbitrage)

Scott Metchick
Principal

Todd Pulvino, Ph.D.
Principal (AQR Arbitrage)

Tobias Moskowitz, Ph.D.
Principal

Rocky Bryant
Principal (AQR Arbitrage)

Lars Nielsen
Principal

Trading and Financing

Scott Carter
Principal

Portfolio Implementation

Jeffrey Bolduc, CFA
Managing Director

Risk Management

Amir Becher
Managing Director

Business Development

Client Solutions

Gregor Andrade, Ph.D.
Principal

Matthew Chilewich
Principal

Jeff Dunn
Principal

Jeremy Getson, CFA
Principal

Roberto Giuffrida
Principal

Marketing

Suzanne Escousse
Principal
Chief Marketing Officer

Joey Lee
Principal

Michael Mendelson
Principal

Lars Nielsen
Principal

Ted Pyne, Ph.D.
Principal

Portfolio Solutions

Antti Ilmanen, Ph.D.
Principal

Daniel Villalon, CFA
Principal

Corporate Infrastructure

Finance

John Howard
Principal
Chief Finance Officer
Co-Chief Operating Officer

Bradley Asness
Principal
Co-Chief Operating Officer

Patrick Ryan
Principal

Legal, Compliance and Risk

H.J. Willcox
Principal
Chief Legal Officer
Global Head of Compliance
and Risk

Human Resources

Jen Frost
Principal
Chief Human Resources Officer

Accounting, Operations, and Client Administration

Steve Mellas
Principal

Engineering

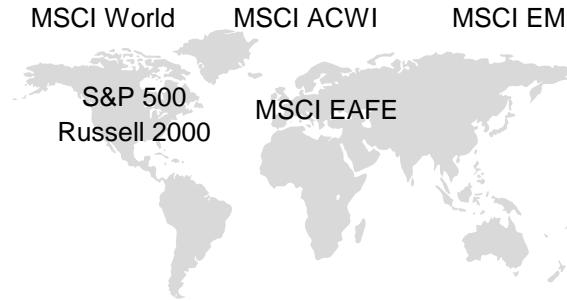
Stephen Mock
Principal
Chief Technology Officer



Investment Process

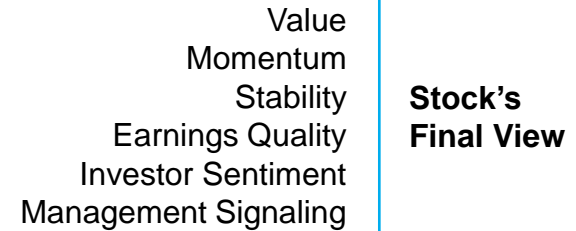
Consistent process across AQR Enhanced Equity Strategies

1. Select Investment Universe

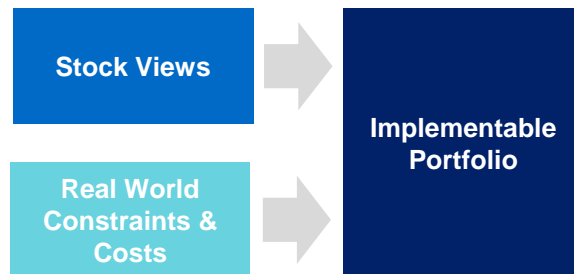


We use broad investment universes and generally do not stray from benchmark names.

2. Evaluate Attractiveness of Each Stock



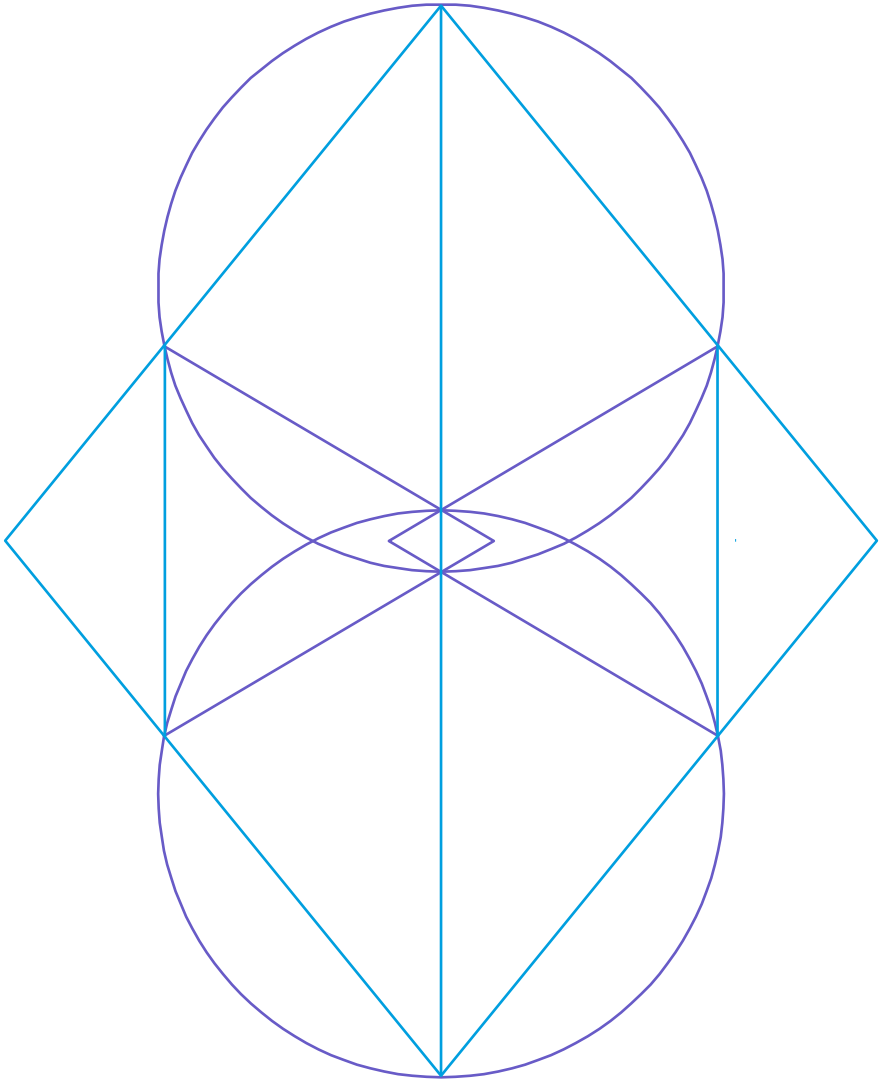
3. Portfolio Construction



4. Trading



Performance Review



Performance Review

Since inception performance

AQR International Small Cap Equity Fund, L.P.

August 1, 2007 - April 30, 2022

	Portfolio Return (Gross)	Benchmark*	Gross Excess Return	Contribution to Gross Excess Return			
				Europe	UK	Japan	Australia & Asia ex- Japan
April 2022	-4.95%	-6.86%	1.91%	1.0%	0.5%	0.3%	0.2%
Q1 2022	-4.24%	-8.53%	4.29%	3.1%	0.1%	0.2%	0.9%
Q4 2021	1.35%	0.07%	1.28%	0.0%	0.3%	1.2%	-0.2%
Q3 2021	-1.80%	0.90%	-2.70%	-1.9%	-0.4%	0.0%	-0.4%
Q2 2021	5.01%	4.34%	0.67%	0.6%	0.4%	-0.3%	-0.1%

Summary Sacramento Regional Transit District (since August 1, 2016)

Since Inception (Cuml)	42.50%	43.02%	-0.52%	-1.3%	5.3%	-2.0%	-2.5%
Since Inception (Annl)	6.35%	6.42%	-0.07%	-0.2%	0.9%	-0.3%	-0.4%

Summary (since August 1, 2007)

1 Year	-9.18%	-13.71%	4.53%	2.3%	0.7%	1.3%	0.3%
3 Years (Annl)	7.08%	4.93%	2.15%	1.1%	1.9%	0.0%	-0.8%
5 Years (Annl)	5.21%	5.02%	0.19%	-0.1%	1.1%	-0.2%	-0.6%
7 Years (Annl)	5.90%	5.54%	0.36%	0.0%	0.9%	-0.4%	-0.2%
10 Years (Annl)	8.17%	7.59%	0.59%	0.2%	0.9%	-0.3%	-0.2%
Since Inception (Cuml)	118.45%	72.91%	45.54%	17.4%	26.8%	1.5%	-0.2%
Since Inception (Annl)	5.44%	3.78%	1.66%	0.6%	1.0%	0.1%	0.0%
Tracking Error			2.57%				
Information Ratio**			0.64				

Period	Initial Contribution (\$K)	Contributions (\$K)	Withdrawals (\$K)	Investment Earnings (\$K)	Ending Balance (\$K)
Since Inception	\$ 12,202	\$3,050	\$ 1,704	\$ 5,145	\$ 18,693

Source: AQR. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees and other expenses, which would reduce an investor's actual return. Please see the Appendix for important risk and performance disclosures. Excess returns are calculated as portfolio returns minus the benchmark. *Benchmark: MSCI EAFE Small Cap Net Index USD End of Day. Past performance is not a reliable indicator of future performance. Please refer to the monthly statements provided by your custodian or administrator for actual returns. Attributions are subject to change without notice.

**Information Ratio is calculated as the Annualized Excess Return divided by Tracking Error.

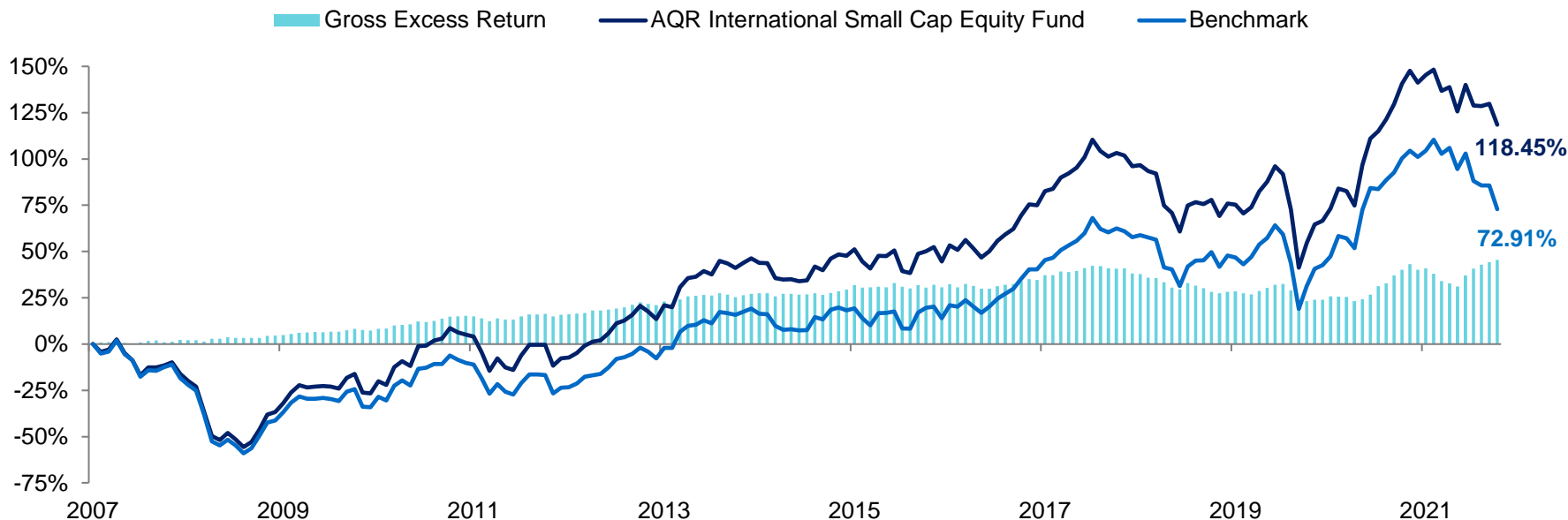


Performance Review

Since inception performance

AQR International Small Cap Equity Fund – Cumulative Performance

August 1, 2007 – April 30, 2022



	Portfolio Return (Gross)	Benchmark*	Gross Excess Return
Since Inception (Annl)	5.44%	3.78%	1.66%
Tracking Error			2.57%
Information Ratio			0.6



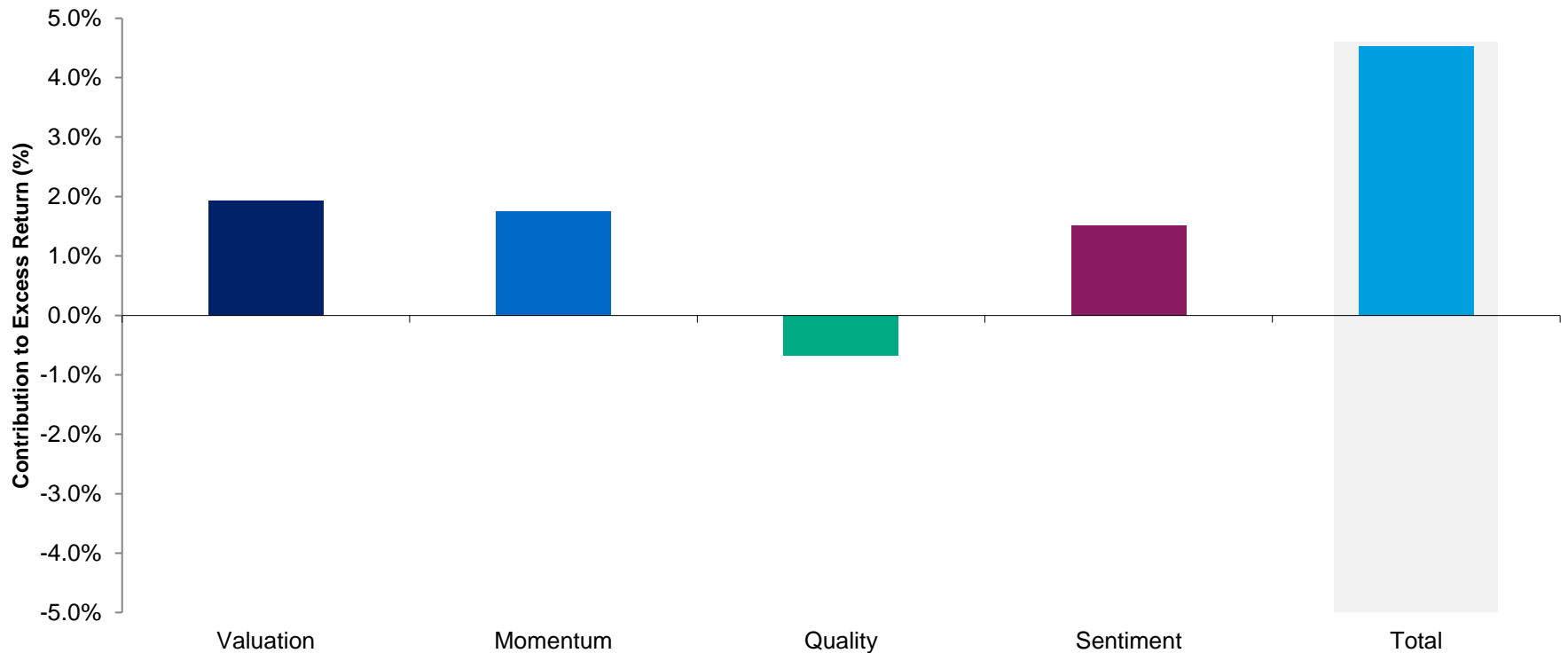
Source: AQR. Data is based on the AQR International Small Cap Equity Fund. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. Please see the Appendix for important risk and performance disclosures. Excess returns are calculated as portfolio returns minus the benchmark. * Benchmark: MSCI EAFE Small Cap Net Index USD End of Day. Past performance is not a guarantee of future performance. Please refer to the monthly statements provided by your custodian or administrator for actual returns. Attributions are subject to change without notice. Information Ratio is calculated as the Annualized Excess Return divided by Tracking Error.

Performance Review

Trailing One Year Investment theme performance

Stock Selection: Contributions to Gross Excess Returns

May 1, 2021 – April 30, 2022



Source: AQR. Data from May 1, 2021 - April 30, 2022. Contributions to Excess Returns are in USD, gross of fees, and based on AQR's internal profit and loss reporting system. Past performance is not a reliable indicator of future performance. Gross performance does not reflect the deduction of investment advisory fees and other expenses, which would reduce an investor's actual return. Please see additional performance disclosures in the Appendix. Excess returns are calculated as portfolio returns minus the benchmark. Benchmark is MSCI EAFE Small Cap Net Index USD End of Day. Please refer to the monthly statements provided by custodian and administrator for actual returns. Attributions are subject to change without notice.

Performance Review

Trailing One Year Sector attribution

Stock Selection

May 1, 2021 - April 30, 2022

	Average Sector Weight			Excess Return		
	Portfolio	Benchmark	Active	Sector Selection	Stock Selection	Total
Communication Services	2.0%	4.5%	-2.5%	0.1%	0.5%	0.6%
Consumer Discretionary	14.4%	12.7%	1.7%	-0.1%	0.5%	0.3%
Consumer Staples	1.4%	5.6%	-4.3%	0.2%	0.1%	0.3%
Energy	2.1%	1.8%	0.4%	0.5%	0.4%	1.0%
Financials	12.6%	10.8%	1.8%	0.1%	0.5%	0.6%
Health Care	4.1%	6.8%	-2.7%	0.5%	0.3%	0.7%
Industrials	27.8%	23.4%	4.4%	0.2%	0.1%	0.2%
Information Technology	9.2%	10.0%	-0.8%	0.0%	0.8%	0.8%
Materials	12.5%	9.2%	3.3%	0.2%	-0.3%	-0.1%
Real Estate	12.3%	12.1%	0.2%	0.0%	0.2%	0.2%
Utilities	1.6%	3.1%	-1.5%	-0.2%	0.0%	-0.2%
Total	100.0%	100.0%	0.0%	1.5%	3.0%	4.5%



Source: AQR. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees and other expenses, which would reduce an investor's actual return. Past performance is not a reliable indicator of future performance. Please see the Appendix for important risk and performance disclosures. Excess returns are calculated excess of designated benchmark: MSCI EAFE Small Cap Net Index USD End of Day. Please refer to the monthly statements provided by your custodian or administrator for actual returns. Attributions are subject to change without notice.

Performance Review

Portfolio characteristics: Equity exposure

Portfolio Characteristics

Stock Selection Exposure
April 30, 2022

	Portfolio	Benchmark
Number of Stocks	431	2,352
Weighted Avg Market Cap (\$M)	2,222	2,862
Median Market Cap (\$M)	1,583	1218
P/E (trailing)	7.6	13.1
P/E (forward)	8.2	13.0
P/B	0.9	1.4
P/CF	5.1	8.5
ROE (5-yr)	10.7	10.5
Debt/EQ	0.8	0.8
Sales/EV	1.3	0.7
Earnings Growth (5 yr trailing)	12.3	10.2
12 Month Return of Holdings*	11.3%	5.9%

Sector Exposure

Stock Selection Exposure
April 30, 2022

Active Weight
Under Over

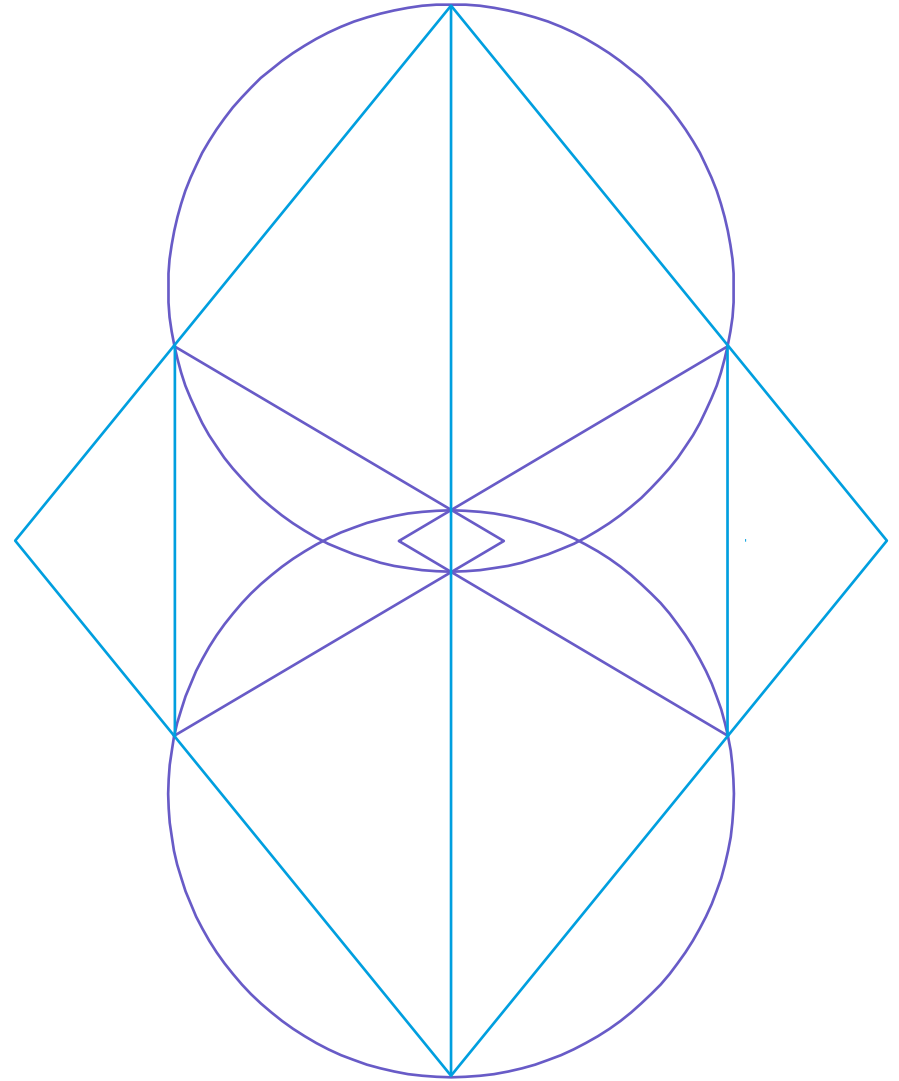
	Portfolio	Benchmark	Active Weight	Apr-22	Mar-22	Dec-21	Sep-21	Jun-21
Communication Services	1.3%	4.4%	-3.1%					
Consumer Discretionary	7.7%	11.5%	-3.8%					
Consumer Staples	1.7%	5.9%	-4.2%					
Energy	7.5%	2.4%	5.2%					
Financials	17.5%	11.4%	6.1%					
Health Care	2.5%	5.9%	-3.4%					
Industrials	26.6%	22.9%	3.7%					
Information Technology	7.6%	9.7%	-2.1%					
Materials	12.9%	9.9%	3.0%					
Real Estate	12.5%	12.6%	-0.1%					
Utilities	2.2%	3.6%	-1.3%					
Total	100.0%	100.0%	0.0%					

Sources: AQR, Compustat, Datastream, Bloomberg, Worldscope and IBES. Average P/E ratios of the stocks in the portfolios exclude individual stock price-to-earnings ratios that are negative and the top and bottom 1 percentile of the remaining. Average P/B ratios of the stocks in the portfolios exclude individual stock price-to-book ratios that are negative and the top and bottom 1 percentile of the remaining. Average Sales/EV ratios of the portfolios exclude individual stocks that have sales-to-enterprise values that are negative and the top and bottom 1 percentile of the remaining. Portfolio characteristics are subject to change. Past performance is not a reliable indicator of future performance. Benchmark: MSCI EAFE Small Cap Net Index USD End of Day.

*12 Month Return of Holdings is representative of how stocks held in the account or benchmark would have performed over the previous 12 months in USD, gross of fees and weighted as of the date reported. This performance is not representative of the actual performance of the benchmark, account, or any other portfolio that AQR manages.



Investment Philosophy and Process



Evaluating Stocks

AQR's evaluation criteria are based on economic signals

- We form a view on each stock through a model developed and improved over the past 20+ years.
- Stocks are evaluated based on the below signals and peer groups, both regionally and globally.

Signal Groups

Valuation:	Attractive prices
Momentum:	Improving prices and fundamentals
Stability:	Stable and high quality financials
Earnings Quality:	Sound accounting practices
Investor Sentiment:	Support of high conviction investors
Management Signaling:	Shareholder-friendly management

Peer Groups

Within Industries

Within Economically-Linked Groups

Across Industries

Across Country-Industry Pairs



Evaluating Stocks

Example: local auto components stock (tires & rubber)

Below is a stylized example of our model's view on a single stock (ranks/percentiles), highlighting a small subset of our signals.

Within Industry (Example Stock vs. Auto Stock Peers)				Percentile Score: 92% <i>Based on weighted-average signal scores</i>	Across Industry (Auto Industry vs. Other Industries)			
Signal	Example	Data Value	Percentile		Signal Example	Data Value	Percentile	
Valuation:	Adjusted Price / Earnings	14.5x	31%		Industry Price Change Last 12 Months	-1.2%	24%	
Momentum:	Adjusted 12 Month Return*	20.8%	77%		Economically-Linked Groups (Example's Linked Peers vs. Other Stocks' Linked Peers)			
Earnings Quality:	Change in Accounts Receivable	0.9%	69%		Signal Example	Data Value	Percentile	
Stability:	3-year Return on Equity	12.7%	55%		Momentum of Customer Supplier Pairs	16.6%	88%	
Investor Sentiment	Change in % of Shares Shorted	0.7%	54%		Country-Industry Pairs (Local Auto Components Stocks vs. Other Countries')			
Management Signaling:	% Change in Shares Outstanding	-2.4%	91%		Signal Example	Data Value	Percentile	
					3-year Return on Equity	17.5%	81%	

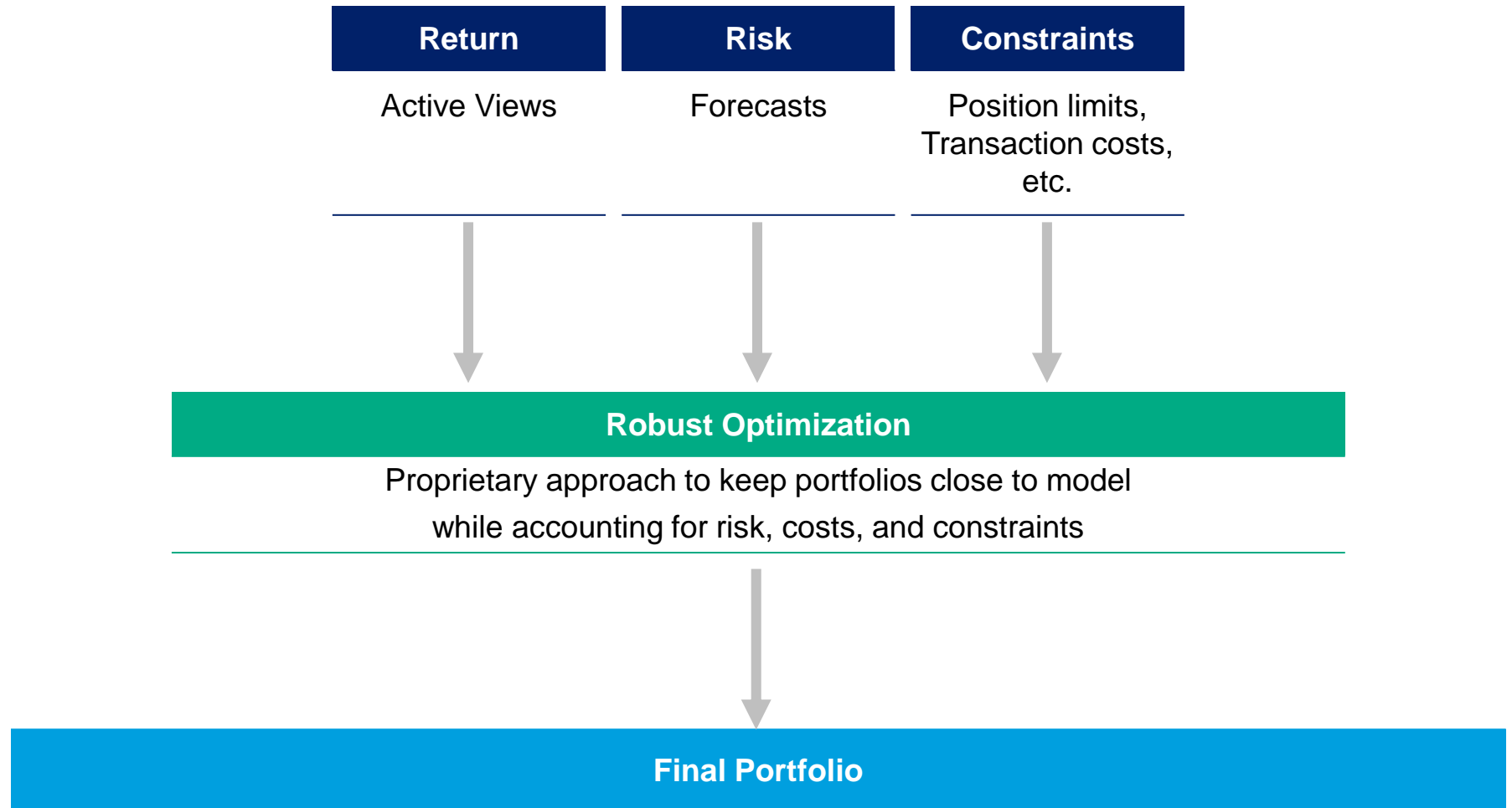
*Does not include most recent month's return.

Source: AQR. Example is for illustrative purposes only and is not representative of any actual AQR product or model. For Percentile score, the higher the score, the better. The elements of AQR's investment process presented herein do not indicate the possibility of profits or losses within a portfolio and are subject to change at any time. Holdings are subject to change. These representative security signals were randomly selected merely to illustrate our investment process. The securities presented herein are for illustrative purposes only and not a representation that they will or are likely to achieve profits or losses. Not to be construed as investment advice or a recommendation.



Portfolio Construction

Proprietary rebalancing process

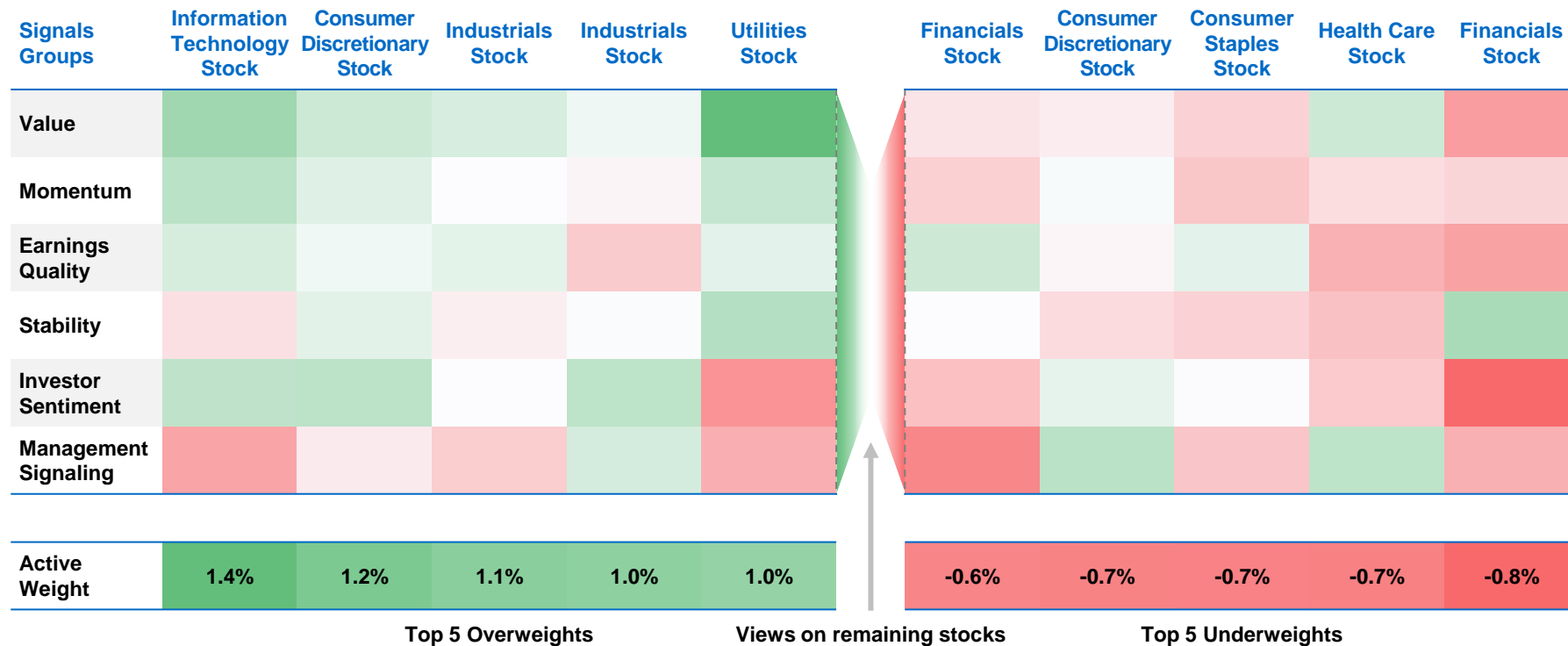


Portfolio Construction

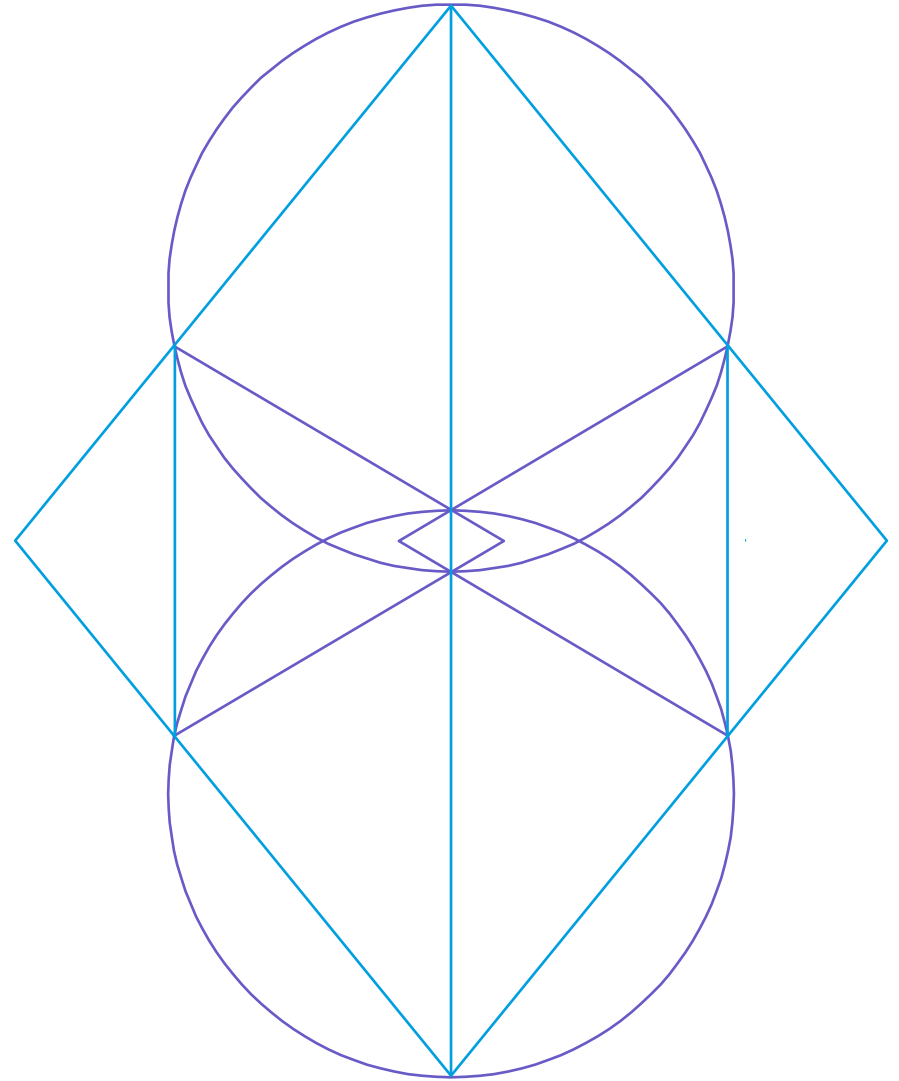
Sample portfolio

- Model views drive active weights
- Avoid concentration in any single name



Top Active Positions



Appendices



AQR Portfolio Management and Research

	Name	Years of Experience/Years at AQR	Education
	Cliff Asness, Ph.D. Managing and Founding Principal	30 years of experience 24 years at AQR	Ph.D., M.B.A., University of Chicago B.S., B.S., University of Pennsylvania
	John Liew, Ph.D. Founding Principal	29 years of experience 24 years at AQR	Ph.D., M.B.A., University of Chicago B.A., University of Chicago
	Andrea Frazzini, Ph.D. Principal, Global Stock Selection	17 years of experience 13 years at AQR	Ph.D., Yale University M.S., London School of Economics B.S., University of Rome III
	Jordan Brooks, Ph.D. Principal, Co-Head Macro Strategies	13 years of experience 13 years at AQR	Ph.D., M.A., New York University B.A., Boston College
	Yao Hua Ooi Principal, Co-Head Macro Strategies	17 years of experience 17 years at AQR	B.S., B.S., University of Pennsylvania



Performance Disclosures

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All performance figures contained herein reflect the reinvestment of dividends and all other earnings and represent unaudited estimates of realized and unrealized gains and losses prepared by AQR Capital Management, LLC. There is no guarantee as to the above information's accuracy or completeness. Past performance is not an indication of future performance. Existing Investors, please refer to the monthly statements provided by your custodian or administrator for actual returns.

The interests in the fund referenced herein (the "Fund") have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or by the securities regulatory authority of any state or of any other jurisdiction. The interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any other state or the securities laws of any other jurisdiction, nor is such registration contemplated. The following information includes risks, tax considerations and other important disclosures related to an investment in the Fund. This information is not exhaustive and is subject to the more complete disclosures in the Fund's offering documents, which must be reviewed carefully prior to making an investment decision.

The Investment Manager has total trading authority over the Fund and the Fund is not registered as an investment company under 1940 Act, and therefore, will not be required to adhere to certain operational restrictions and requirements under the Company Act. The Fund's investment activities will be carried out in the manner deemed advisable by the Investment Manager. The trading methods employed on behalf of the Fund are proprietary to the Investment Manager, therefore an investor will not be able to determine any details of such methods or whether they are being followed. There are no material limitations or restrictions on the particular categories or the magnitude of the Fund's investments, or on the investment strategies, techniques and financial instruments to be utilized by the Investment Manager, which may from time to time differ from those which are described herein.

The Fund's investment program is speculative and entails substantial risks, including a complete loss of capital. There can be no assurance that the Fund's investment objectives will be achieved or that significant losses will not be incurred. The Fund may utilize a variety of investment techniques, each of which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Fund's investment portfolio may be subject. The Fund may be deemed to be a highly speculative investment, involving a high degree of risk and is not suitable or desirable for all investors. The Fund is designed for sophisticated investors who can bear the economic risk of the loss of their investment in the Fund, and who have a limited need for liquidity in their investment. The Fund has a limited operating history upon which prospective investors can evaluate its performance.

Request ID: 354831



Performance Disclosures

There are significant restrictions on withdrawals and transfers from the Fund (which may be settled in securities rather than cash). The net asset value of the Fund may be determined by its administrator in consultation with its Investment Manager, and may include valuations for unrealized investments. Actual performance may differ substantially from the unrealized values presented; no interests will be listed on an exchange, there is no secondary market for an investor's investment in the Fund and none is expected to develop. Consequently, investors may not be able to liquidate their investment readily in the event of an emergency or for any other reason.

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund could incur material losses even if the Investment Manager reacts quickly to difficult market conditions, and there can be no assurance that the Fund will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future.

The investment program of the Fund involves numerous risks including, without limitation, risks associated with concentration, leverage, the use of speculative investment strategies and techniques, interest rates, volatility, systems risks and other risks inherent in the Fund's activities. Certain investment techniques of the Investment Manager (e.g., use of direct leverage or indirectly through leveraged investments) can, in certain circumstances, magnify the impact of adverse market moves to which the Fund may be subject.

Although diversification is considered by the Investment Manager as part of its overall portfolio risk management process, the Fund may not be fully diversified at all times. In addition, the Investment Manager is not restricted as to the percentage of the Fund's assets that may be invested in any particular issuer, industry, instrument, market or strategy. hedge Funds may involve a complex tax structure, which should be reviewed carefully, and may involve structures or strategies that may cause delays in important tax information being sent to investors or cause investors to incur tax liabilities during a year in which they have not received a distribution of any cash from the Fund.

A hedge fund's fees and expenses—which may be substantial regardless of any positive return—can offset trading profits. Hedge funds are not required to provide periodic pricing or valuation information to investors. Although AQR will attempt to limit its transactions to counterparties which are established, well-capitalized and creditworthy, the Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Fund to substantial losses.

The Investment Manager is subject to various conflicts of interest that are further disclosed in the Fund's offering documents and AQR's Form ADV.



Performance Disclosures

AQR Arbitrage, LLC was formerly known as CNH Partners, LLC.

The **MSCI ACWI ex USA Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI U.S. Total Return Index** measures the price performance of markets with the income from constituent dividend payments. The MSCI Daily Total Return (DTR) Methodology reinvests an index constituent's dividends at the close of trading on the day the security is quoted ex-dividend (the ex-date).

The **MSCI Emerging Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The **MSCI Emerging Small Cap Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging small cap markets across the world.

The **MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI EAFE Small Cap Index** is designed to measure the equity market performance of small cap indices across the world, excluding the U.S. and Canada.

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

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

The **MSCI World Small Cap Index** provides an exhaustive representation of the small cap size segment. The indexes target companies that are in the Investable Market Index (IMI) but that are not in the Standard Index in each market.

The **Russell 2000 Index** is a free float-adjusted market capitalization weighted index that is designed to measure the performance of the Small Cap segment of the U.S. equity universe.







RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 15
TO: Sacramento Regional Transit Retirement Boards – ALL
FROM: Jamie Adelman, Acting, VP, Finance/CFO
SUBJ: RECEIVE AND FILE INVESTMENT PERFORMANCE RESULTS FOR THE ATU, IBEW AND SALARIED EMPLOYEE RETIREMENT PLANS FOR THE QUARTER ENDED MARCH 31, 2022 (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 March 31, 2022 (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 First Quarter 2022 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of March 31, 2022 (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 March 31, 2022. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

Investment Compliance Monitoring

In accordance with the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Investment Policy), Northern Trust Company performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of March 31, 2022, there was a compliance breach reported; however the report was investigated and it was determined that the breach report was due to restructuring of a company held by the Plans' fixed income manager (Intelsat, held by Metwest/TWC) as part of a corporate action. Northern Trust's compliance monitoring

settings were set to flag equity common stock, equity rights and other sundry assets as compliance breaches. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock, equity rights and other sundry assets will continue to be monitored until MetWest/TCW disposes of the securities. The final attached report includes the monitoring summary (Attachment 3).

The table below provides an overview of the quarter performance, quarter ending March 31, 2022 – 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	(0.74)%	0.91%	\$601,141	\$(384,834)
S&P 500 Index (large cap value) S&P 500	(4.6)%	(4.6)%	\$(2,985,320)	-
Atlanta Capital (small cap) Russell 2000	(7.53)%	(6.01)%	\$(2,055,433)	-
Pyrford (international equities) MSCI EAFE	(5.91)%	(1.97)%	\$(694,859)	-
MSCI EAFE Index (international equities) MSCI EAFE	(5.91)%	(5.84)%	\$(1,082,981)	-
AQR (small cap international equities) MSCI EAFE SC	(8.53)%	(4.34)%	\$(937,390)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(6.97)%	(3.68)%	\$(924,236)	-
Metropolitan West (fixed income) Bloomberg Agg.	(5.93)%	(5.85)%	\$(5,543,911)	-
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	7.37%	6.77%	\$1,211,866	-
Morgan Stanley Prime Property Fund	7.37%	7.23%	\$1,185,830	-
Totals	(4.48)%	(2.82)%	\$(11,225,293)	\$(384,834)

Bold – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of March 31, 2022 – 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	11.67%	14.62%	\$9,136,870	\$(11,352,776)
S&P 500 Index (large cap value) S&P 500	15.65%	15.57%	\$9,751,728	\$(12,589,244)
Atlanta Capital (small cap) Russell 2000	(5.79)%	3.78%	\$1,223,607	\$(3,415,425)
Pyrford (international equities) MSCI EAFE	1.16%	2.97%	\$986,514	-
MSCI EAFE Index (international equities) MSCI EAFE	1.16%	1.28%	\$230,140	-
AQR (small cap international equities) MSCI EAFE SC	(3.63)%	(1.03)%	\$(350,823)	\$(1,000,000)
Dimensional Fund Advisors (emerging markets) MSCI EM	(11.37)%	(3.29)%	\$(918,451)	\$(2,000,000)
Metropolitan West (fixed income) Bloomberg Agg.	(4.15)%	(3.88)%	\$(3,773,402)	\$3,000,000
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	28.47%	26.89%	\$3,825,637	\$7,500,000
Morgan Stanley Prime Property Fund	N/A	N/A	N/A	\$15,000,000
Totals	5.01%	6.56%	\$20,111,820	\$(4,857,445)

Bold – fund exceeding respective benchmark



June 8, 2022

A decorative graphic consisting of two vertical bars. The left bar is orange and the right bar is green, both with a slight curve at the top and bottom.

**Sacramento Regional
Transit District**

2022 Market Update

Anne Heaphy

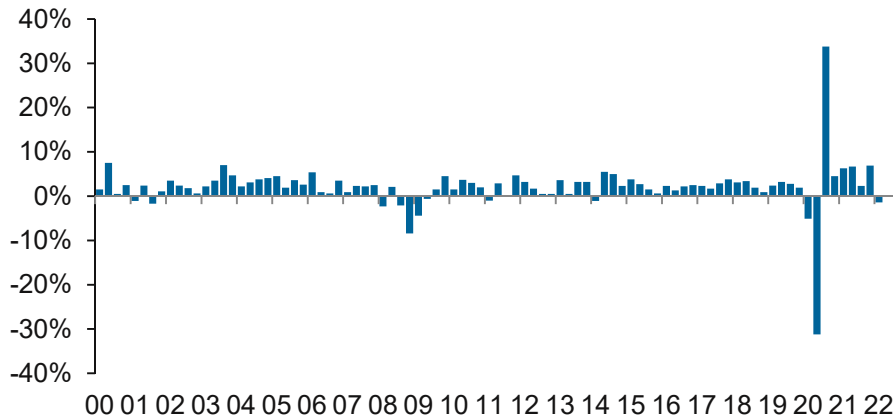
Fund Sponsor Consulting

Uvan Tseng, CFA

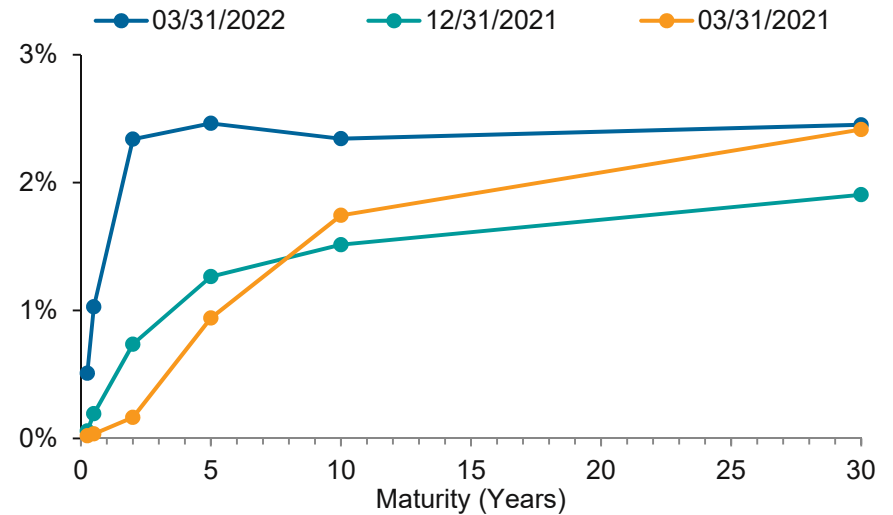
Fund Sponsor Consulting

Economic Commentary

Quarterly Real GDP Growth



U.S. Treasury Yield Curves



Economic data show growth hit “pause” in the U.S.

- GDP fell 1.4% in 1Q22, down from almost 7% GDP growth in 4Q21
- Forecasters are revising growth estimates for 2022 down to 3% or lower.
- Loss of business and consumer confidence following the start of the conflict in Ukraine

The Treasury yield curve rose meaningfully during 2021

- Steep losses for bonds in 1Q, and likely for 2Q
- The U.S. yield curve “bear-flattened” as the Fed pivoted to focus on higher-than-expected inflation.
- Higher yields increase the risk of inducing recession, which could lead to reversal in interest rates and lower return.

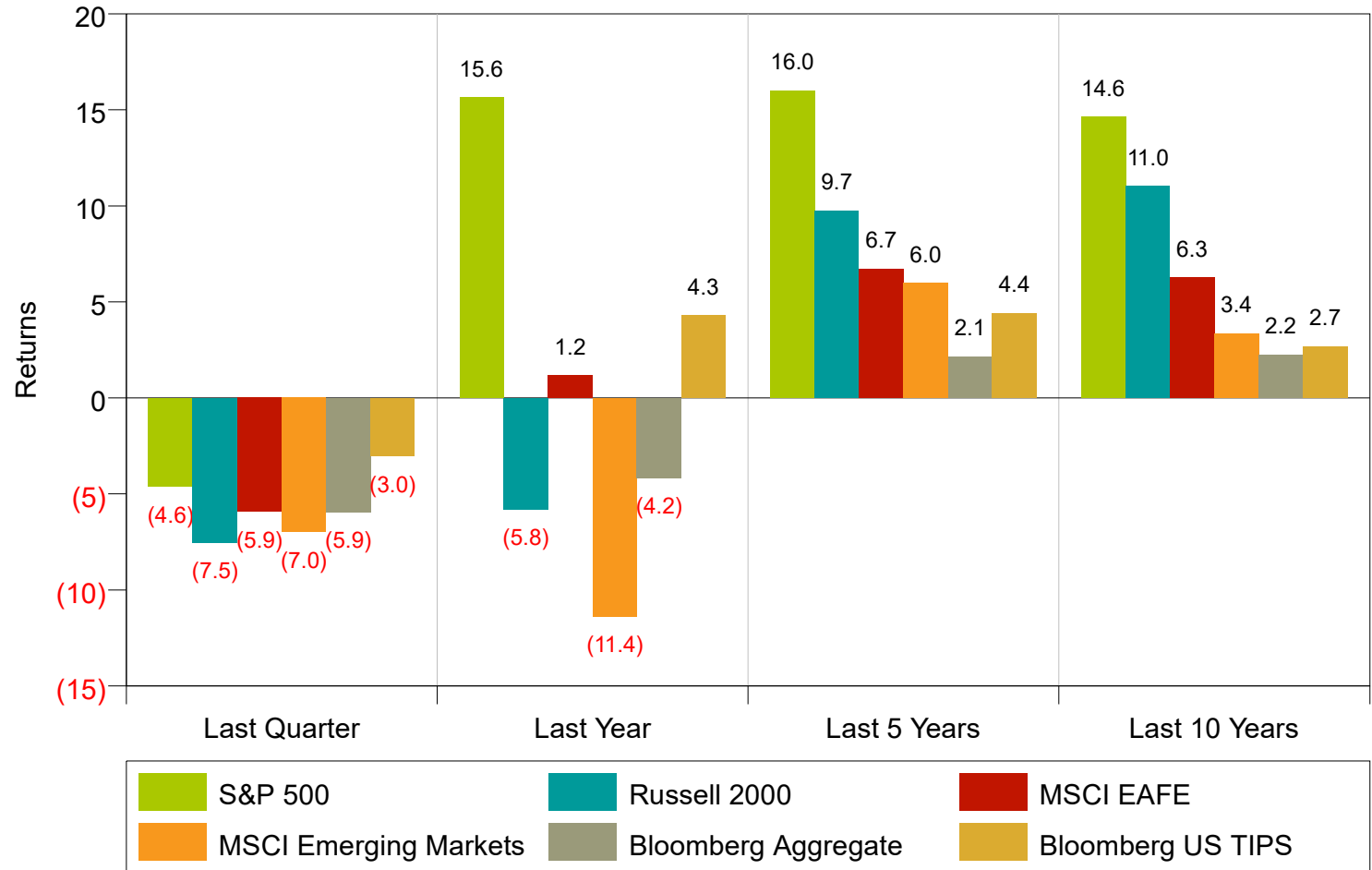
Sources: Bloomberg, Bureau of Labor Statistics, Callan, HIS Ma3kit

*Preliminary estimate for 4Q21. Sources: Bloomberg, Bureau of Labor Statistics, Callan, IHS Markit

Asset Class Performance

Periods Ended March 31, 2022

Asset Class Performance
for Periods Ended March 31, 2022



YTD as of 6/07/2022:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

Bloomberg Aggregate:

Bloomberg TIPS:

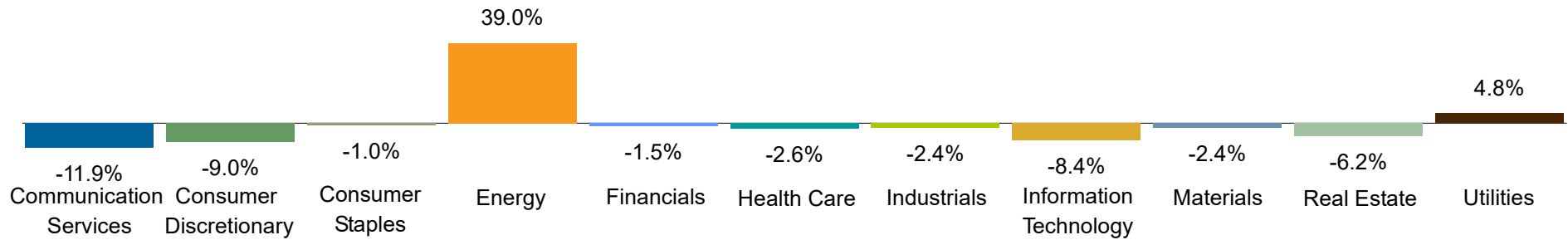
U.S. Equity Performance: 1Q22

Returns take a step back given increased macro uncertainty

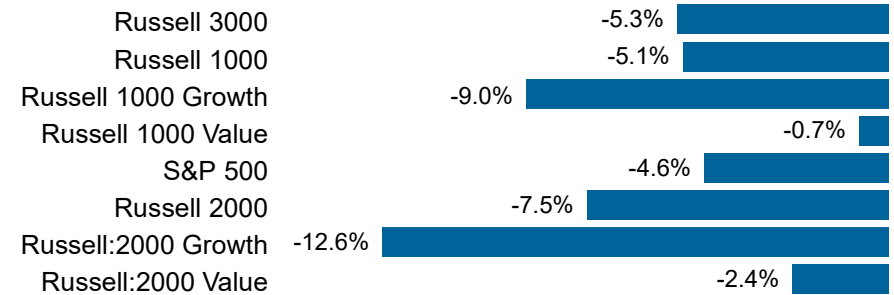
Uncertainty over rates, inflation, and geopolitical tensions all contributed to a volatile and risk averse environment.

- The S&P 500 Index fell 4.6% in 1Q, but was down more than 12% early in March before staging a rally into quarter-end.
- Value stocks sharply outpaced growth across capitalizations, with the spread exceeding 10% in both mid and small caps and just over 8% in large caps.
- Energy (+39%) was the best-performing sector given a 33% spike in WTI crude oil prices. Commodity-linked Basic Materials and Utilities sectors also performed well on a relative basis.
- Communication Services (-12%), Consumer Discretionary (-9%), and Information Technology (-8%) were the worst-performing sectors.
- Quality did not hold up as well as expected in some sectors.

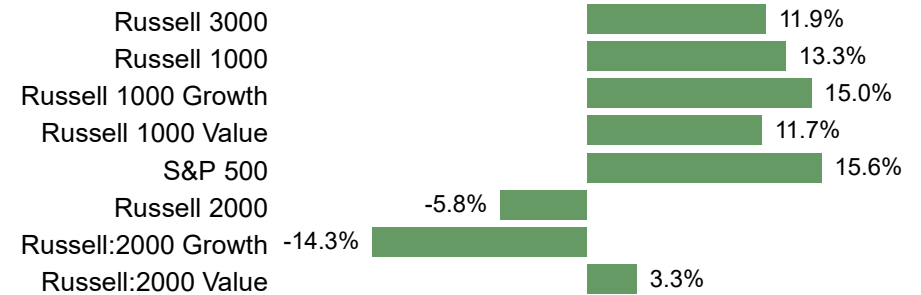
Industry Sector Quarterly Performance (S&P 500)



U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices

Global ex-U.S. Equity Performance: 1Q22

War in Ukraine stoked market volatility

- In the aftermath of invading Ukraine, Russia faced condemnation and sanctions that crippled its stocks, bonds, and currency and shocked the global markets.
- The fog of war exacerbated inflationary concerns and led energy prices to surge as Russia is the second-largest natural gas provider and the third-largest oil producer in the world.
- Energy exporters notably outperformed importers.

Fears of COVID-19

- A resurgence of COVID-19 cases in Europe and Asia, specifically in China, weighed on global recovery.
- China's zero-COVID policy has injected doubt into the 2022 GDP growth projection of 5.5%, already its lowest annual target in more than 25 years.

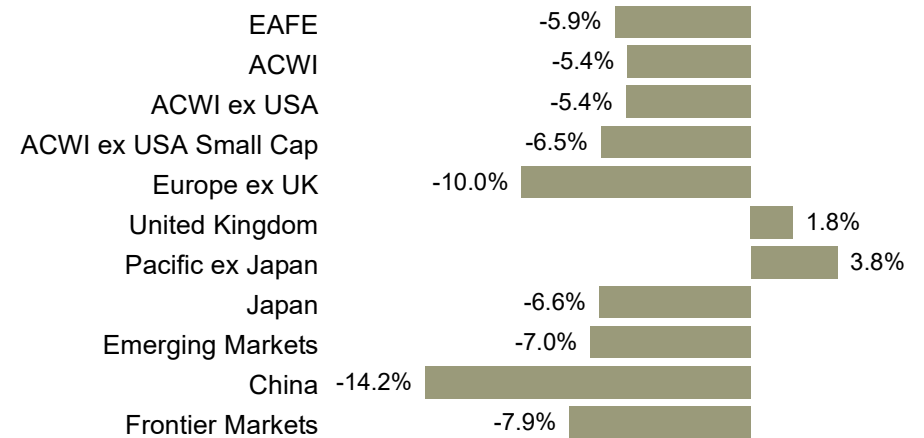
Growth vs. value

- Value sectors such as Energy, Materials, and Financials were in favor relative to growth sectors like Consumer Discretionary and Information Technology due to a combination of recession fears and tightening monetary cycle.
- *However, Energy was the worst performer within Emerging Markets due to the removal of Russia from indices with effectively zero value.*

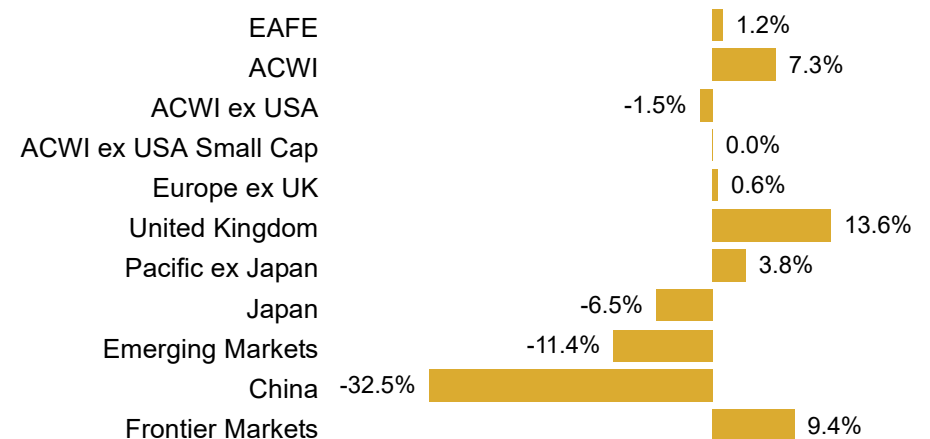
U.S. dollar vs. other currencies

- With the uncertainty of war, the U.S. dollar strengthened against other major currencies.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. Fixed Income Performance: 1Q22

Bonds hit hard as rates rose sharply

- Bloomberg Aggregate worst quarterly return since 1980
- Curve flattened; as of 3/31 5-year UST yield 10 bps higher than 10-year UST yield (2.42% vs 2.32%)
- TIPS outperformed nominal Treasuries and 10-year breakeven spreads widened to 2.84% from 2.56% as of year-end.
- Fed raised rates by 25 bps with many more hikes expected this year.

Credit sectors underperformed

- Investment grade corporates underperformed duration-matched U.S. Treasuries by 145 bps; RMBS by 71 bps.
- High yield “benefited” from less interest rate sensitivity and relatively higher exposure to the energy sector; excess return vs. U.S. Treasuries was 92 bps.
- Defaults remain low (less than 1%) and yield breached 6%.

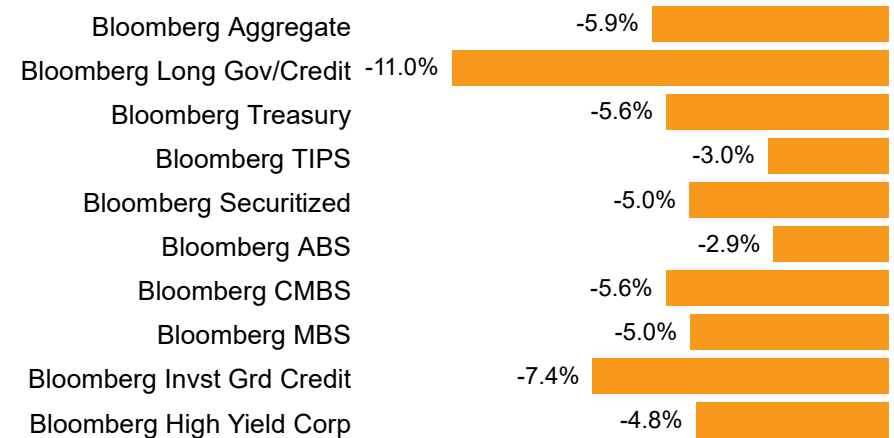
Leveraged loans performed relatively well

- Helped by floating rate coupons / low duration

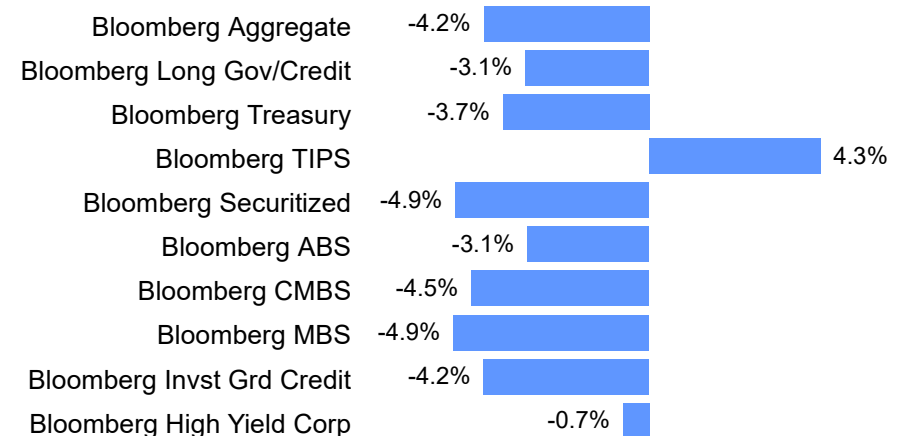
Securitized sectors performed relatively well

- Consumer ABS held up the best within the sector due to its shorter duration profile and solid consumer spending.
- Conduit CMBS traded in line as economy re-opens.
- Agency MBS saw duration extend by 0.4 years due to higher rates (deters refinancing and slows payments to monthly mins).

U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



Sources: Bloomberg, S&P Dow Jones Indices

U.S. Private Real Estate Market Trends

Continued strong performance across the asset class

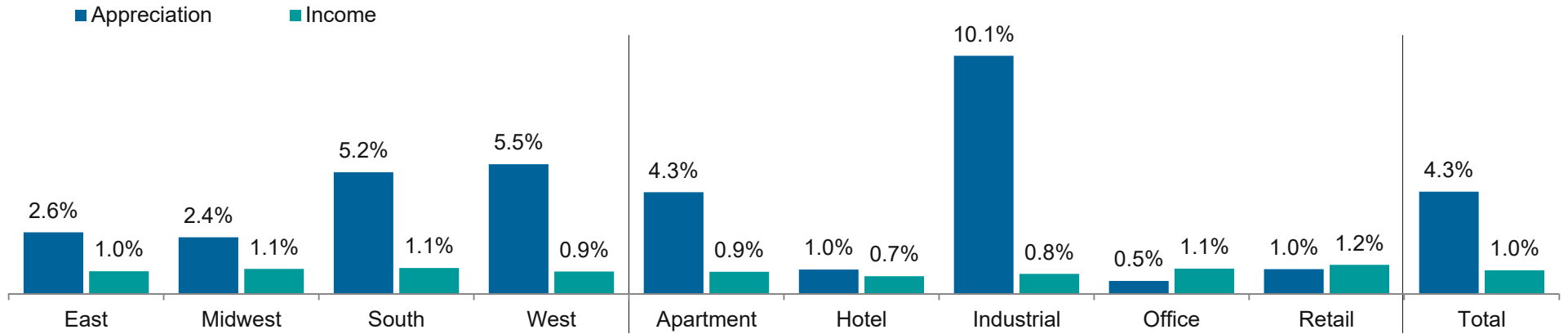
Another strong quarter for real estate

- Income returns were positive across sectors.
- Valuations are reflective of strong fundamentals in Industrial and Apartment and continued uncertainty despite a modest recovery in Office and Retail.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.
- Niche sectors such as self-storage and life sciences continued to be accretive.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	7.4%	28.5%	11.3%	9.9%	10.9%
Income	0.9%	4.0%	4.0%	4.1%	4.5%
Appreciation	6.4%	23.8%	7.1%	5.6%	6.2%
NCREIF Property Index	5.3%	21.9%	9.6%	8.5%	9.6%
Income	1.0%	4.2%	4.3%	4.4%	4.6%
Appreciation	4.3%	17.2%	5.2%	4.0%	4.8%

Returns are geometrically linked

NCREIF Property Index Quarterly Returns by Region and Property Type



Source: NCREIF, ODCE return is net



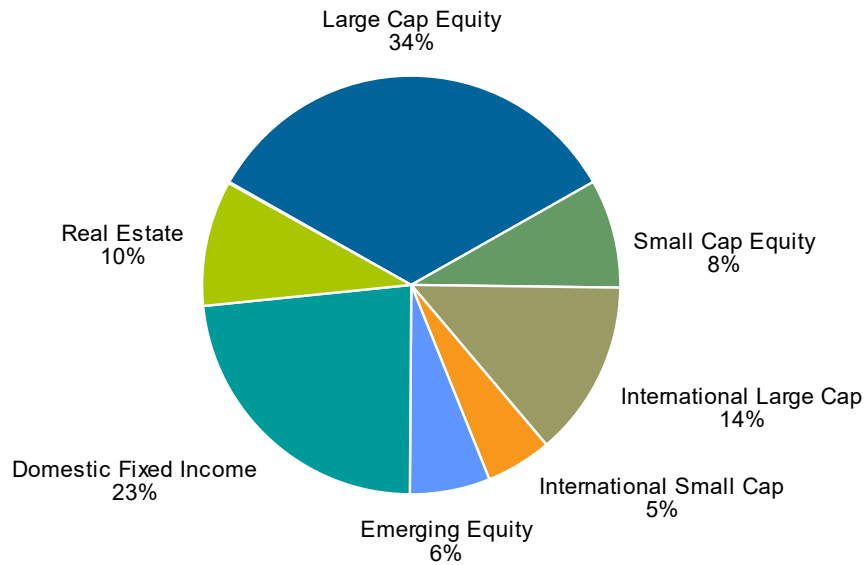
**Sacramento Regional
Transit District**

Total Fund Overview

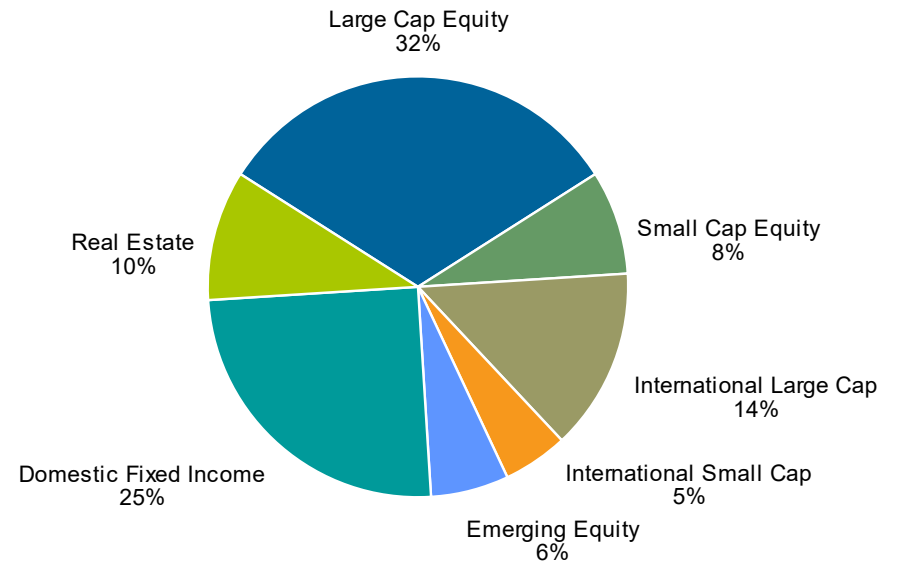
RT Asset Allocation

As of March 31, 2022

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	128,430	33.6%	32.0%	1.6%	6,070
Small Cap Equity	32,150	8.4%	8.0%	0.4%	1,560
International Large Cap	52,035	13.6%	14.0%	(0.4%)	(1,498)
International Small Cap	19,683	5.1%	5.0%	0.1%	565
Emerging Equity	23,582	6.2%	6.0%	0.2%	639
Domestic Fixed Income	89,267	23.3%	25.0%	(1.7%)	(6,327)
Real Estate	37,229	9.7%	10.0%	(0.3%)	(1,009)
Total	382,375	100.0%	100.0%		

Total Fund

Performance Attribution

Relative Attribution Effects for Quarter ended March 31, 2022

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(1.81%)	(4.60%)	0.91%	(0.01%)	0.90%
Small Cap Equity	8%	8%	(6.01%)	(7.53%)	0.13%	(0.03%)	0.10%
International Large Cap	14%	14%	(3.30%)	(5.91%)	0.36%	0.00%	0.36%
International Small Cap	5%	5%	(4.34%)	(8.53%)	0.22%	(0.01%)	0.21%
Emerging Equity	6%	6%	(3.68%)	(6.97%)	0.21%	(0.01%)	0.20%
Domestic Fixed Income	24%	25%	(5.85%)	(5.93%)	0.02%	0.01%	0.03%
Real Estate	9%	10%	6.99%	7.37%	(0.02%)	(0.12%)	(0.14%)
Total			(2.82%)	(4.48%)	+ 1.83%	+ (0.16%)	1.66%

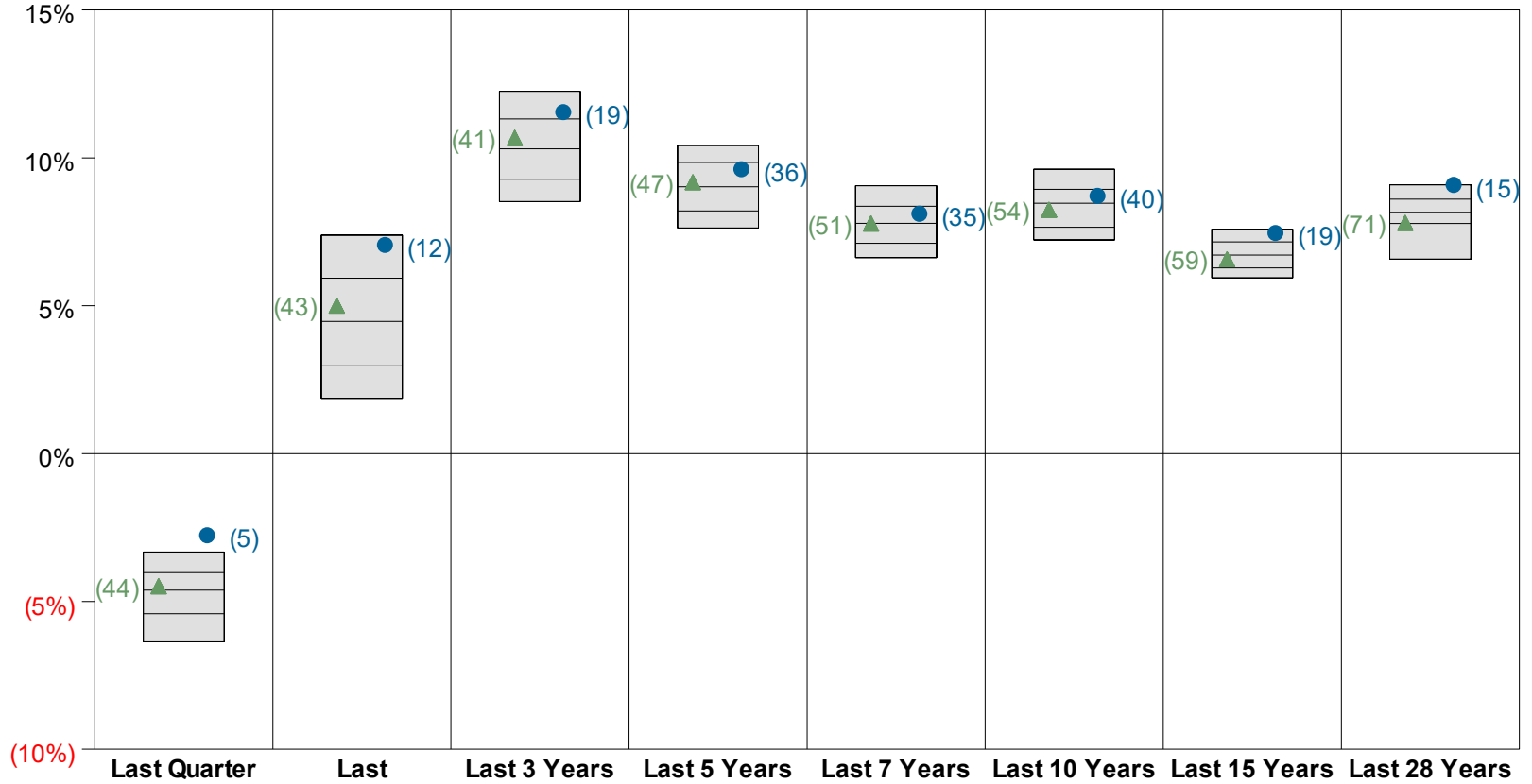
One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	32%	15.45%	15.65%	(0.24%)	0.30%	0.06%
Small Cap Equity	9%	8%	4.40%	(5.79%)	0.90%	(0.10%)	0.80%
International Large Cap	14%	14%	2.89%	1.16%	0.24%	(0.02%)	0.22%
International Small Cap	6%	5%	(0.18%)	(3.63%)	0.17%	(0.04%)	0.13%
Emerging Equity	7%	6%	(2.91%)	(11.37%)	0.63%	(0.16%)	0.47%
Domestic Fixed Income	23%	27%	(3.61%)	(4.15%)	0.14%	0.27%	0.41%
Real Estate	6%	8%	28.92%	28.47%	0.16%	(0.12%)	0.04%
Total			7.00%	4.88%	+ 2.00%	+ 0.12%	2.12%

Total Fund

Performance as of March 31, 2022

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



10th Percentile	(3.33)	7.39	12.25	10.43	9.06	9.62	7.59	9.09
25th Percentile	(4.02)	5.93	11.32	9.85	8.37	8.94	7.16	8.60
Median	(4.62)	4.47	10.31	9.02	7.79	8.47	6.71	8.16
75th Percentile	(5.42)	2.97	9.28	8.21	7.11	7.65	6.28	7.78
90th Percentile	(6.37)	1.87	8.52	7.63	6.63	7.22	5.94	6.57
Total Fund	● (2.82)	7.00	11.49	9.56	8.05	8.65	7.40	9.03
Target	▲ (4.48)	5.01	10.68	9.18	7.78	8.25	6.57	7.81

Total Fund

Manager Asset Allocation

	March 31, 2022 Market Value	Net New Inv.	Inv. Return	December 31, 2021 Market Value
Consolidated Plan				
Domestic Equity	\$160,579,758	\$(384,834)	\$(4,439,612)	\$165,404,205
Large Cap	\$128,429,677	\$(384,834)	\$(2,384,179)	\$131,198,691
Boston Partners	66,460,389	(384,834)	601,141	66,244,082
SSgA S&P 500	61,969,288	0	(2,985,320)	64,954,609
Small Cap	\$32,150,081	\$0	\$(2,055,433)	\$34,205,514
Atlanta Capital	32,150,081	0	(2,055,433)	34,205,514
International Equity	\$95,299,920	\$0	\$(3,639,466)	\$98,939,386
International Large Cap	\$52,034,828	\$0	\$(1,777,840)	\$53,812,668
SSgA EAFE	17,471,764	0	(1,082,981)	18,554,745
Pyrford	34,563,064	0	(694,859)	35,257,923
International Small Cap	\$19,683,424	\$0	\$(937,390)	\$20,620,814
AQR	19,683,424	0	(937,390)	20,620,814
Emerging Equity	\$23,581,667	\$0	\$(924,236)	\$24,505,904
DFA Emerging Markets	23,581,667	0	(924,236)	24,505,904
Fixed Income	\$89,266,825	\$0	\$(5,543,911)	\$94,810,736
Metropolitan West	89,266,825	0	(5,543,911)	94,810,736
Real Estate	\$37,228,989	\$0	\$2,397,696	\$34,831,293
Clarion Lion Fund	19,124,276	0	1,211,866	17,912,410
Morgan Stanley	18,104,713	0	1,185,830	16,918,883
Total Plan - Consolidated	\$382,375,492	\$(384,834)	\$(11,225,294)	\$393,985,620

Total Fund

Manager Returns as of March 31, 2022

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(2.68%)	13.14%	16.66%	14.18%	12.51%
Domestic Equity Benchmark**	(5.16%)	11.11%	17.59%	14.82%	13.07%
Large Cap Equity	(1.81%)	15.45%	17.58%	14.39%	12.59%
Boston Partners	0.91%	15.21%	15.76%	12.48%	10.93%
Russell 1000 Value Index	(0.74%)	11.67%	13.02%	10.29%	9.73%
SSgA S&P 500	(4.60%)	15.63%	18.92%	15.99%	14.03%
S&P 500 Index	(4.60%)	15.65%	18.92%	15.99%	14.01%
Small Cap Equity	(6.01%)	4.40%	13.10%	13.22%	12.09%
Atlanta Capital	(6.01%)	4.40%	13.10%	13.22%	12.09%
Russell 2000 Index	(7.53%)	(5.79%)	11.74%	9.74%	8.87%
International Equity	(3.61%)	0.68%	8.28%	6.84%	5.32%
International Benchmark***	(6.67%)	(2.84%)	7.37%	6.78%	5.20%
International Large Cap	(3.30%)	2.89%	7.92%	6.54%	5.15%
SSgA EAFE	(5.84%)	1.38%	8.15%	7.08%	5.47%
Pyrford	(1.97%)	3.67%	7.65%	-	-
MSCI EAFE Index	(5.91%)	1.16%	7.78%	6.72%	5.11%
International Small Cap	(4.34%)	(0.18%)	9.16%	7.07%	-
AQR	(4.34%)	(0.18%)	9.16%	7.07%	-
MSCI EAFE Small Cap Index	(8.53%)	(3.63%)	8.51%	7.42%	7.30%
Emerging Markets Equity	(3.68%)	(2.91%)	7.89%	7.01%	6.11%
DFA Emerging Markets	(3.68%)	(2.91%)	7.89%	7.01%	6.11%
MSCI Emerging Markets Index	(6.97%)	(11.37%)	4.94%	5.98%	4.69%
Domestic Fixed Income	(5.85%)	(3.61%)	2.96%	3.15%	2.66%
Met West	(5.85%)	(3.61%)	2.96%	3.15%	2.66%
Bloomberg Aggregate Index	(5.93%)	(4.15%)	1.69%	2.14%	1.87%
Real Estate	6.99%	28.92%	-	-	-
Clarion Lion Fund	6.77%	27.58%	-	-	-
Morgan Stanley	7.23%	-	-	-	-
NCREIF NFI-ODCE Val Wt Gr	7.37%	28.47%	11.29%	9.91%	10.21%
Total Plan	(2.82%)	7.00%	11.49%	9.56%	8.05%
Target*	(4.48%)	5.01%	10.68%	9.18%	7.78%

*Current Quarter Target=25.0% 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, 5.0% MSCI EAFE Small Cap Index, and 10.0% NCREIF ODCE Val Wt Gr Index.

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

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

Total Fund

Manager Calendar Year Returns



	12/2021- 3/2022	2021	2020	2019	2018
Domestic Equity	(2.68%)	28.28%	11.16%	27.71%	(4.64%)
Domestic Equity Benchmark**	(5.16%)	25.93%	18.94%	30.32%	(5.69%)
Large Cap Equity	(1.81%)	30.18%	11.03%	27.77%	(6.33%)
Boston Partners	0.91%	31.78%	2.99%	23.91%	(8.27%)
Russell 1000 Value Index	(0.74%)	25.16%	2.80%	26.54%	(8.27%)
SSgA S&P 500	(4.60%)	28.70%	18.36%	31.50%	(4.39%)
S&P 500 Index	(4.60%)	28.71%	18.40%	31.49%	(4.38%)
Small Cap Equity	(6.01%)	21.00%	11.67%	27.38%	1.78%
Atlanta Capital	(6.01%)	21.00%	11.67%	27.38%	1.78%
Russell 2000 Index	(7.53%)	14.82%	19.96%	25.52%	(11.01%)
International Equity	(3.61%)	9.37%	8.48%	20.83%	(13.93%)
International Benchmark***	(6.67%)	7.67%	11.39%	21.78%	(14.76%)
International Large Cap	(3.30%)	9.34%	5.71%	22.34%	(11.25%)
SSgA EAFE	(5.84%)	11.52%	8.27%	22.49%	(13.49%)
Pyrford	(1.97%)	8.22%	4.09%	22.30%	(10.31%)
MSCI EAFE Index	(5.91%)	11.26%	7.82%	22.01%	(13.79%)
International Small Cap	(4.34%)	13.52%	7.35%	21.73%	(19.94%)
AQR	(4.34%)	13.52%	7.35%	21.73%	(19.94%)
MSCI EAFE Small Cap Index	(8.53%)	10.10%	12.34%	24.96%	(17.89%)
Emerging Markets Equity	(3.68%)	6.25%	14.40%	16.64%	(14.80%)
DFA Emerging Markets	(3.68%)	6.25%	14.40%	16.64%	(14.80%)
MSCI Emerging Markets Index	(6.97%)	(2.54%)	18.31%	18.44%	(14.57%)
Domestic Fixed Income	(5.85%)	(0.46%)	9.85%	9.41%	0.75%
Met West	(5.85%)	(0.46%)	9.85%	9.41%	0.75%
Bloomberg Aggregate Index	(5.93%)	(1.54%)	7.51%	8.72%	0.01%
Total Plan	(2.82%)	15.69%	11.42%	19.25%	(5.05%)
Target*	(4.48%)	12.81%	13.82%	20.58%	(5.82%)

*Current Quarter Target=25.0% 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, 5.0% MSCI EAFE Small Cap Index, and 10.0% NCREIF ODCE Val Wt Gr 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.

Watch List Status Guideline:  Cautionary/Continue to Monitor  Terminate/Replacement Search

Status	Manager/ Mandate	Date Added to Watch	Reason	Original Recommended Action	Comments
	AQR – International Small Cap	Added Q1 2020	<ul style="list-style-type: none"> ➤ AQR considers themselves fundamental investors who employ quantitative tools to maintain a diversified portfolio that is overweight cheap securities with good momentum and underweight expensive securities with poor momentum. The strategy struggled to keep up with its benchmark and peer group for several years. 	<ul style="list-style-type: none"> ➤ The performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years. 	<ul style="list-style-type: none"> ➤ The Fund continued to outperform, protecting on the downside in Q1 2022. AQR's one-year and three-year returns outperformed its benchmark and peer group median. ➤ If relative performance continues to improve and 5 year results get ahead of the benchmark once again, we will recommend removing AQR from watch.
	DFA – Emerging Markets	Added Q1 2020	<ul style="list-style-type: none"> ➤ DFA employs a transparent systematic process that utilizes factors such as size, style, and profitability. Although outperforming its benchmark over the longer term, the strategy has lagged the benchmark and peer group in recent years. 	<ul style="list-style-type: none"> ➤ The performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years. 	<ul style="list-style-type: none"> ➤ DFA continued to show improvement, outperforming its benchmark for the sixth quarter in a row. As of Q1 2022, performance exceeded the benchmark and peer group median over the 1-, 3-, 5, and 7-year periods. ➤ Given the sustained improvement in results, we recommend removing AQR from watch.

March 31, 2022



Sacramento Regional Transit District Retirement Plans

**Investment Measurement Service
Quarterly Review**

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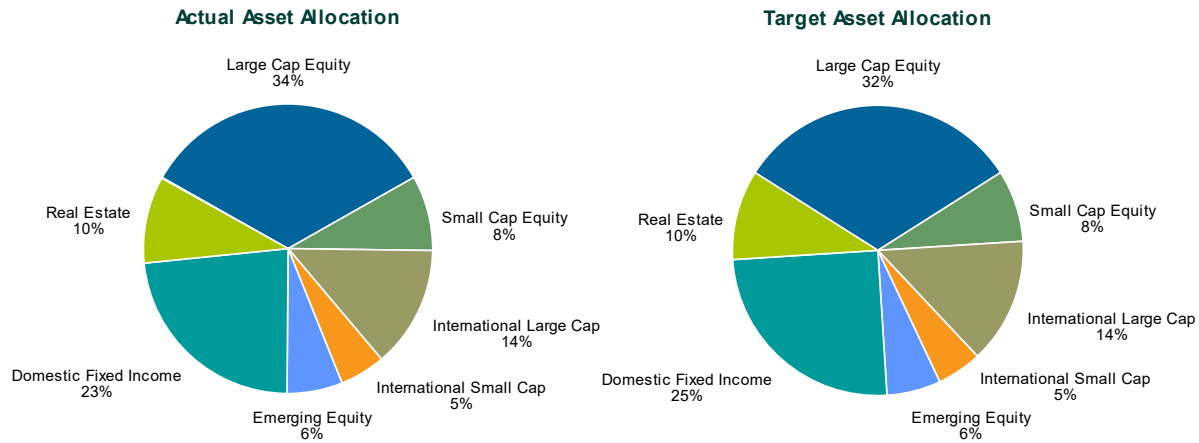
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Sacramento Regional Transit District
Executive Summary for Period Ending March 31, 2022

Asset Allocation



Performance

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Total Plan	-2.82%	7.00%	11.49%	9.56%	8.05%
Target*	-4.48%	5.01%	10.68%	9.18%	7.78%

Recent Developments

N/A

Organizational Issues

N/A

Manager Performance

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	24	34	37
Atlanta Capital	31	67	28
Pyrford	13	58	[74]
AQR	26	46	[53]
DFA	15	20	47
MetWest	66	42	66
Clarion	[58]	[71]	[58]
Morgan Stanley	[55]	[67]	[47]

Brackets indicate performance linked with manager's composite

Watch List

AQR and DFA were added to the watch list in 1Q20 as performance lags both their respective benchmarks and peer groups over mid-to-longer term periods.

*Current quarter target = 25.0% Bloomberg Barclays Aggregate Index, 32% S&P 500 Index, 8% Russell 2000 Index, 14% MSCI EAFE Index, 5% MSCI EAFE Small Cap Index, 6% MSCI Emerging Markets Index and 10.0% NCREIF NFI-ODCE Val Wt Gr Index. The policy target will be incrementally adjusted over the next few quarters to account for the funding up of the real estate allocation until it hits the 10% target allocation.

U.S. EQUITY

- The S&P 500 Index fell 4.6% in 1Q22, but was down more than 12% early in March before rallying into quarter-end.
- Value stocks sharply outpaced growth across capitalizations, with the spread exceeding 10% in both mid and small caps and just over 8% in large caps.
- Energy (+39%) was the best-performing sector given a 33% spike in WTI crude oil prices. Commodity-linked Materials and Utilities sectors also performed well on a relative basis.
- Communication Services (-12%), Consumer Discretionary (-9%), and Information Technology (-8%) were the worst-performing sectors.
- Uncertainty over rates, inflation, and geopolitical tensions all contributed to a volatile and risk-averse environment.
- Interestingly, the Russell Dynamic Index (-4.3%) outperformed the Russell Defensive Index (-5.9%) during the 1Q downturn.

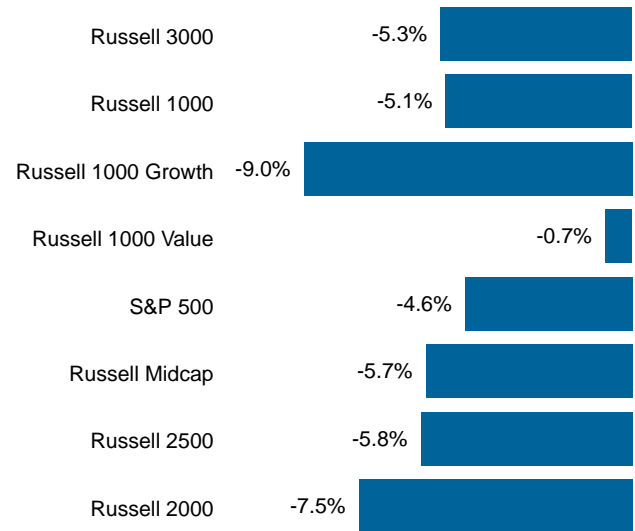
Historical small cap discount relative to large cap

- The Russell 2000 Index continues to underperform the Russell 1000 Index; the small cap index now trails large cap by almost 1,660 basis points cumulatively on a three-year basis and over 2,360 bps on a five-year basis.

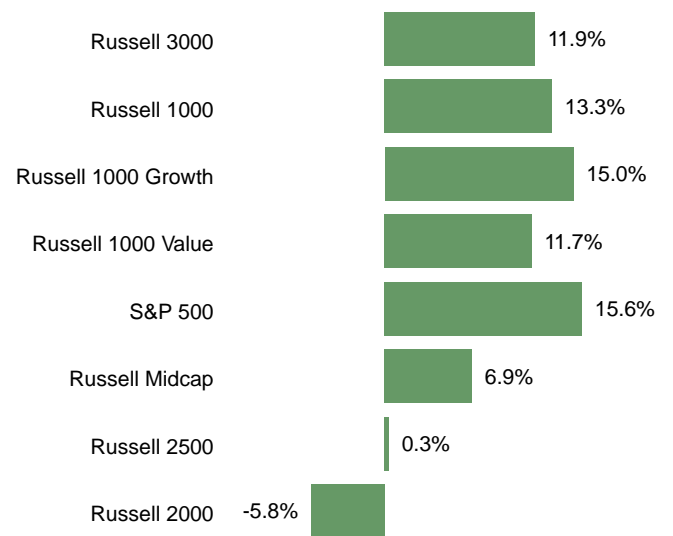
Index concentration

- Index concentration continues despite negative 1Q core index returns and falling earnings contribution.
- Among mega cap tech stocks, Apple and Microsoft now seen as providing downside protection
- Index concentration continues to cause active managers significant headwinds in the large cap growth space—the Russell 1000 Growth Index has nearly 50% of its capitalization in just the top 10 names (Apple and Microsoft are greater than 10% weights).

U.S. Equity: Quarterly Returns

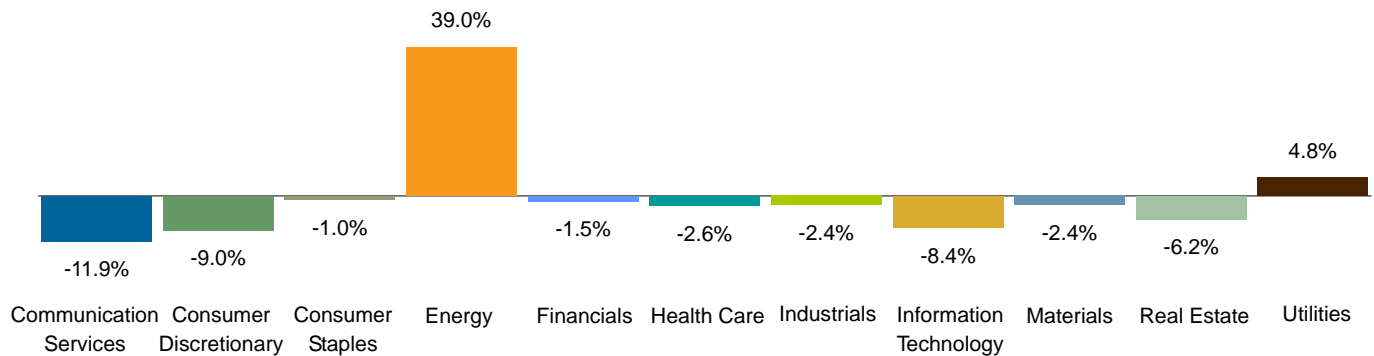


U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices

S&P Sector Returns, Quarter Ended 3/31/22



Source: S&P Dow Jones Indices

GLOBAL EQUITY

War in Ukraine stoked market volatility

- In the aftermath of invading Ukraine, Russia faced condemnation and sanctions that crippled its stocks, bonds, and currency and shocked the global markets.
- The fog of war exacerbated inflationary concerns and led to a surge in energy prices, as Russia is the second-largest natural gas provider and third-largest oil producer in the world.
- Energy exporters notably outperformed importers given the soaring prices.

Fears of COVID-19

- A resurgence of COVID-19 cases in Europe and Asia, specifically in China, weighed on the global recovery.
- China's zero-COVID policy has injected doubt into its 2022 projected GDP growth of 5.5%, which is already its lowest annual target in more than 25 years.

Growth vs. value

- Value sectors such as Energy, Materials, and Financials were in favor relative to growth sectors like Consumer Discretionary and Information Technology, due to recession fears and a tightening monetary cycle.
- However, Energy was the worst performer within emerging markets due to the removal of Russia from indices.

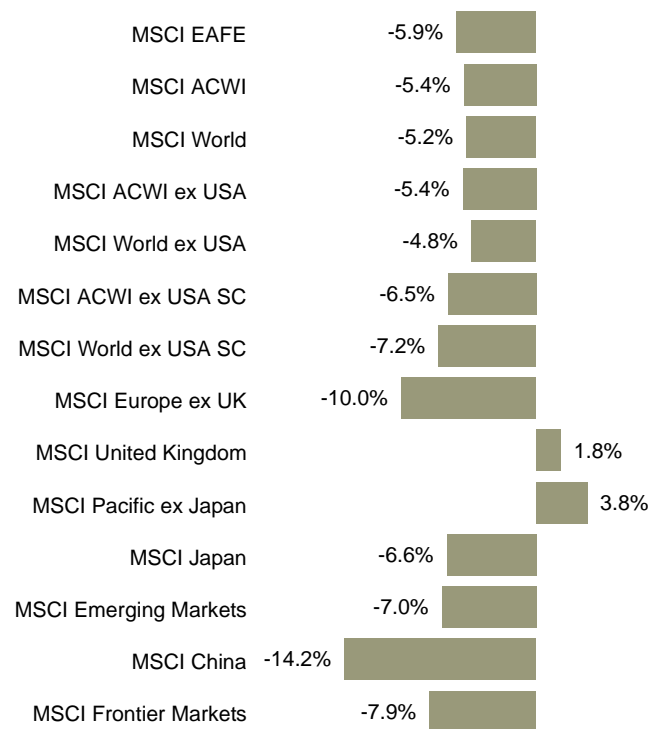
U.S. dollar vs. other currencies

- With the uncertainty of war, the U.S. dollar strengthened against other major currencies, including the yen, as the Bank of Japan maintained an easing policy.

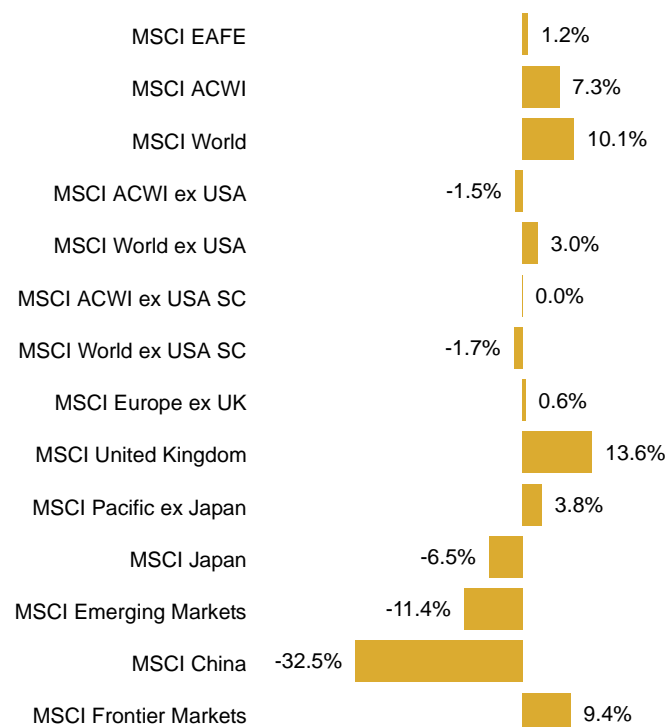
Value is attractive relative to history

- There are attractive valuations in multiple regions.
- Growth relative to value is more vulnerable as interest rates normalize.
- Global recovery from COVID and deficit in Energy should support value.
- Value sectors are underexposed in international indices relative to history.
- Value outperforms in "heating up" inflationary environments.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

Bonds hit hard as rates rose sharply

- Bloomberg Aggregate worst quarterly return since 1980
- Curve flattened; as of 3/31 5-year U.S. Treasury yield was 10 bps higher than 10-year UST yield (2.42% vs. 2.32%).
- TIPS topped nominal Treasuries, and 10-year breakeven spread widened to 2.84% from 2.56% at year-end.
- Fed raised rates by 25 bps, with many more hikes expected this year.

Credit sectors underperformed

- Investment-grade corporates underperformed duration-matched U.S. Treasuries by 145 bps, RMBS by 71 bps.
- High yield “benefited” from less interest rate sensitivity and relatively higher exposure to the energy sector; excess return vs. U.S. Treasuries was 92 bps.
- Defaults remain low (less than 1%) and yield breached 6%.

Leveraged loans performed relatively well

- Helped by floating rate coupons/low duration

Securitized sectors also performed well

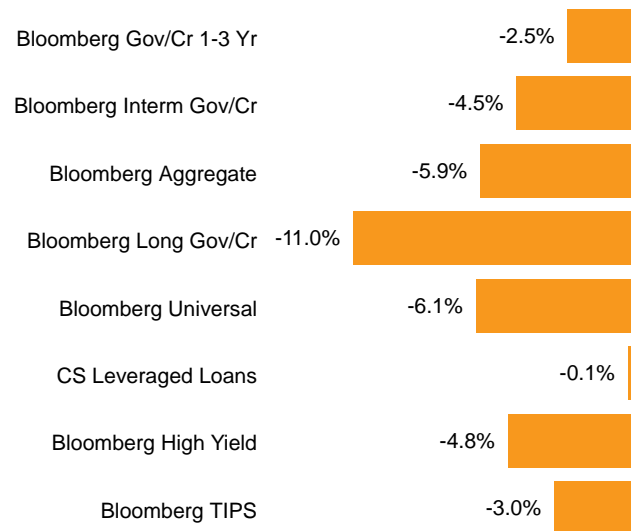
- Consumer ABS was the best within the sector due to its shorter duration profile and solid consumer spending.
- Conduit CMBS traded in line as the economy re-opens.
- Agency MBS saw duration extend by 0.4 year due to higher rates.
- The U.S. yield curve “bear-flattened” as the Fed pivoted to focus on higher-than-expected inflation.
- The U.S. yield curve (2Y/10Y) inverted on the last (intra) day of the quarter, which has not been seen since Aug. 2019.
- Despite rates moving higher this year, could the recent back-up indicate a new regime of higher rates, or is the market simply trading to the higher end of this secular range that has persisted for nearly 40 years?

MUNICIPAL BONDS

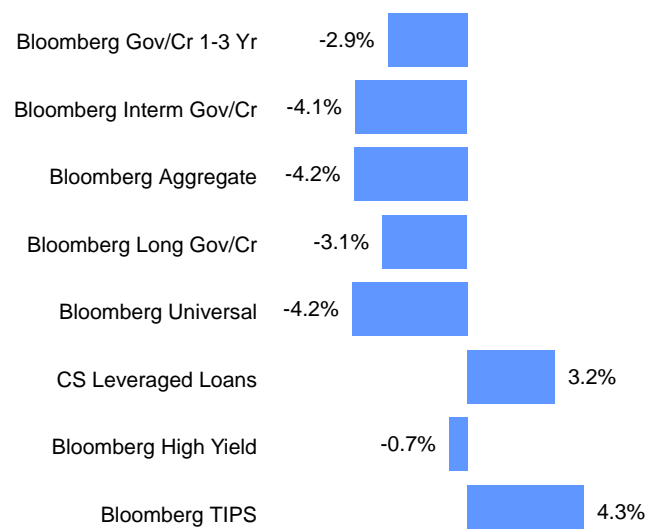
Municipal bond returns hurt by rising rates

- Bloomberg Municipal Bond Index suffered its worst quarterly return since 3Q81.
- Lower quality underperformed: BBB -7.1%; AAA -6.1%
- As with U.S. Treasuries, the muni yield curve flattened with 2-year yields rising more than 10-year and 30-year yields

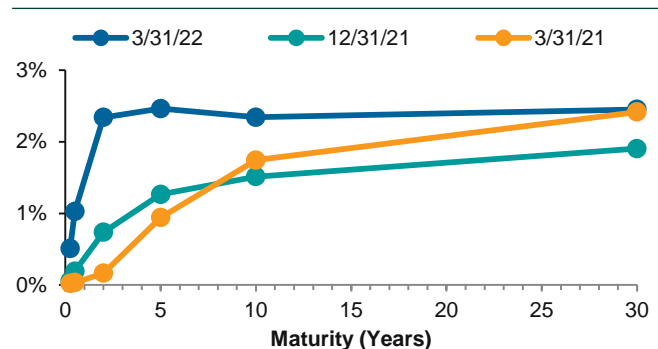
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Credit Suisse

MUNICIPAL BONDS (cont.)

Valuations relatively attractive

- 10-year AAA Muni/10-year U.S. Treasury ratio = 94%
- Up from 68% at year-end; 10-year median = 90%
- Municipal Bond Index after-tax yield = 4.4% (tax rate of 37%)

Supply/demand

- Heavy outflows in 1Q22 following record inflows in 2021
- \$22 billion in outflows in 1Q (one-fifth of 2021 inflows)
- Supply down modestly vs. 1Q21

Credit quality remains stable to improving

- Tax revenues continued to rise and reserve levels are high
- Upgrades outpaced downgrades

GLOBAL FIXED INCOME

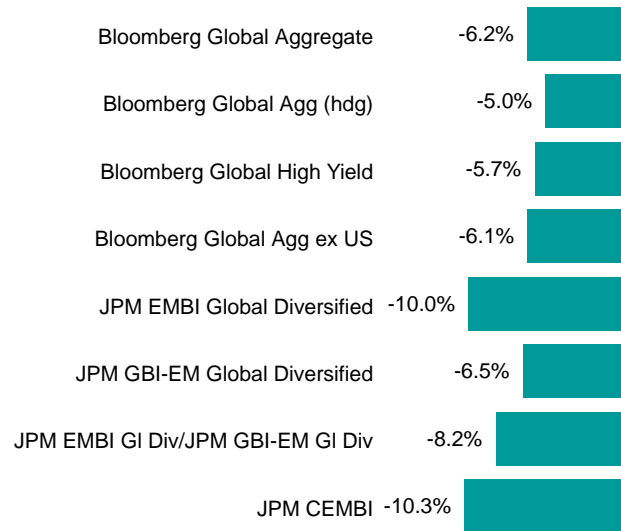
Negative returns driven by broad interest rate increases

- U.S. dollar appreciated against the Japanese yen, euro, and British pound.

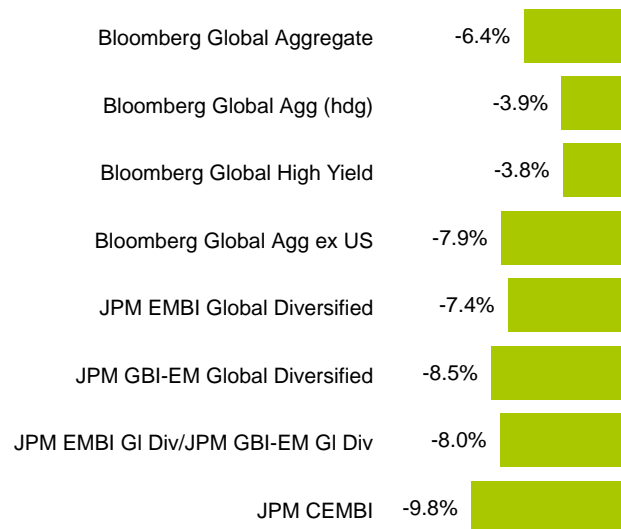
Emerging market debt was not spared

- JPM Global Diversified hurt by rising rates in the U.S.
- GBI-EM hurt by rising local rates, but currency appreciation helped in Latin America and Africa.
- Russia removed from indices at a price of \$0 (-100% return).

Global Fixed Income: Quarterly Returns

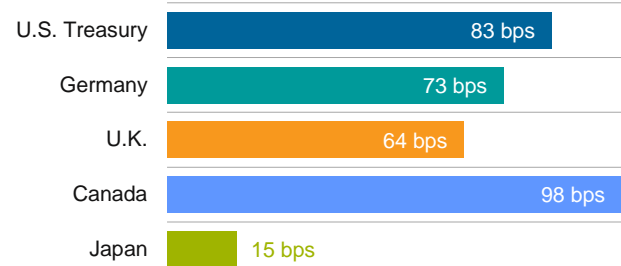


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

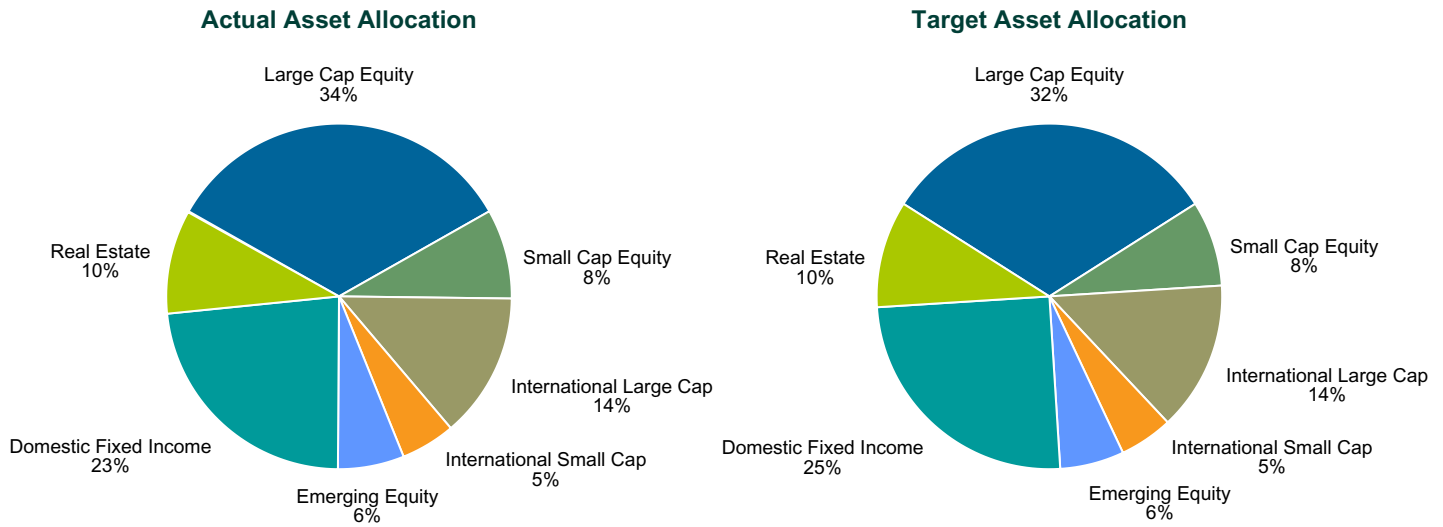
4Q21 to 1Q22



Sources: Bloomberg, JP Morgan

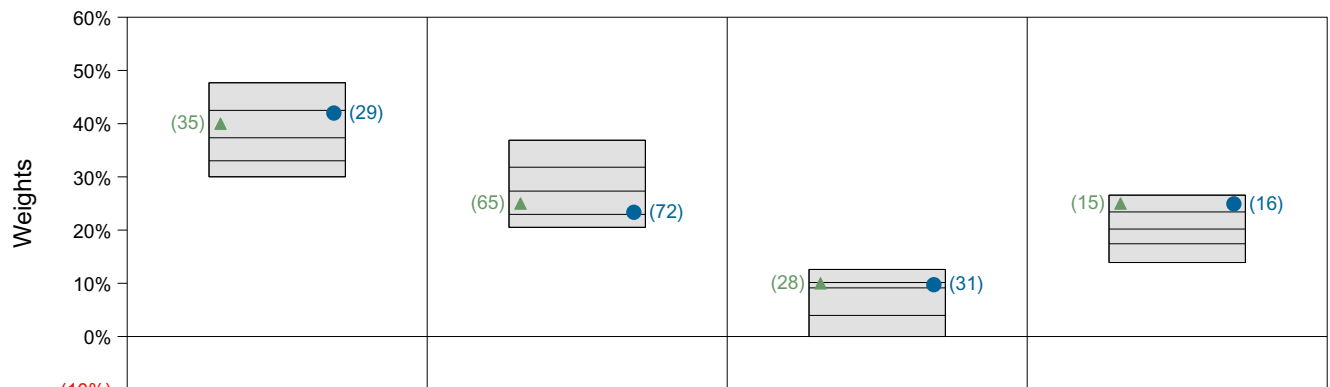
Actual vs Target Asset Allocation As of March 31, 2022

The top left chart shows the Fund's asset allocation as of March 31, 2022. 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	128,430	33.6%	32.0%	1.6%	6,070
Small Cap Equity	32,150	8.4%	8.0%	0.4%	1,560
International Large Cap	52,035	13.6%	14.0%	(0.4%)	(1,498)
International Small Cap	19,683	5.1%	5.0%	0.1%	565
Emerging Equity	23,582	6.2%	6.0%	0.2%	639
Domestic Fixed Income	89,267	23.3%	25.0%	(1.7%)	(6,327)
Real Estate	37,229	9.7%	10.0%	(0.3%)	(1,009)
Total	382,375	100.0%	100.0%		

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



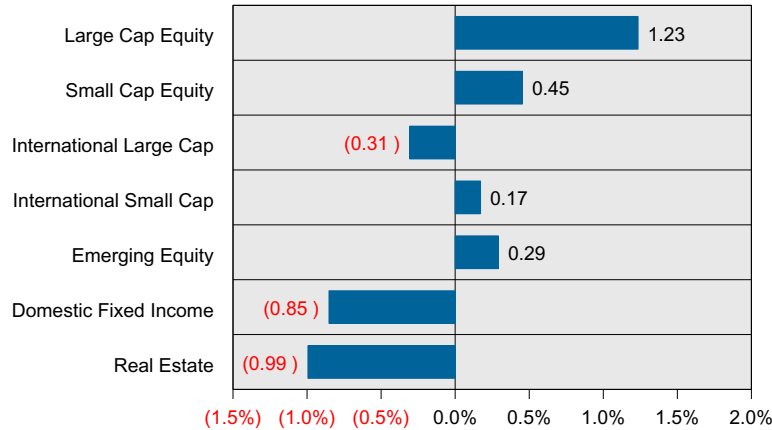
	Domestic Broad Eq	Domestic Fixed Income	Real Estate	Intl Equity
10th Percentile	47.69	36.88	12.60	26.56
25th Percentile	42.49	31.82	10.15	23.41
Median	37.35	27.32	9.14	20.19
75th Percentile	33.03	22.95	3.96	17.43
90th Percentile	30.02	20.51	0.00	13.90
Fund ●	42.00	23.35	9.74	24.92
Target ▲	40.00	25.00	10.00	25.00
% Group Invested	97.73%	100.00%	75.00%	95.45%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

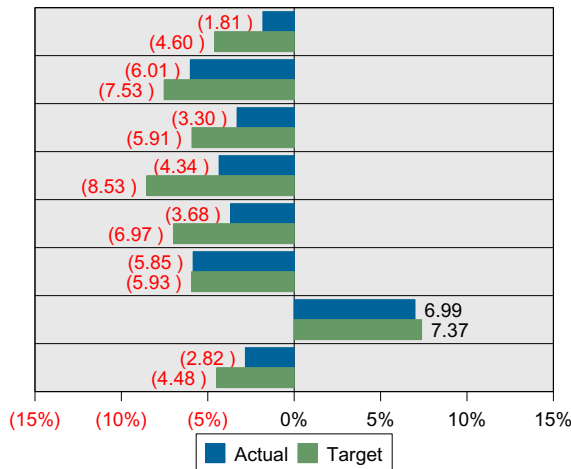
Quarterly Total Fund Relative Attribution - March 31, 2022

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.

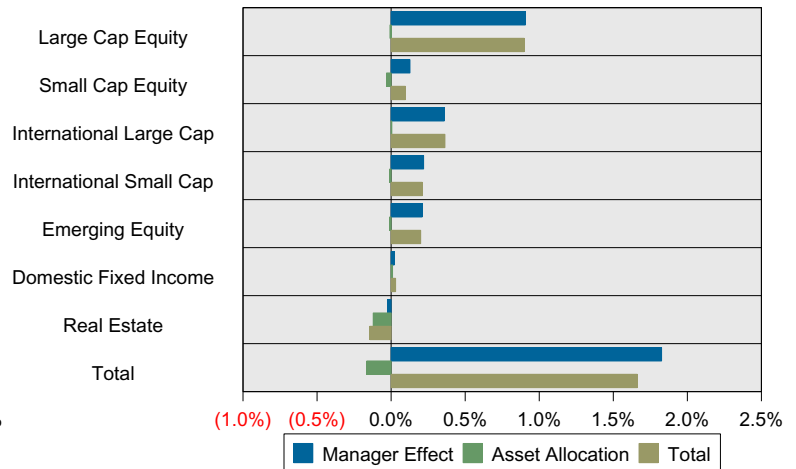
Asset Class Under or Overweighting



Actual vs Target Returns



Relative Attribution by Asset Class



Relative Attribution Effects for Quarter ended March 31, 2022

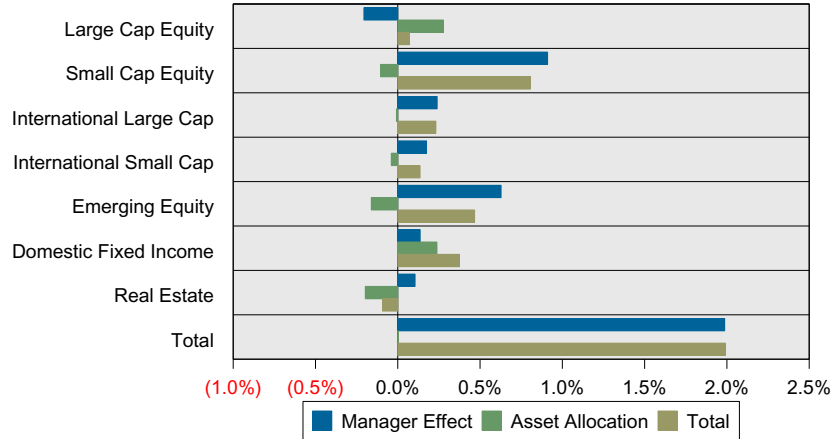
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(1.81%)	(4.60%)	0.91%	(0.01%)	0.90%
Small Cap Equity	8%	8%	(6.01%)	(7.53%)	0.13%	(0.03%)	0.10%
International Large Cap	14%	14%	(3.30%)	(5.91%)	0.36%	0.00%	0.36%
International Small Cap	5%	5%	(4.34%)	(8.53%)	0.22%	(0.01%)	0.21%
Emerging Equity	6%	6%	(3.68%)	(6.97%)	0.21%	(0.01%)	0.20%
Domestic Fixed Income	24%	25%	(5.85%)	(5.93%)	0.02%	0.01%	0.03%
Real Estate	9%	10%	6.99%	7.37%	(0.02%)	(0.12%)	(0.14%)
Total			(2.82%)	(4.48%)	+ 1.83%	+ (0.16%)	1.66%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

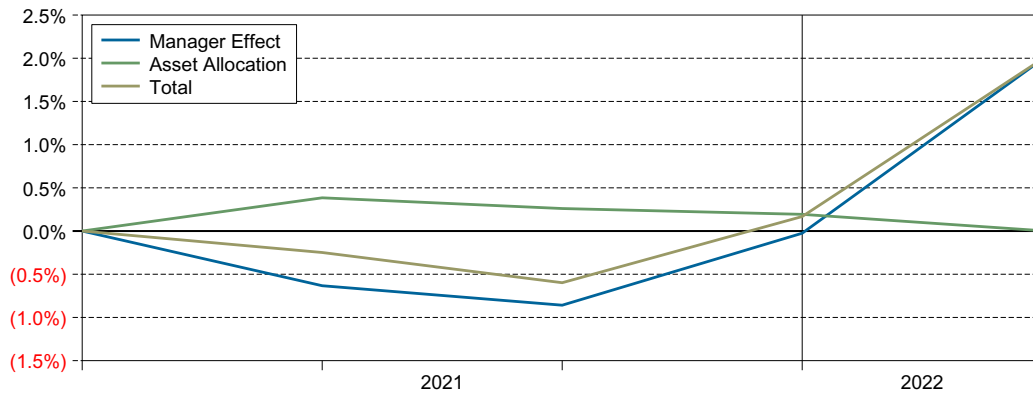
Cumulative Total Fund Relative Attribution - March 31, 2022

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

One Year Relative Attribution Effects



Cumulative Relative Attribution Effects



One Year Relative Attribution Effects

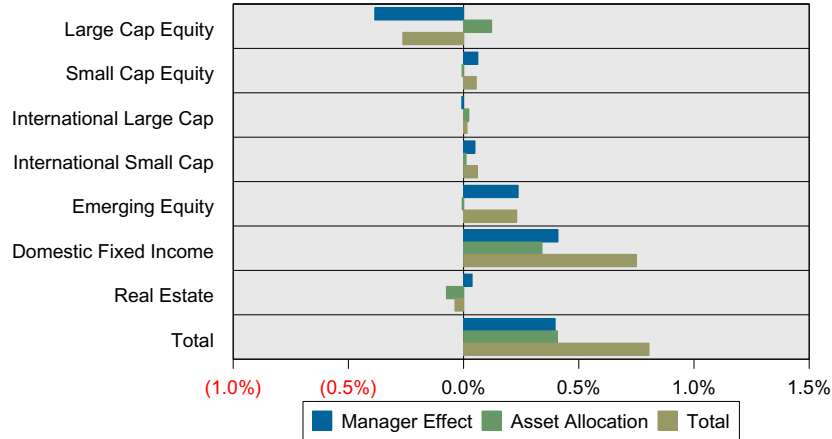
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	35%	32%	15.45%	15.65%	(0.21%)	0.28%	0.07%
Small Cap Equity	9%	8%	4.40%	(5.79%)	0.91%	(0.10%)	0.81%
International Large Cap	14%	14%	2.89%	1.16%	0.24%	(0.01%)	0.23%
International Small Cap	6%	5%	(0.18%)	(3.63%)	0.17%	(0.04%)	0.14%
Emerging Equity	7%	6%	(2.91%)	(11.37%)	0.63%	(0.16%)	0.47%
Domestic Fixed Income	23%	27%	(3.61%)	(4.15%)	0.14%	0.24%	0.37%
Real Estate	7%	8%	28.92%	28.47%	0.11%	(0.20%)	(0.09%)
Total			7.00%	5.01%	+ 1.99%	+ 0.00%	1.99%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

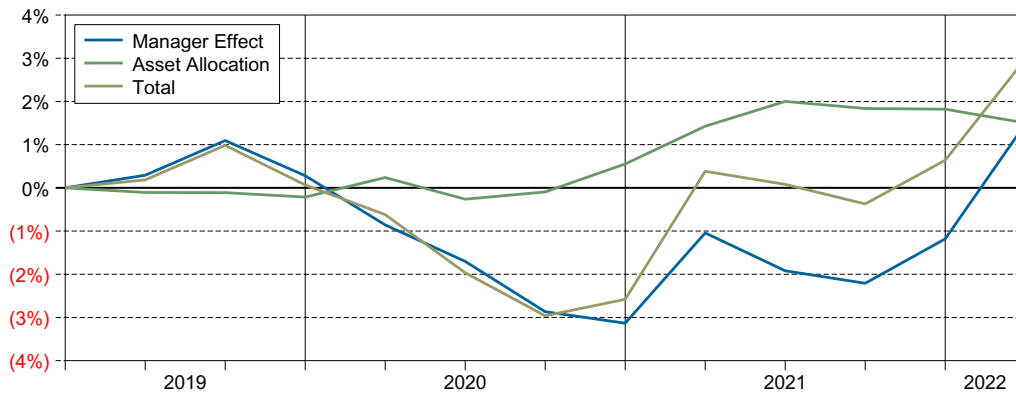
Cumulative Total Fund Relative Attribution - March 31, 2022

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

Three Year Annualized Relative Attribution Effects



Cumulative Relative Attribution Effects



Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	17.58%	18.92%	(0.39%)	0.12%	(0.26%)
Small Cap Equity	9%	8%	13.10%	11.74%	0.06%	(0.01%)	0.06%
International Large Cap	14%	14%	7.92%	7.78%	(0.01%)	0.02%	0.01%
International Small Cap	5%	5%	9.16%	8.51%	0.05%	0.01%	0.06%
Emerging Equity	6%	6%	7.89%	4.94%	0.24%	(0.01%)	0.23%
Domestic Fixed Income	30%	32%	2.96%	1.69%	0.41%	0.34%	0.75%
Real Estate	2%	3%	-	-	0.04%	(0.07%)	(0.04%)
Total			11.49%	10.68%	+ 0.40%	+ 0.41%	0.80%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

Total Fund

Period Ended March 31, 2022

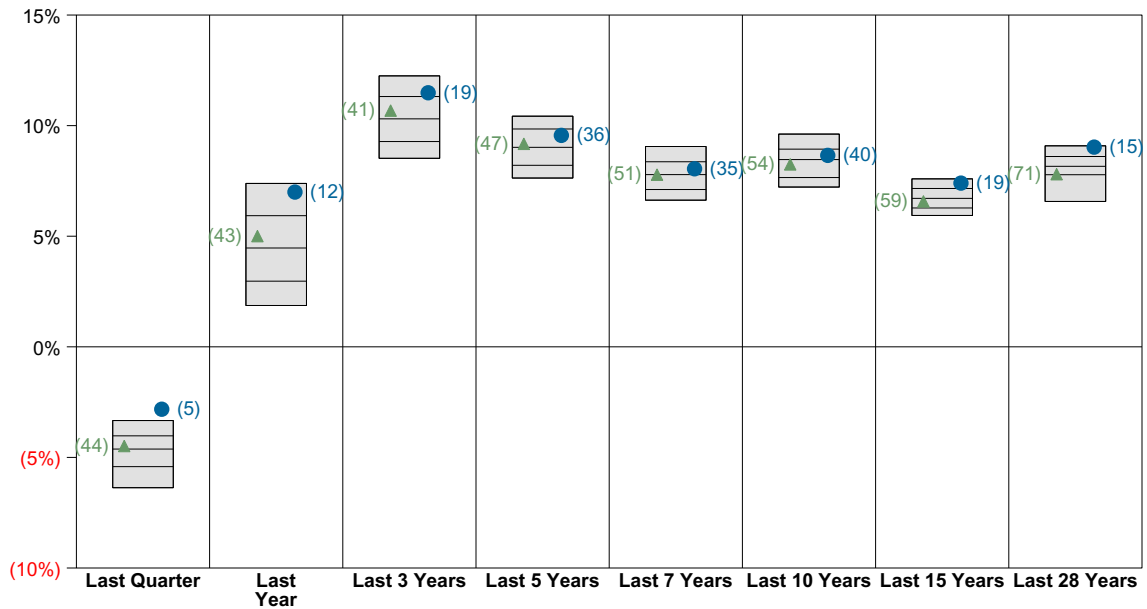
Investment Philosophy

* Current Quarter Target = 30.0% Blmbg Aggregate, 32.0% S&P 500 Index, 5.0% NFI-ODCE 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

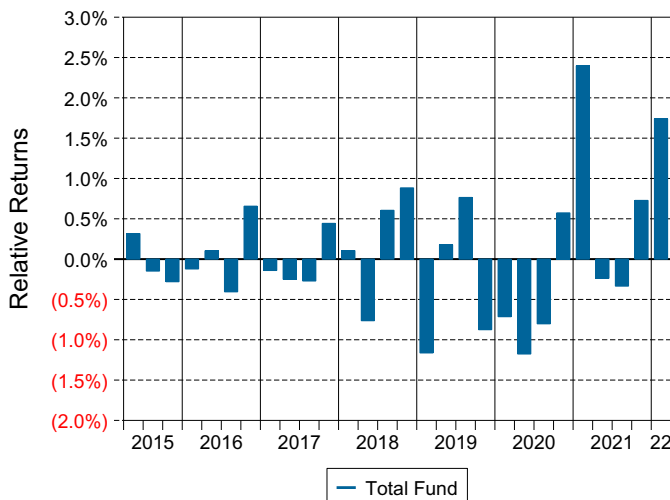
- Total Fund's portfolio posted a (2.82)% return for the quarter placing it in the 5 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 12 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 1.66% for the quarter and outperformed the Target for the year by 1.99%.

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

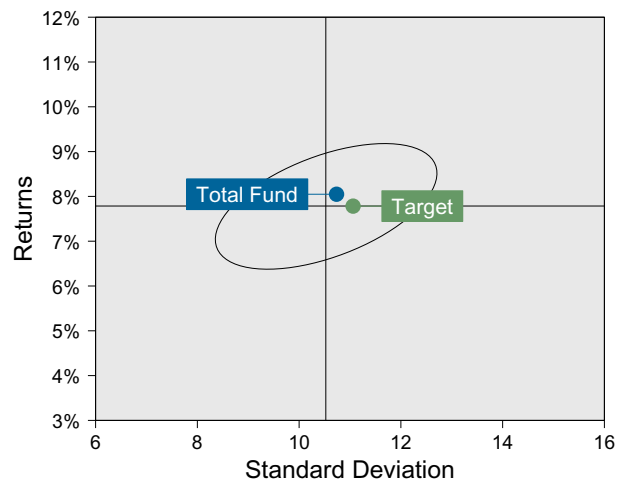


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 28 Years
10th Percentile	(3.33)	7.39	12.25	10.43	9.06	9.62	7.59	9.09
25th Percentile	(4.02)	5.93	11.32	9.85	8.37	8.94	7.16	8.60
Median	(4.62)	4.47	10.31	9.02	7.79	8.47	6.71	8.16
75th Percentile	(5.42)	2.97	9.28	8.21	7.11	7.65	6.28	7.78
90th Percentile	(6.37)	1.87	8.52	7.63	6.63	7.22	5.94	6.57
Total Fund	● (2.82)	7.00	11.49	9.56	8.05	8.65	7.40	9.03
Target	▲ (4.48)	5.01	10.68	9.18	7.78	8.25	6.57	7.81

Relative Return vs Target



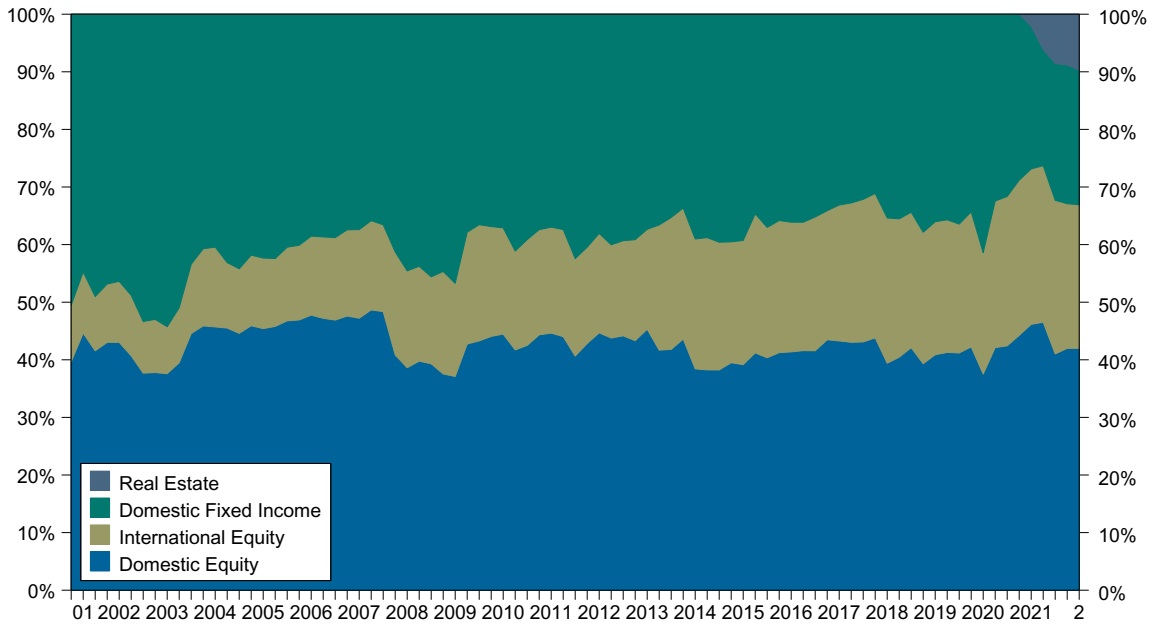
Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



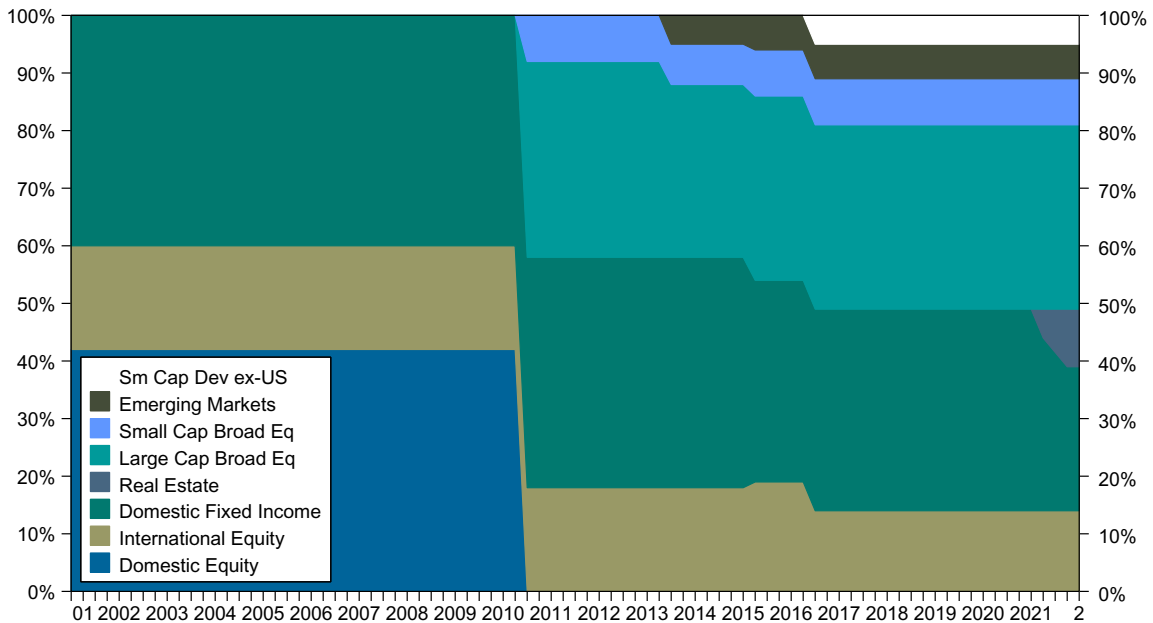
Actual vs Target Historical Asset Allocation

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 = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 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 March 31, 2022, with the distribution as of December 31, 2021. 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

	March 31, 2022 Market Value	Net New Inv.	Inv. Return	December 31, 2021 Market Value
Consolidated Plan				
Domestic Equity	\$160,579,758	\$(384,834)	\$(4,439,612)	\$165,404,205
Large Cap	\$128,429,677	\$(384,834)	\$(2,384,179)	\$131,198,691
Boston Partners	66,460,389	(384,834)	601,141	66,244,082
SSgA S&P 500	61,969,288	0	(2,985,320)	64,954,609
Small Cap	\$32,150,081	\$0	\$(2,055,433)	\$34,205,514
Atlanta Capital	32,150,081	0	(2,055,433)	34,205,514
International Equity	\$95,299,920	\$0	\$(3,639,466)	\$98,939,386
International Large Cap	\$52,034,828	\$0	\$(1,777,840)	\$53,812,668
SSgA EAFE	17,471,764	0	(1,082,981)	18,554,745
Pyrford	34,563,064	0	(694,859)	35,257,923
International Small Cap	\$19,683,424	\$0	\$(937,390)	\$20,620,814
AQR	19,683,424	0	(937,390)	20,620,814
Emerging Equity	\$23,581,667	\$0	\$(924,236)	\$24,505,904
DFA Emerging Markets	23,581,667	0	(924,236)	24,505,904
Fixed Income	\$89,266,825	\$0	\$(5,543,911)	\$94,810,736
Metropolitan West	89,266,825	0	(5,543,911)	94,810,736
Real Estate	\$37,228,989	\$0	\$2,397,696	\$34,831,293
Clarion Lion Fund	19,124,276	0	1,211,866	17,912,410
Morgan Stanley	18,104,713	0	1,185,830	16,918,883
Total Plan - Consolidated	\$382,375,492	\$(384,834)	\$(11,225,294)	\$393,985,620

Sacramento Regional Transit District Asset Growth

Ending March 31, 2022 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
Total Plan							
1/4 Year Ended 3/2022	382,375.5		393,985.6		(384.8)		(11,225.3)
1/4 Year Ended 12/2021	393,985.6		375,389.0		(1,982.1)		20,578.8
1/4 Year Ended 9/2021	375,389.0		379,228.3		(1,967.9)		(1,871.4)
1/4 Year Ended 6/2021	379,228.3		362,366.9		(522.5)		17,384.0
1/4 Year Ended 3/2021	362,366.9		346,973.1		(2,096.5)		17,490.2
1/4 Year Ended 12/2020	346,973.1		311,751.8		(339.6)		35,560.9
1/4 Year Ended 9/2020	311,751.8		299,942.5		(1,344.8)		13,154.1
1/4 Year Ended 6/2020	299,942.5		268,251.1		(1,217.2)		32,908.6
1/4 Year Ended 3/2020	268,251.1		315,424.7		(567.1)		(46,606.5)
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

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2022. 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 March 31, 2022

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Domestic Equity	(2.68%)	13.14%	16.66%	14.18%	12.51%
Domestic Equity Benchmark**	(5.16%)	11.11%	17.59%	14.82%	13.07%
Large Cap Equity	(1.81%)	15.45%	17.58%	14.39%	12.59%
Boston Partners	0.91%	15.21%	15.76%	12.48%	10.93%
Russell 1000 Value Index	(0.74%)	11.67%	13.02%	10.29%	9.73%
SSgA S&P 500	(4.60%)	15.63%	18.92%	15.99%	14.03%
S&P 500 Index	(4.60%)	15.65%	18.92%	15.99%	14.01%
Small Cap Equity	(6.01%)	4.40%	13.10%	13.22%	12.09%
Atlanta Capital	(6.01%)	4.40%	13.10%	13.22%	12.09%
Russell 2000 Index	(7.53%)	(5.79%)	11.74%	9.74%	8.87%
International Equity	(3.61%)	0.68%	8.28%	6.84%	5.32%
International Benchmark***	(6.67%)	(2.84%)	7.37%	6.78%	5.20%
International Large Cap	(3.30%)	2.89%	7.92%	6.54%	5.15%
SSgA EAFE	(5.84%)	1.38%	8.15%	7.08%	5.47%
Pyrford	(1.97%)	3.67%	7.65%	-	-
MSCI EAFE Index	(5.91%)	1.16%	7.78%	6.72%	5.11%
International Small Cap	(4.34%)	(0.18%)	9.16%	7.07%	-
AQR	(4.34%)	(0.18%)	9.16%	7.07%	-
MSCI EAFE Small Cap Index	(8.53%)	(3.63%)	8.51%	7.42%	7.30%
Emerging Markets Equity	(3.68%)	(2.91%)	7.89%	7.01%	6.11%
DFA Emerging Markets	(3.68%)	(2.91%)	7.89%	7.01%	6.11%
MSCI Emerging Markets Index	(6.97%)	(11.37%)	4.94%	5.98%	4.69%
Domestic Fixed Income	(5.85%)	(3.61%)	2.96%	3.15%	2.66%
Met West	(5.85%)	(3.61%)	2.96%	3.15%	2.66%
Bloomberg Aggregate Index	(5.93%)	(4.15%)	1.69%	2.14%	1.87%
Real Estate	6.99%	28.92%	-	-	-
Clarion Lion Fund	6.77%	27.58%	-	-	-
Morgan Stanley	7.23%	-	-	-	-
NCREIF NFI-ODCE Val Wt Gr	7.37%	28.47%	11.29%	9.91%	10.21%
Total Plan	(2.82%)	7.00%	11.49%	9.56%	8.05%
Target*	(4.48%)	5.01%	10.68%	9.18%	7.78%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 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 March 31, 2022. 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 March 31, 2022

	Last 10 Years	Last 15 Years	Last 20 Years	Last 28 Years
Domestic Equity	13.83%	10.38%	9.59%	-
Domestic Equity Benchmark**	14.00%	9.91%	9.28%	10.73%
Russell 1000 Value Index	11.70%	7.36%	8.08%	9.96%
S&P 500 Index	14.64%	10.26%	9.25%	10.75%
Russell 2000 Index	11.04%	7.99%	8.72%	9.28%
International Equity	5.82%	2.78%	6.28%	-
MSCI EAFE Index	6.27%	2.91%	5.98%	5.19%
Domestic Fixed Income	3.20%	4.93%	5.08%	-
Met West	3.20%	4.93%	5.08%	-
Bloomberg Aggregate Index	2.24%	3.56%	4.00%	4.94%
Total Plan	8.65%	7.40%	7.57%	9.03%
Target*	8.25%	6.57%	7.01%	7.81%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

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

Investment Manager Returns

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

	12/2021- 3/2022	2021	2020	2019	2018
Domestic Equity	(2.68%)	28.28%	11.16%	27.71%	(4.64%)
Domestic Equity Benchmark**	(5.16%)	25.93%	18.94%	30.32%	(5.69%)
Large Cap Equity	(1.81%)	30.18%	11.03%	27.77%	(6.33%)
Boston Partners	0.91%	31.78%	2.99%	23.91%	(8.27%)
Russell 1000 Value Index	(0.74%)	25.16%	2.80%	26.54%	(8.27%)
SSgA S&P 500	(4.60%)	28.70%	18.36%	31.50%	(4.39%)
S&P 500 Index	(4.60%)	28.71%	18.40%	31.49%	(4.38%)
Small Cap Equity	(6.01%)	21.00%	11.67%	27.38%	1.78%
Atlanta Capital	(6.01%)	21.00%	11.67%	27.38%	1.78%
Russell 2000 Index	(7.53%)	14.82%	19.96%	25.52%	(11.01%)
International Equity	(3.61%)	9.37%	8.48%	20.83%	(13.93%)
International Benchmark***	(6.67%)	7.67%	11.39%	21.78%	(14.76%)
International Large Cap	(3.30%)	9.34%	5.71%	22.34%	(11.25%)
SSgA EAFE	(5.84%)	11.52%	8.27%	22.49%	(13.49%)
Pyrford	(1.97%)	8.22%	4.09%	22.30%	(10.31%)
MSCI EAFE Index	(5.91%)	11.26%	7.82%	22.01%	(13.79%)
International Small Cap	(4.34%)	13.52%	7.35%	21.73%	(19.94%)
AQR	(4.34%)	13.52%	7.35%	21.73%	(19.94%)
MSCI EAFE Small Cap Index	(8.53%)	10.10%	12.34%	24.96%	(17.89%)
Emerging Markets Equity	(3.68%)	6.25%	14.40%	16.64%	(14.80%)
DFA Emerging Markets	(3.68%)	6.25%	14.40%	16.64%	(14.80%)
MSCI Emerging Markets Index	(6.97%)	(2.54%)	18.31%	18.44%	(14.57%)
Domestic Fixed Income	(5.85%)	(0.46%)	9.85%	9.41%	0.75%
Met West	(5.85%)	(0.46%)	9.85%	9.41%	0.75%
Bloomberg Aggregate Index	(5.93%)	(1.54%)	7.51%	8.72%	0.01%
Total Plan	(2.82%)	15.69%	11.42%	19.25%	(5.05%)
Target*	(4.48%)	12.81%	13.82%	20.58%	(5.82%)

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 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.

	2017	2016	2015	2014	2013
Domestic Equity	13.14%	14.58%	0.06%	10.85%	36.44%
Domestic Equity Benchmark**	11.11%	13.85%	0.26%	12.07%	33.61%
Boston Partners	15.21%	14.71%	(3.75%)	11.87%	37.52%
Russell 1000 Value Index	11.67%	17.34%	(3.83%)	13.45%	32.53%
S&P 500 Index	15.65%	11.96%	1.38%	13.69%	32.39%
Russell 2000 Index	(5.79%)	21.31%	(4.41%)	4.89%	38.82%
International Equity	0.68%	2.55%	(4.17%)	(3.72%)	16.66%
MSCI EAFE Index	1.16%	1.00%	(0.81%)	(4.90%)	22.78%
Domestic Fixed Income	(3.61%)	2.87%	0.51%	6.37%	(1.03%)
Met West	(3.61%)	2.87%	0.51%	6.37%	(1.03%)
Bloomberg Aggregate Index	(4.15%)	2.65%	0.55%	5.97%	(2.02%)
Total Plan	7.00%	7.65%	(0.97%)	5.61%	17.71%
Target*	5.01%	7.40%	(0.71%)	5.82%	15.99%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

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Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2022. 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 March 31, 2022

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
Net of Fee Returns					
Domestic Equity	(2.78%)	12.75%	16.26%	13.77%	-
Domestic Equity Benchmark**	(5.16%)	11.11%	17.59%	14.82%	13.07%
Large Cap Equity	(1.88%)	15.12%	17.28%	14.10%	-
Boston Partners	0.78%	14.62%	15.22%	11.93%	10.37%
Russell 1000 Value Index	(0.74%)	11.67%	13.02%	10.29%	9.73%
SSgA S&P 500	(4.61%)	15.57%	18.86%	15.93%	13.98%
S&P 500 Index	(4.60%)	15.65%	18.92%	15.99%	14.01%
Small Cap Equity	(6.20%)	3.78%	12.29%	12.38%	-
Atlanta Capital	(6.20%)	3.78%	12.29%	12.38%	11.24%
Russell 2000 Index	(7.53%)	(5.79%)	11.74%	9.74%	8.87%
International Equity	(3.74%)	0.15%	7.67%	6.21%	-
International Equity Benchmark***	(6.67%)	(2.84%)	7.37%	6.78%	5.20%
International Large Cap	(3.42%)	2.40%	7.40%	6.01%	-
SSgA EAFE	(5.86%)	1.28%	8.04%	6.98%	5.37%
Pyrford	(2.13%)	2.97%	6.94%	-	-
MSCI EAFE Index	(5.91%)	1.16%	7.78%	6.72%	5.11%
International Small Cap	(4.55%)	(1.03%)	8.24%	6.12%	-
AQR	(4.55%)	(1.03%)	8.24%	6.12%	-
MSCI EAFE Small Cap Index	(8.53%)	(3.63%)	8.51%	7.42%	7.30%
Emerging Markets Equity	(3.77%)	(3.29%)	7.40%	6.50%	-
DFA Emerging Markets	(3.77%)	(3.29%)	7.40%	6.50%	5.56%
MSCI Emerging Markets Index	(6.97%)	(11.37%)	4.94%	5.98%	4.69%
Domestic Fixed Income	(5.91%)	(3.88%)	2.68%	2.87%	-
Met West	(5.91%)	(3.88%)	2.68%	2.87%	2.38%
Bloomberg Aggregate Index	(5.93%)	(4.15%)	1.69%	2.14%	1.87%
Real Estate	6.74%	28.21%	-	-	-
Clarion Lion Fund	6.48%	26.89%	-	-	-
Morgan Stanley	7.01%	-	-	-	-
NCREIF NFI-ODCE Val Wt Gr	7.37%	28.47%	11.29%	9.91%	10.21%
Total Plan	(2.93%)	6.56%	11.06%	9.13%	7.65%
Target*	(4.48%)	5.01%	10.68%	9.18%	7.78%

* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small Cap.

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*** 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 March 31, 2022

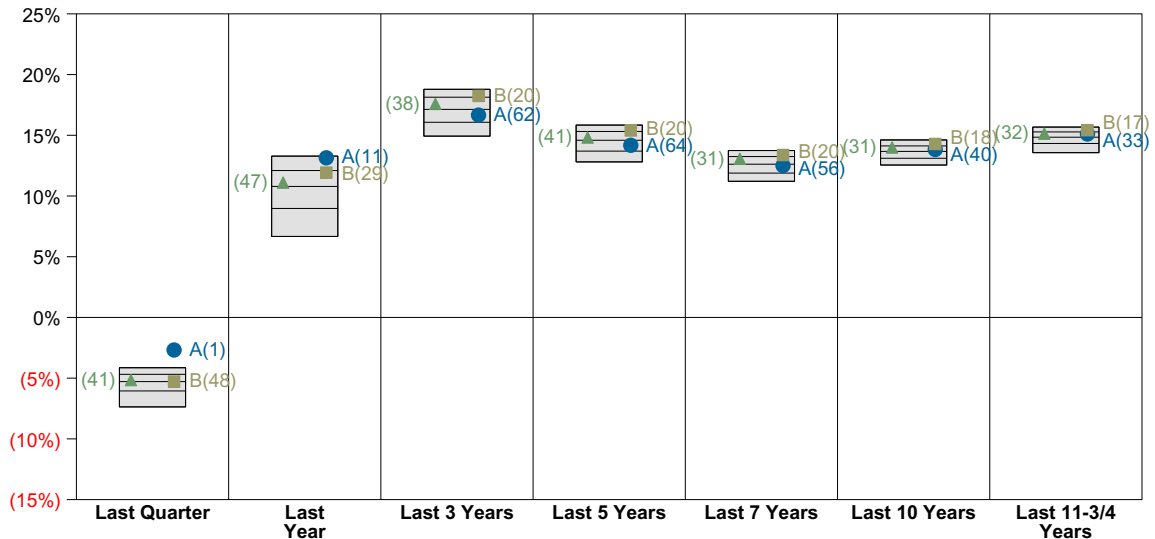
Investment Philosophy

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

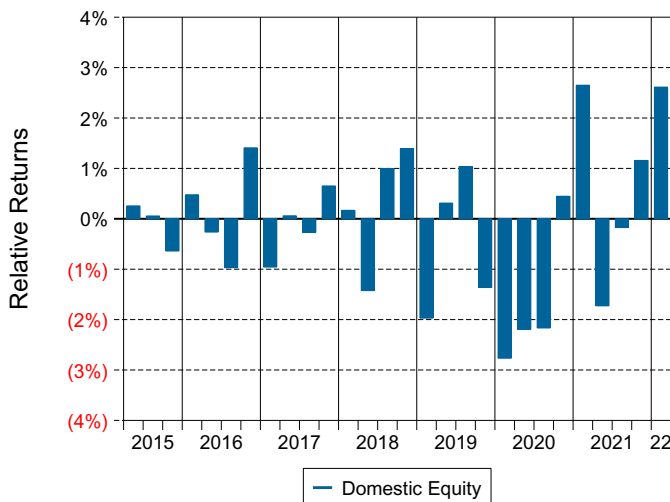
- Domestic Equity's portfolio posted a (2.68)% return for the quarter placing it in the 1 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 11 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 2.48% for the quarter and outperformed the Domestic Equity Benchmark for the year by 2.03%.

Performance vs Fund Sponsor - Domestic Equity (Gross)

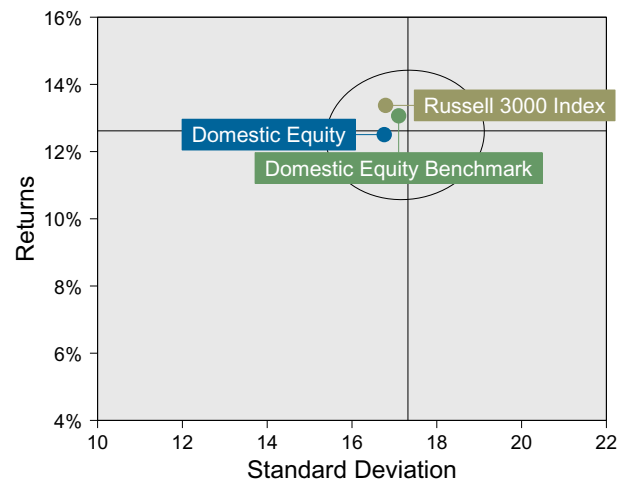


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 11-3/4 Years
10th Percentile	(4.14)	13.29	18.78	15.84	13.74	14.61	15.68
25th Percentile	(4.68)	12.10	18.13	15.31	13.25	14.12	15.28
Median	(5.28)	10.79	17.13	14.59	12.62	13.67	14.84
75th Percentile	(6.05)	8.97	16.07	13.70	11.89	13.11	14.33
90th Percentile	(7.37)	6.67	14.93	12.81	11.21	12.55	13.57
Domestic Equity (A)	(2.68)	13.14	16.66	14.18	12.51	13.83	15.11
Russell 3000 Index (B)	(5.28)	11.92	18.24	15.40	13.38	14.28	15.42
Domestic Equity Benchmark (A)	(5.16)	11.11	17.59	14.82	13.07	14.00	15.14

Relative Returns vs Domestic Equity Benchmark



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

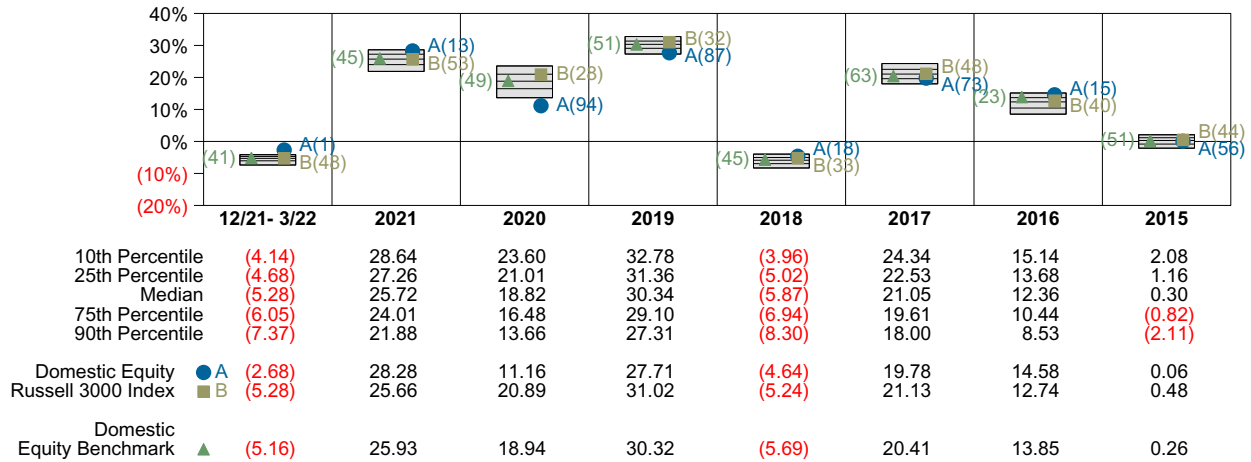


Domestic Equity Return Analysis Summary

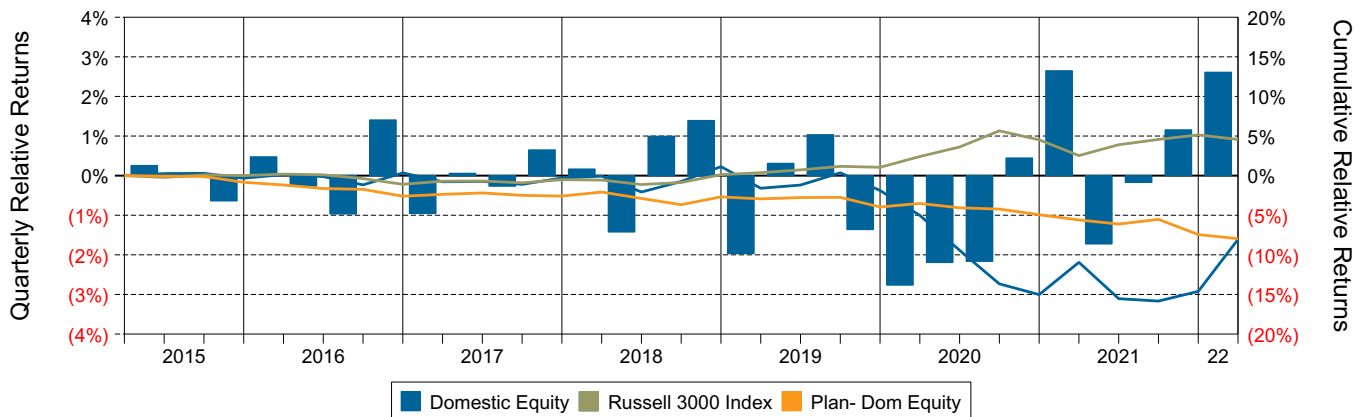
Return Analysis

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.

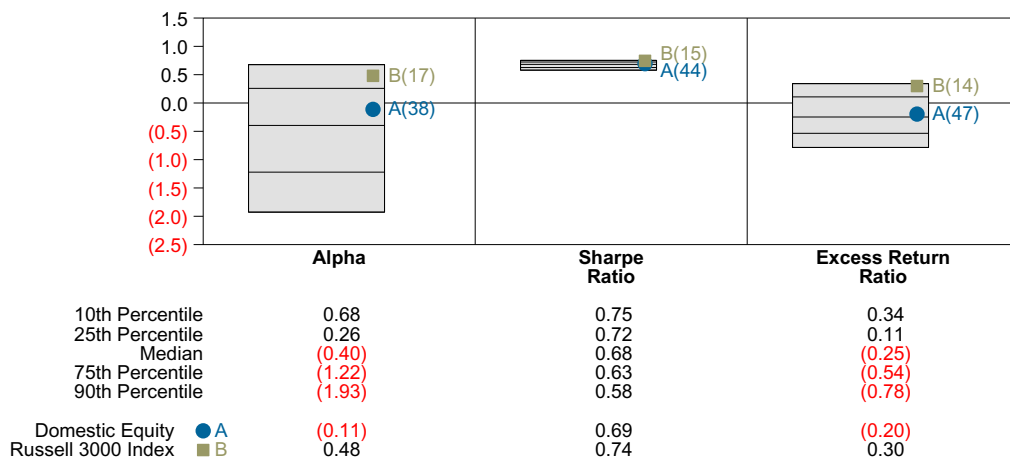
Performance vs Fund Sponsor - Domestic Equity (Gross)



Cumulative and Quarterly Relative Returns vs Domestic Equity Benchmark



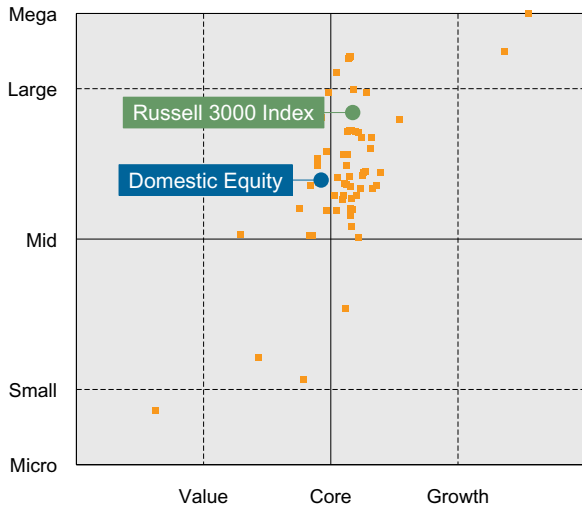
Risk Adjusted Return Measures vs Domestic Equity Benchmark Rankings Against Fund Sponsor - Domestic Equity (Gross) Seven Years Ended March 31, 2022



Current Holdings Based Style Analysis Domestic Equity As of March 31, 2022

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.

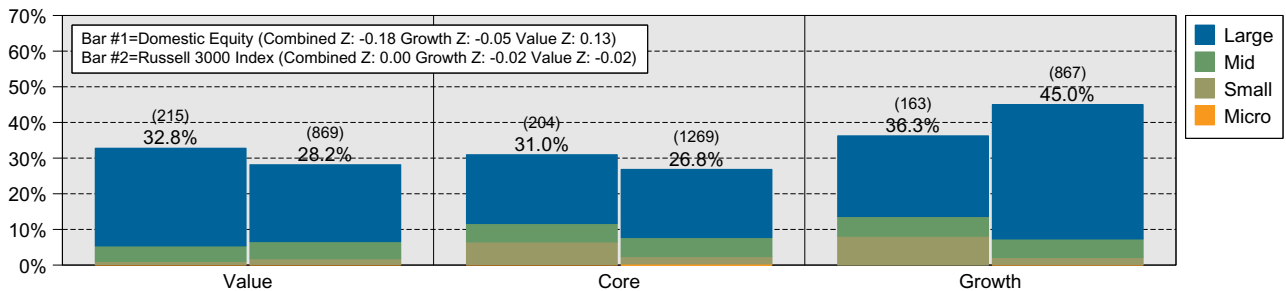
Style Map vs Plan- Dom Equity Holdings as of March 31, 2022



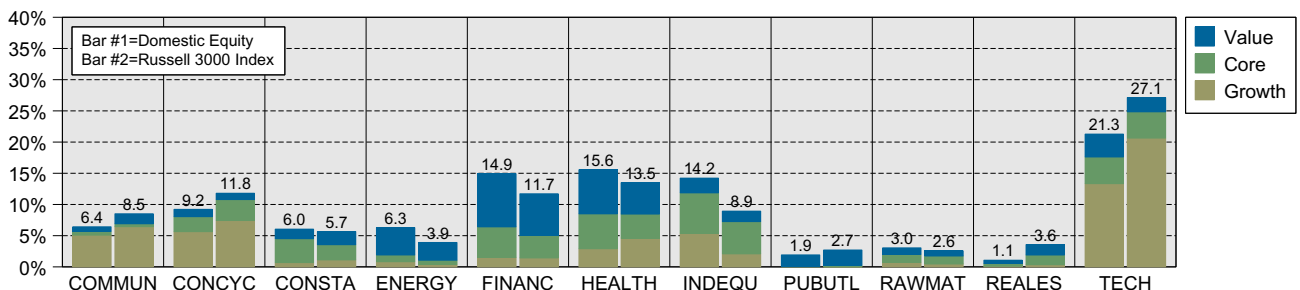
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Large	27.4% (105)	19.3% (97)	22.6% (79)	69.4% (281)
	21.6% (105)	19.1% (97)	37.7% (98)	78.4% (300)
Mid	4.3% (101)	5.2% (84)	5.5% (59)	15.0% (244)
	4.8% (170)	5.4% (222)	5.1% (209)	15.3% (601)
Small	0.9% (8)	6.3% (22)	8.1% (25)	15.2% (55)
	1.6% (313)	2.1% (489)	2.1% (400)	5.7% (1202)
Micro	0.2% (1)	0.2% (1)	0.0% (0)	0.4% (2)
	0.2% (281)	0.3% (461)	0.1% (160)	0.6% (902)
Total	32.8% (215)	31.0% (204)	36.3% (163)	100.0% (582)
	28.2% (869)	26.8% (1269)	45.0% (867)	100.0% (3005)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



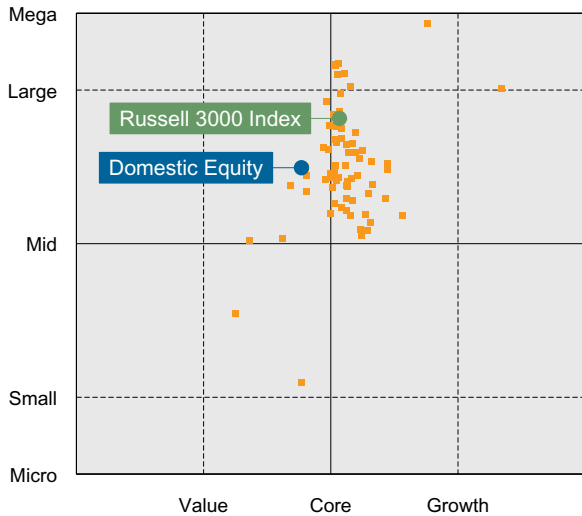
Historical Holdings Based Style Analysis

Domestic Equity

For Five Years Ended March 31, 2022

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.

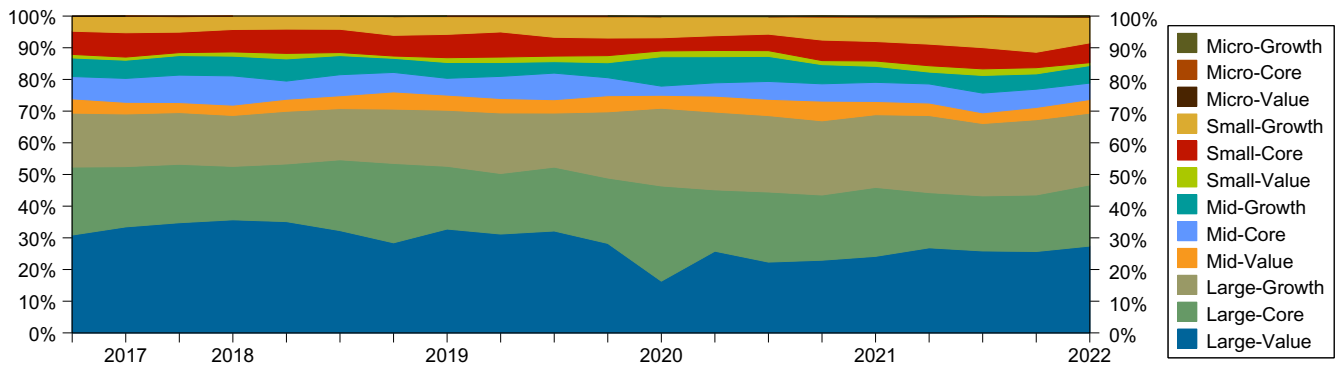
Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended March 31, 2022



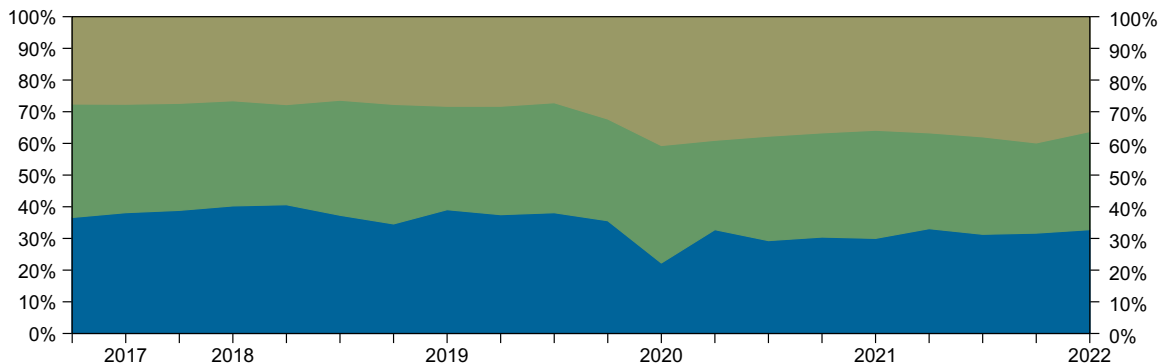
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	28.6% (102)	20.3% (97)	20.2% (88)	69.2% (287)
Large	22.9% (101)	20.8% (97)	32.9% (101)	76.5% (299)
Mid	4.3% (97)	6.2% (87)	5.8% (59)	16.3% (243)
Small	4.7% (168)	5.6% (211)	5.9% (220)	16.2% (599)
Micro	1.5% (10)	6.4% (23)	6.3% (20)	14.3% (53)
	1.8% (315)	2.5% (493)	2.1% (388)	6.5% (1196)
Micro	0.0% (0)	0.1% (1)	0.1% (0)	0.2% (1)
	0.3% (314)	0.3% (391)	0.2% (188)	0.8% (893)
Total	34.5% (209)	33.1% (208)	32.4% (167)	100.0% (584)
	29.7% (898)	29.3% (1192)	41.1% (897)	100.0% (2987)
	Value	Core	Growth	Total

Domestic Equity Historical Cap/Style Exposures



Domestic Equity Historical Style Only Exposures

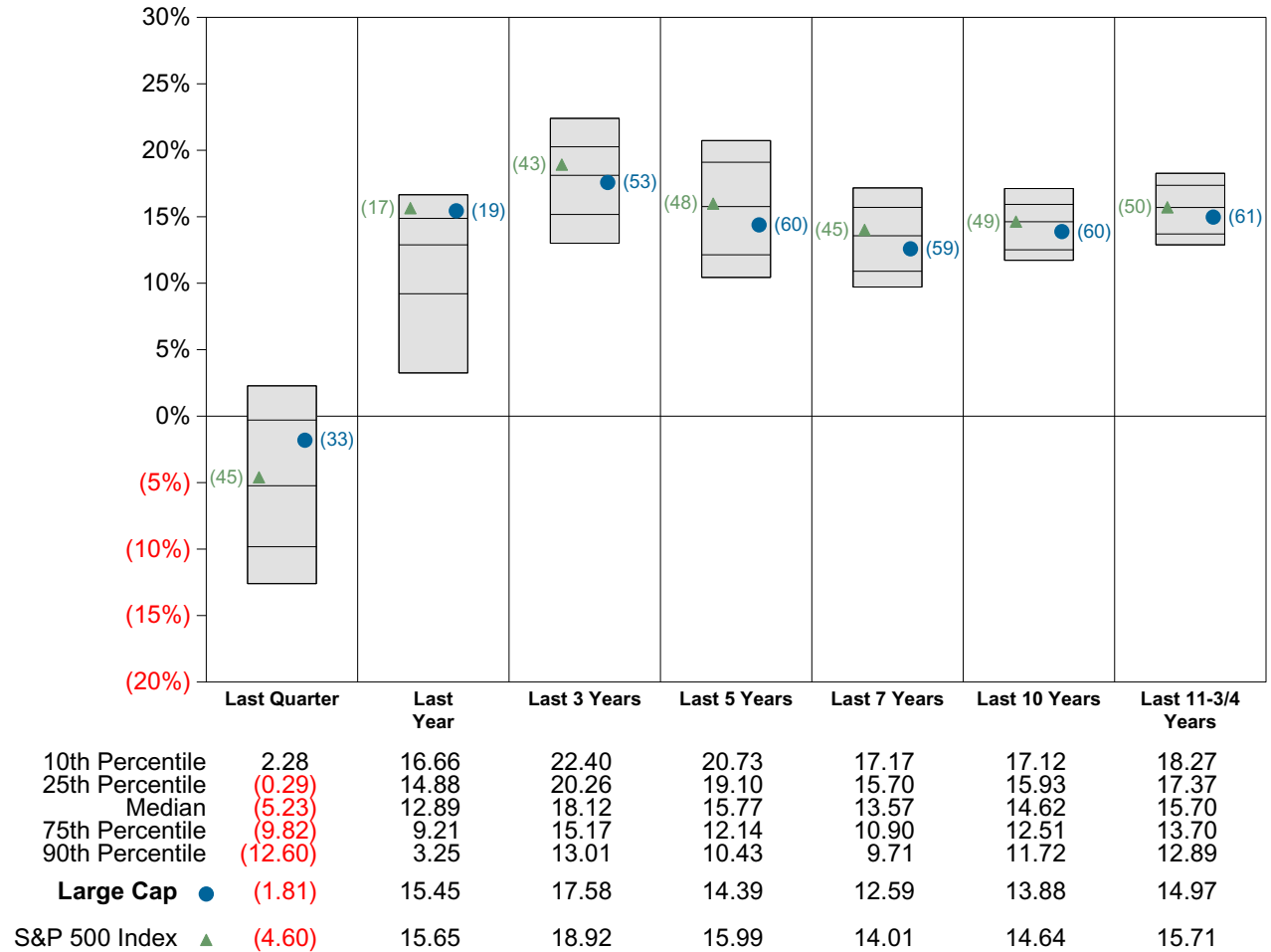


Large Cap Period Ended March 31, 2022

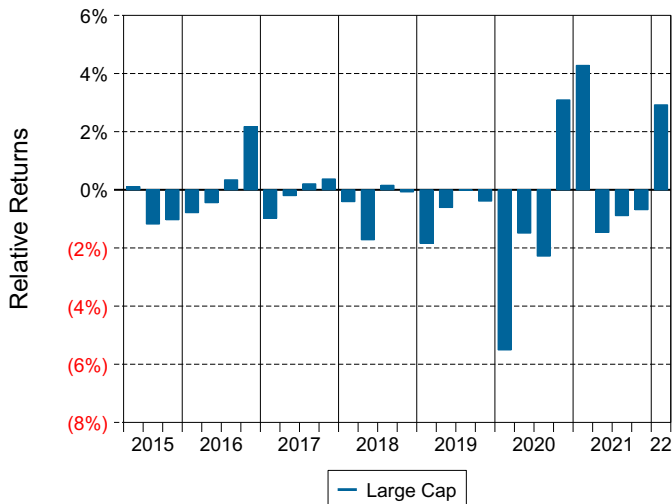
Quarterly Summary and Highlights

- Large Cap's portfolio posted a (1.81)% return for the quarter placing it in the 33 percentile of the Callan Large Capitalization group for the quarter and in the 19 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 2.79% for the quarter and underperformed the S&P 500 Index for the year by 0.20%.

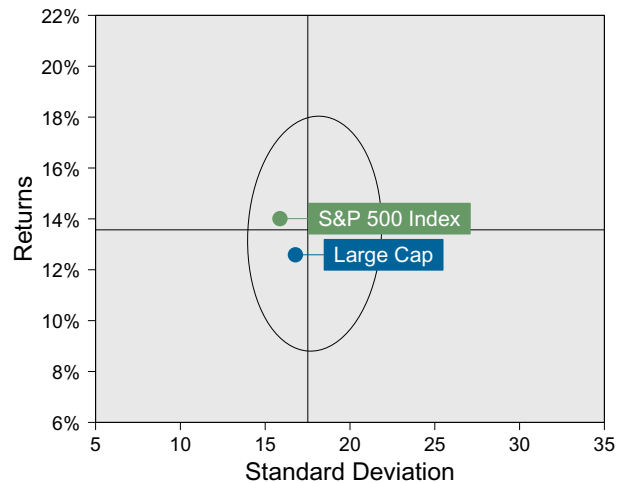
Performance vs Callan Large Capitalization (Gross)



Relative Return vs S&P 500 Index



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

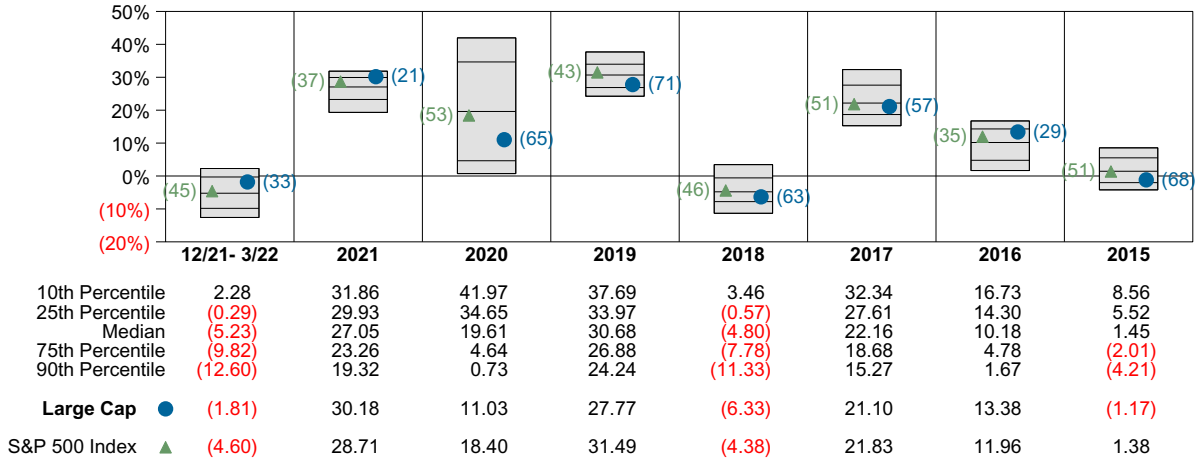


Large Cap Return Analysis Summary

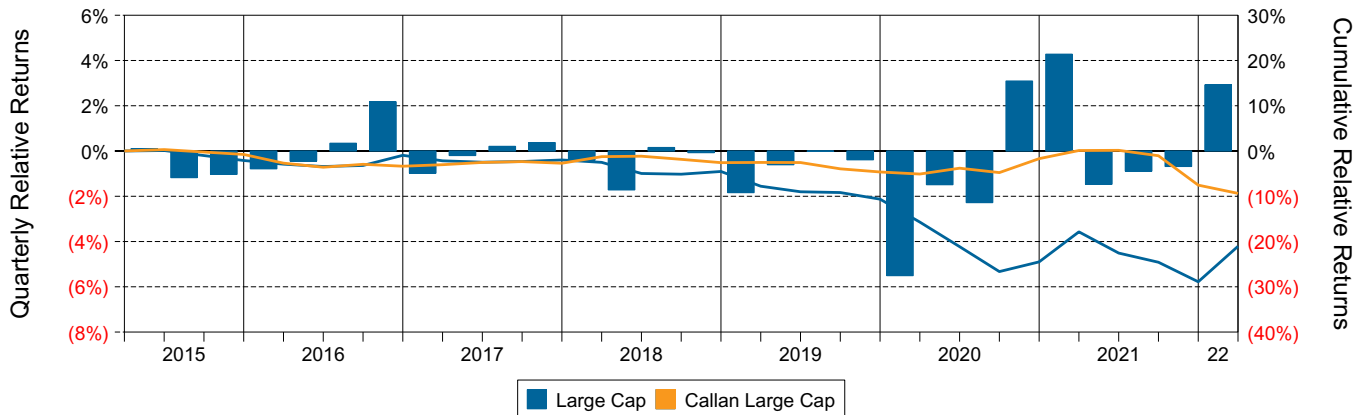
Return Analysis

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

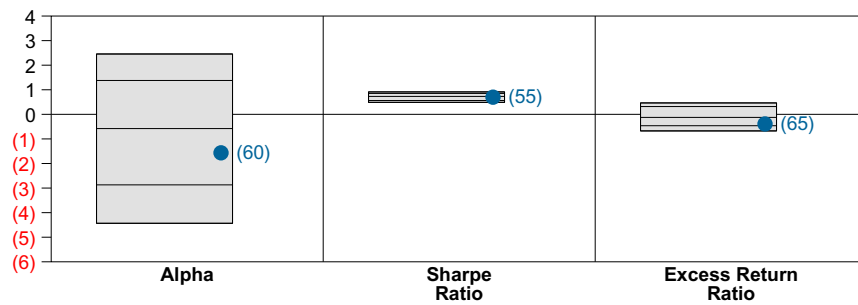
Performance vs Callan Large Capitalization (Gross)



Cumulative and Quarterly Relative Returns vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Capitalization (Gross) Seven Years Ended March 31, 2022



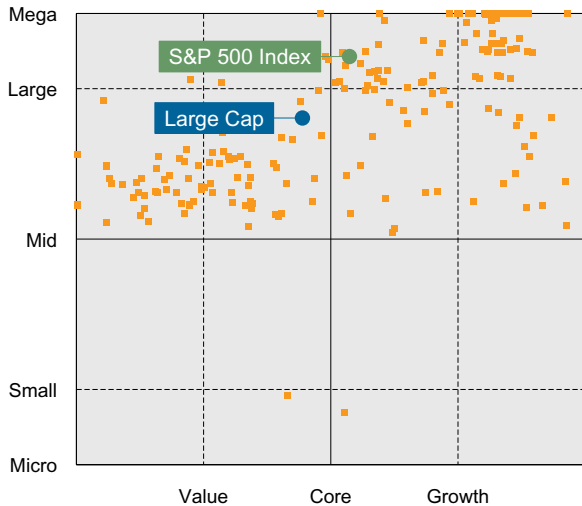
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.46	0.91	0.47
25th Percentile	1.38	0.85	0.32
Median	(0.58)	0.73	(0.12)
75th Percentile	(2.87)	0.56	(0.46)
90th Percentile	(4.43)	0.49	(0.68)
Large Cap	● (1.57)	0.70	(0.39)

Current Holdings Based Style Analysis

Large Cap As of March 31, 2022

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.

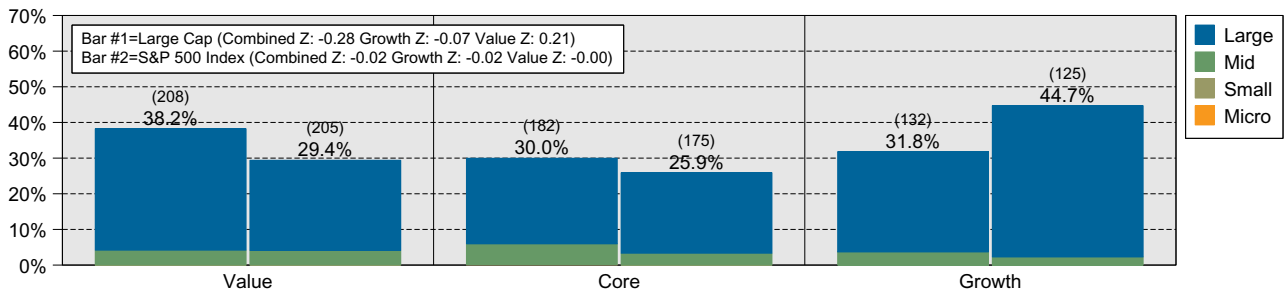
Style Map vs Callan Large Cap Holdings as of March 31, 2022



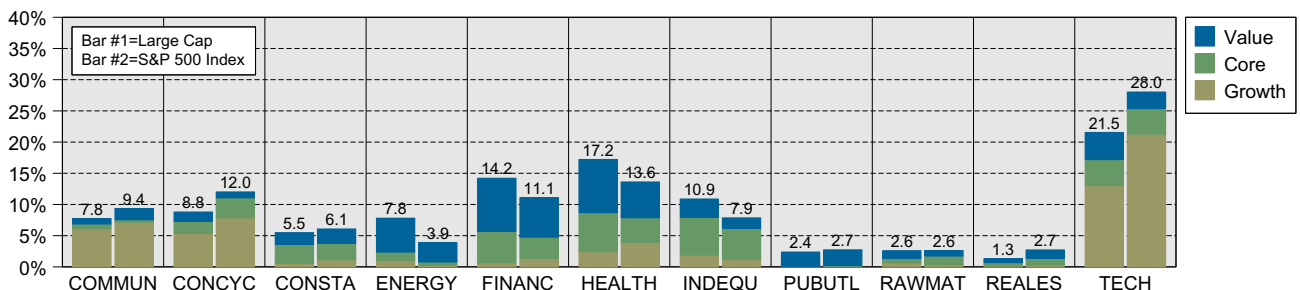
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Large	34.0% (105)	24.0% (97)	28.1% (79)	86.2% (281)
	25.2% (104)	22.6% (95)	42.4% (77)	90.2% (276)
Mid	4.2% (99)	5.8% (82)	3.7% (53)	13.6% (234)
	4.1% (97)	3.3% (78)	2.3% (48)	9.7% (223)
Small	0.0% (4)	0.2% (3)	0.0% (0)	0.2% (7)
	0.0% (4)	0.0% (2)	0.0% (0)	0.1% (6)
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	38.2% (208)	30.0% (182)	31.8% (132)	100.0% (522)
	29.4% (205)	25.9% (175)	44.7% (125)	100.0% (505)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



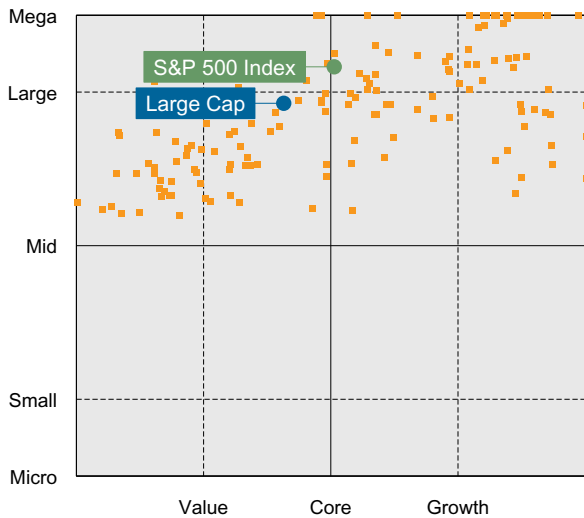
Historical Holdings Based Style Analysis

Large Cap

For Five Years Ended March 31, 2022

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.

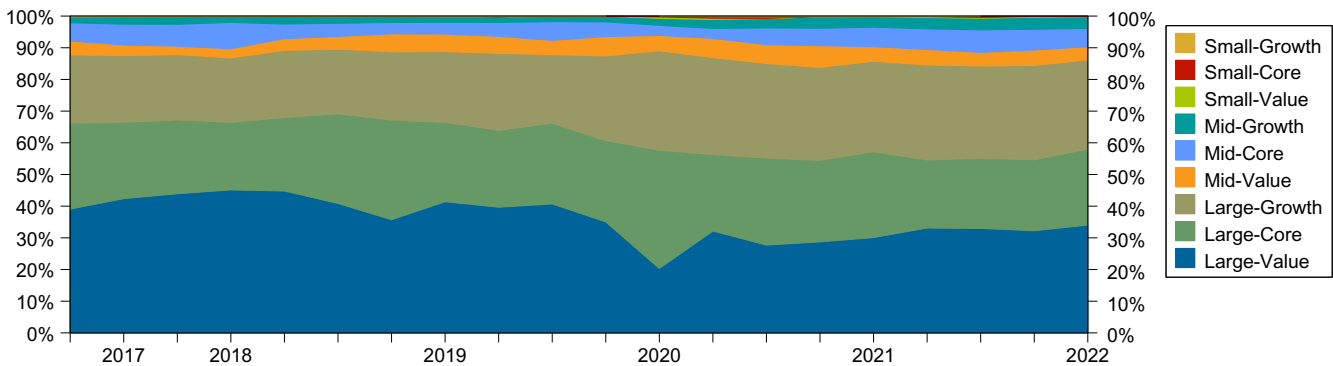
Average Style Map vs Callan Large Cap Holdings for Five Years Ended March 31, 2022



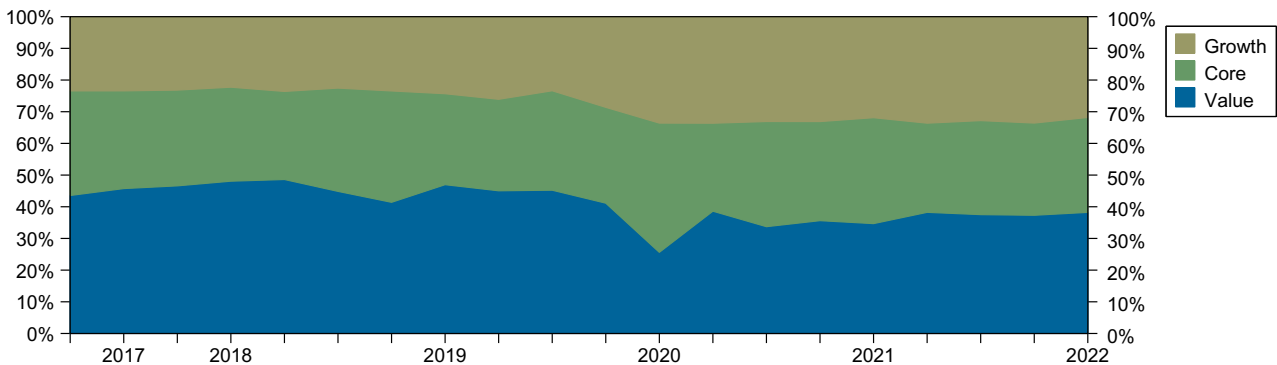
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

Large	36.0% (102)	25.6% (97)	25.4% (88)	87.0% (287)
	27.4% (100)	24.9% (95)	37.7% (86)	90.0% (281)
Mid	4.7% (95)	5.4% (82)	2.6% (50)	12.7% (227)
	3.9% (93)	3.7% (78)	2.4% (47)	10.0% (218)
Small	0.1% (4)	0.2% (2)	0.1% (2)	0.3% (8)
	0.0% (4)	0.0% (1)	0.0% (1)	0.1% (6)
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	40.8% (201)	31.1% (181)	28.1% (140)	100.0% (522)
	31.4% (197)	28.5% (174)	40.1% (134)	100.0% (505)
	Value	Core	Growth	Total

Large Cap Historical Cap/Style Exposures



Large Cap Historical Style Only Exposures



SSgA S&P 500

Period Ended March 31, 2022

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.

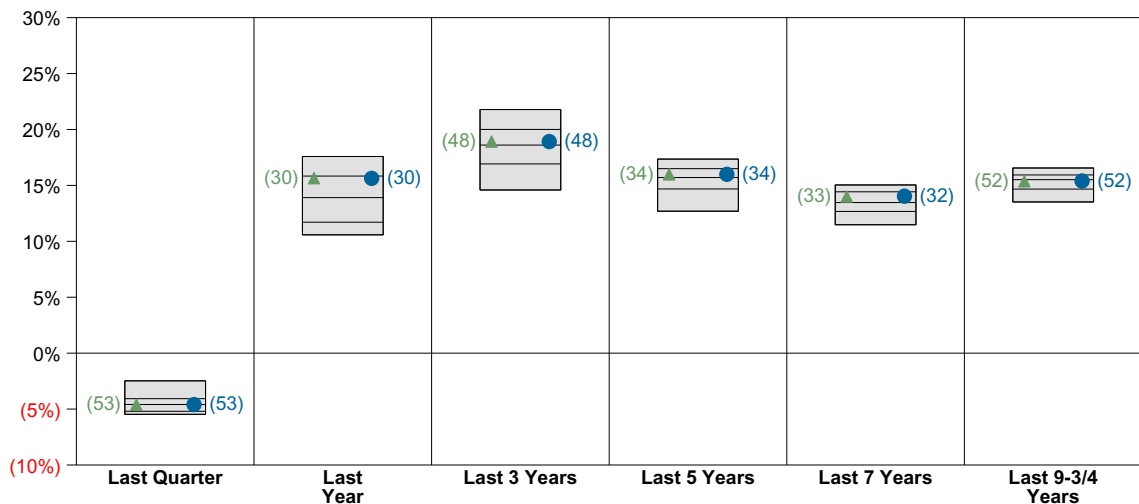
Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a (4.60)% return for the quarter placing it in the 53 percentile of the Callan Large Cap Core group for the quarter and in the 30 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.00% for the quarter and underperformed the S&P 500 Index for the year by 0.02%.

Quarterly Asset Growth

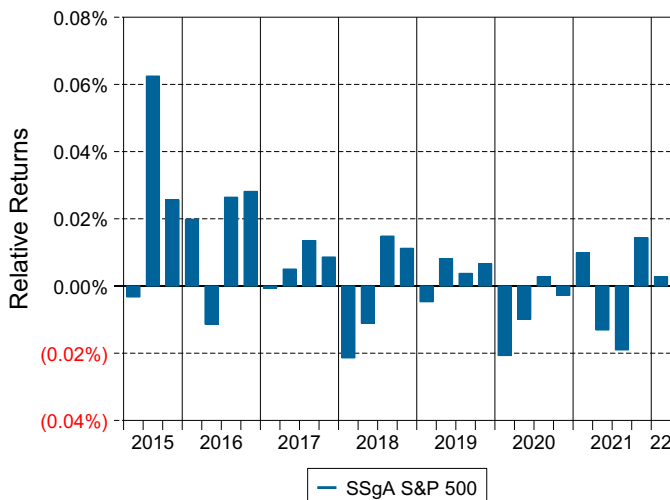
Beginning Market Value	\$64,954,609
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,985,320
Ending Market Value	\$61,969,288

Performance vs Callan Large Cap Core (Gross)

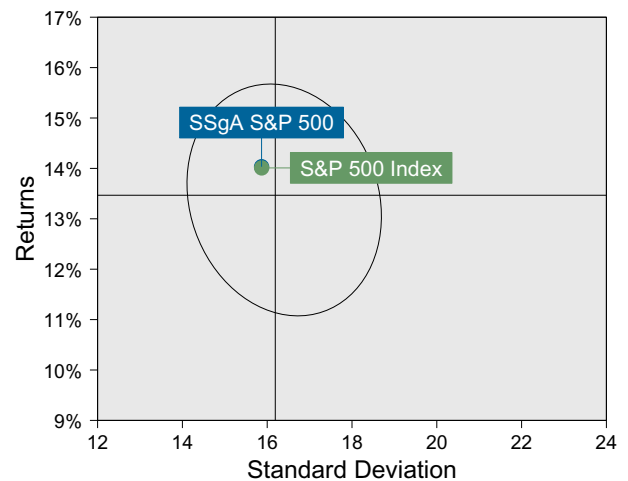


10th Percentile	(2.47)	17.59	21.78	17.35	15.04	16.56
25th Percentile	(4.07)	15.83	20.01	16.50	14.43	15.94
Median	(4.59)	13.91	18.61	15.70	13.47	15.51
75th Percentile	(5.20)	11.71	16.92	14.68	12.67	14.67
90th Percentile	(5.47)	10.58	14.59	12.69	11.48	13.52
SSgA S&P 500	● (4.60)	15.63	18.92	15.99	14.03	15.39
S&P 500 Index	▲ (4.60)	15.65	18.92	15.99	14.01	15.37

Relative Return vs S&P 500 Index



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

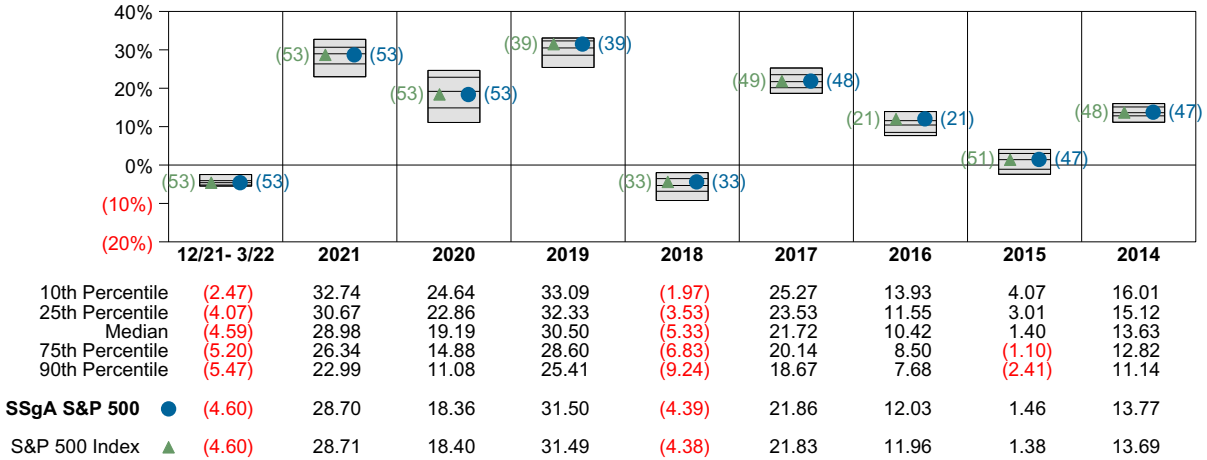


SSgA S&P 500 Return Analysis Summary

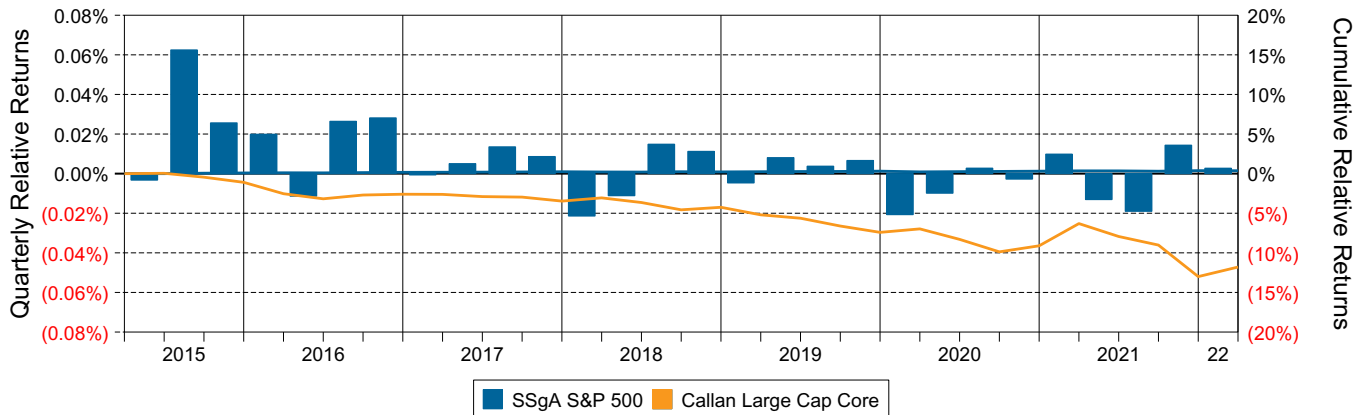
Return Analysis

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.

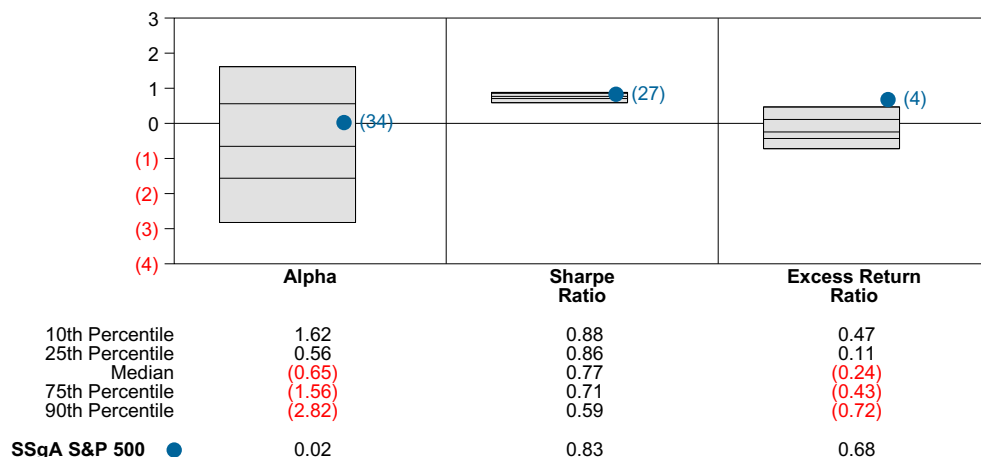
Performance vs Callan Large Cap Core (Gross)



Cumulative and Quarterly Relative Returns vs S&P 500 Index



Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended March 31, 2022

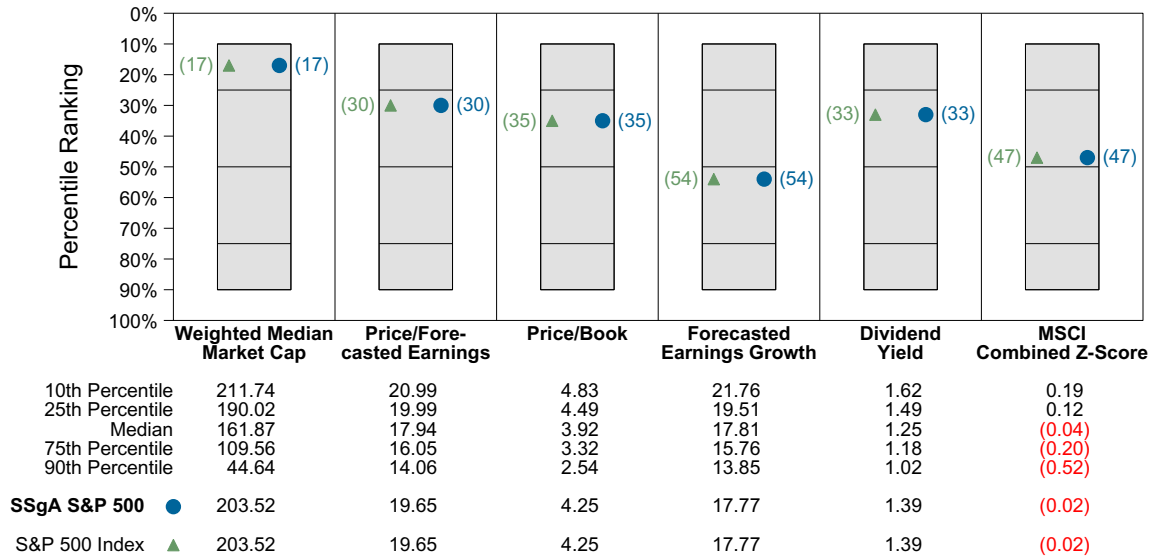


SSgA S&P 500 Equity Characteristics Analysis Summary

Portfolio Characteristics

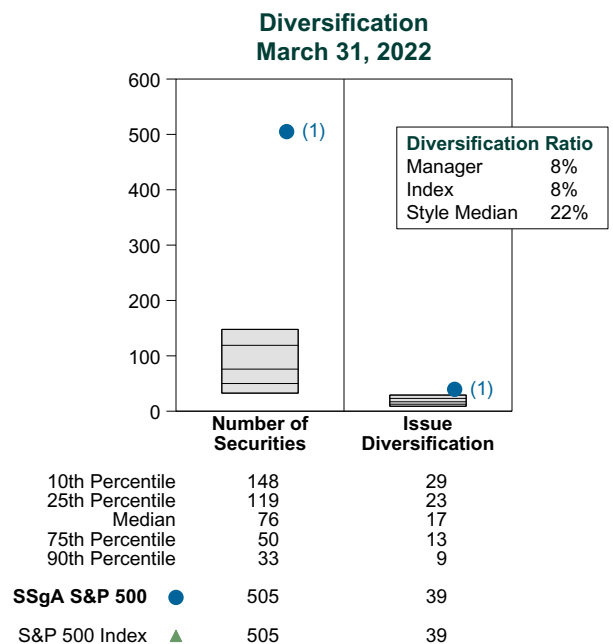
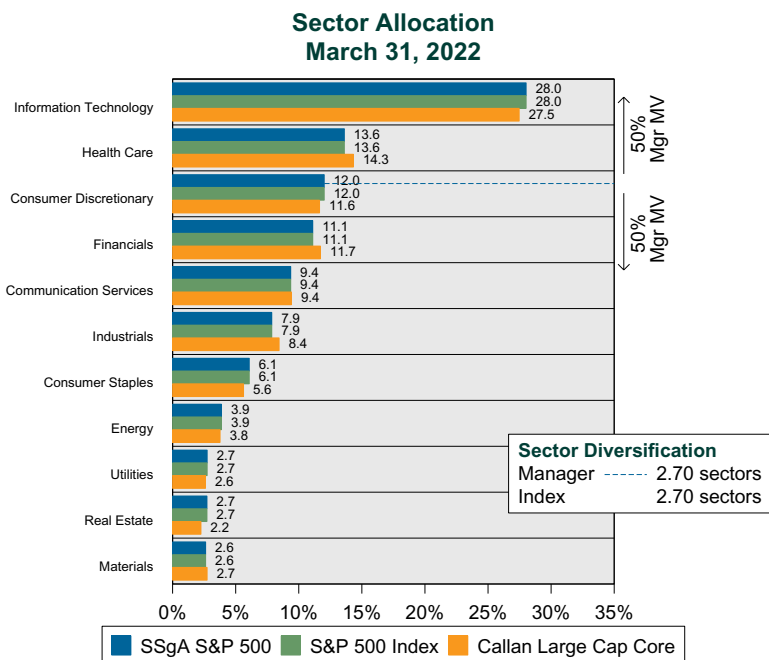
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of March 31, 2022



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.



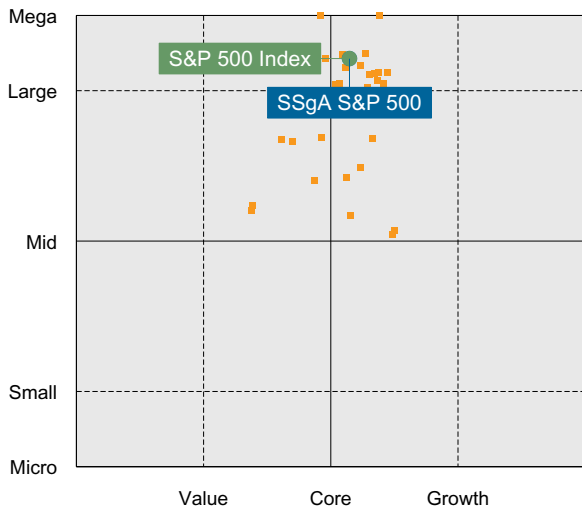
Current Holdings Based Style Analysis

SSgA S&P 500

As of March 31, 2022

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

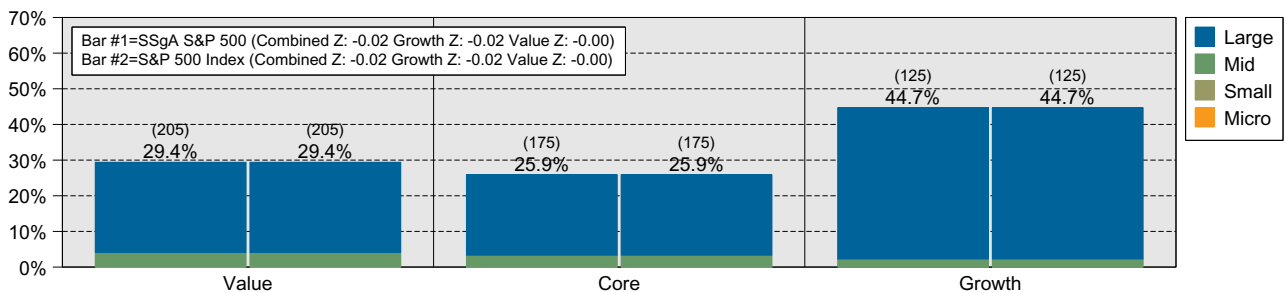
Style Map vs Callan Large Cap Core Holdings as of March 31, 2022



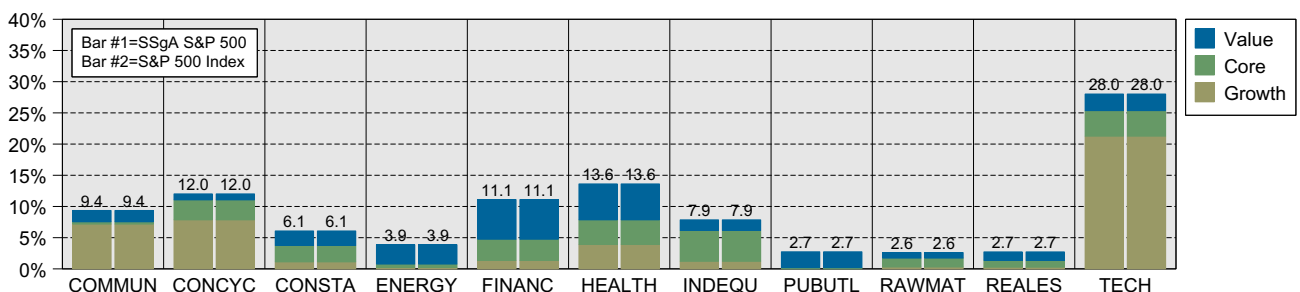
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Large	25.2% (104)	22.6% (95)	42.4% (77)	90.2% (276)
Mid	4.1% (97)	3.3% (78)	2.3% (48)	9.7% (223)
Small	0.0% (4)	0.0% (2)	0.0% (0)	0.1% (6)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	29.4% (205)	25.9% (175)	44.7% (125)	100.0% (505)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



Boston Partners Period Ended March 31, 2022

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.

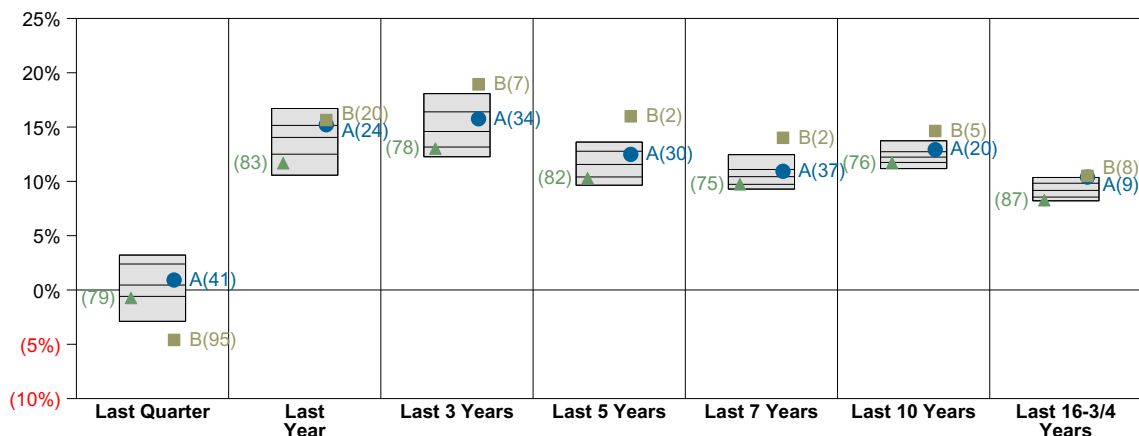
Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 0.91% return for the quarter placing it in the 41 percentile of the Callan Large Cap Value group for the quarter and in the 24 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 1.65% for the quarter and outperformed the Russell 1000 Value Index for the year by 3.54%.

Quarterly Asset Growth

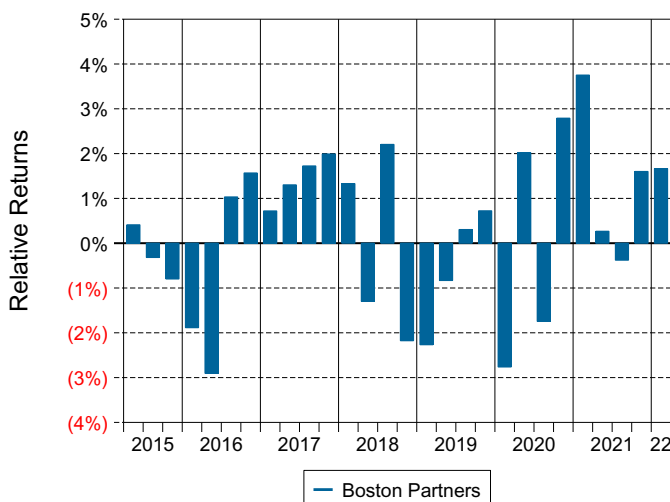
Beginning Market Value	\$66,244,082
Net New Investment	\$-384,834
Investment Gains/(Losses)	\$601,141
Ending Market Value	\$66,460,389

Performance vs Callan Large Cap Value (Gross)

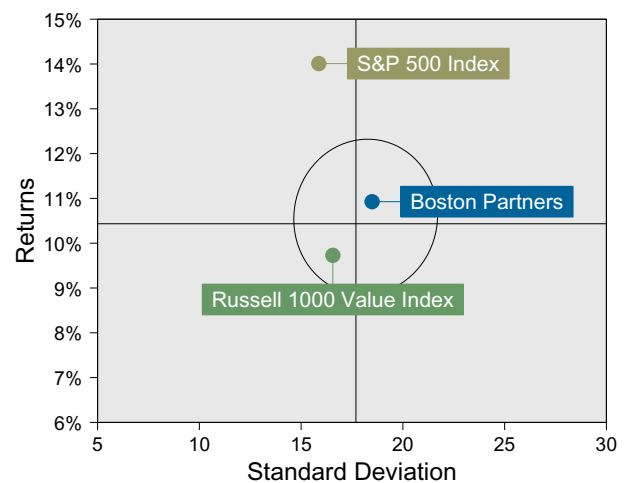


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 16-3/4 Years
10th Percentile	3.21	16.71	18.08	13.62	12.46	13.74	10.36
25th Percentile	2.39	15.15	16.40	12.77	11.09	12.73	9.83
Median	0.45	14.04	14.59	11.56	10.43	12.23	9.17
75th Percentile	(0.59)	12.50	13.16	10.41	9.73	11.74	8.55
90th Percentile	(2.89)	10.57	12.27	9.64	9.29	11.18	8.21
Boston Partners	● A 0.91	15.21	15.76	12.48	10.93	12.92	10.39
S&P 500 Index	■ B (4.60)	15.65	18.92	15.99	14.01	14.64	10.52
Russell 1000 Value Index	▲ (0.74)	11.67	13.02	10.29	9.73	11.70	8.26

Relative Return vs Russell 1000 Value Index



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

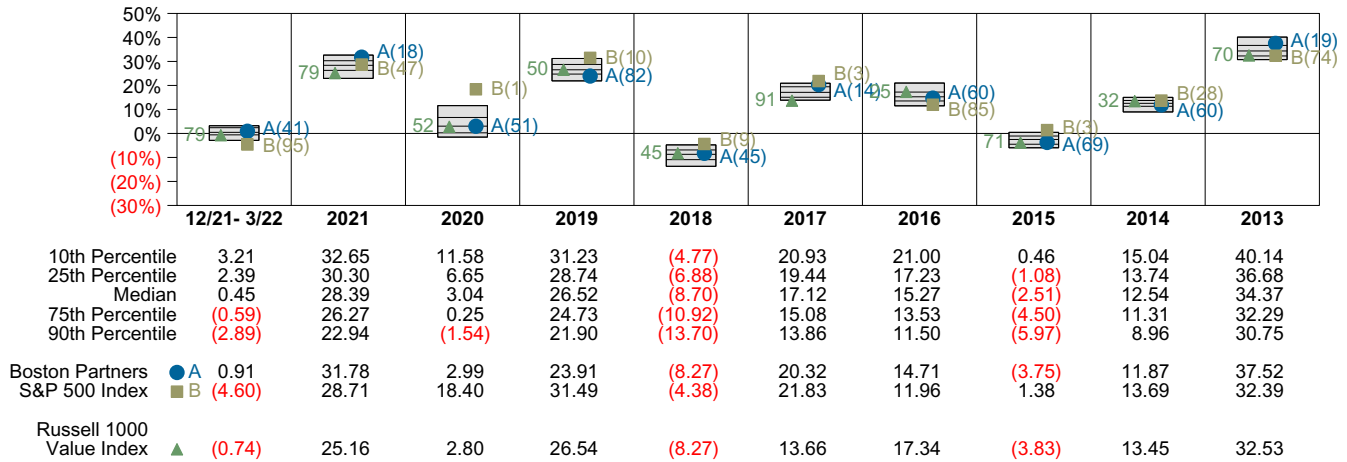


Boston Partners Return Analysis Summary

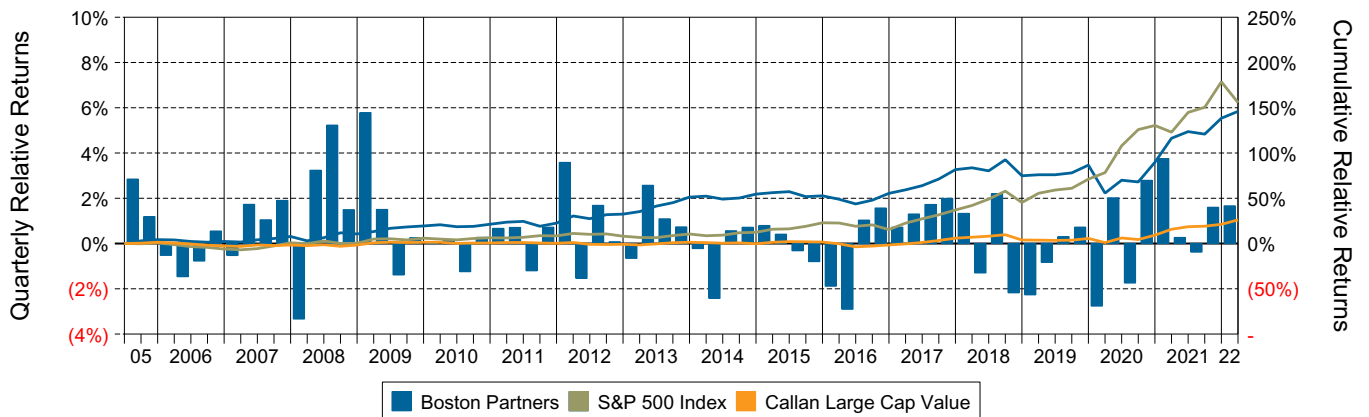
Return Analysis

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.

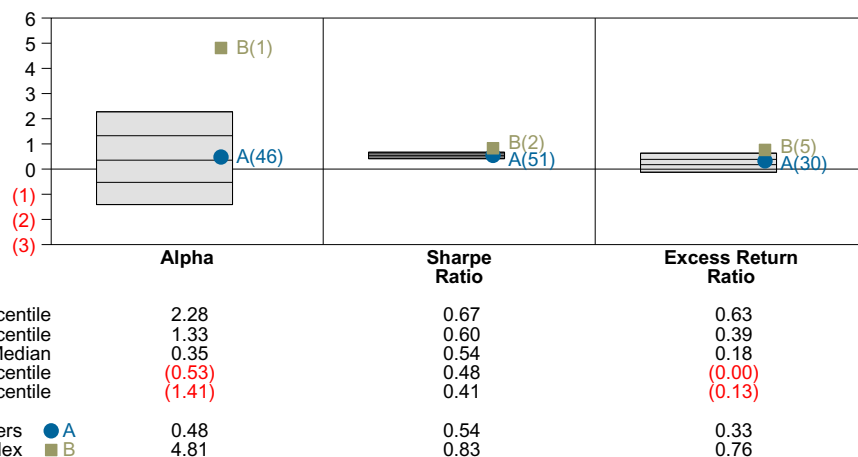
Performance vs Callan Large Cap Value (Gross)



Cumulative and Quarterly Relative Returns vs Russell 1000 Value Index



Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2022

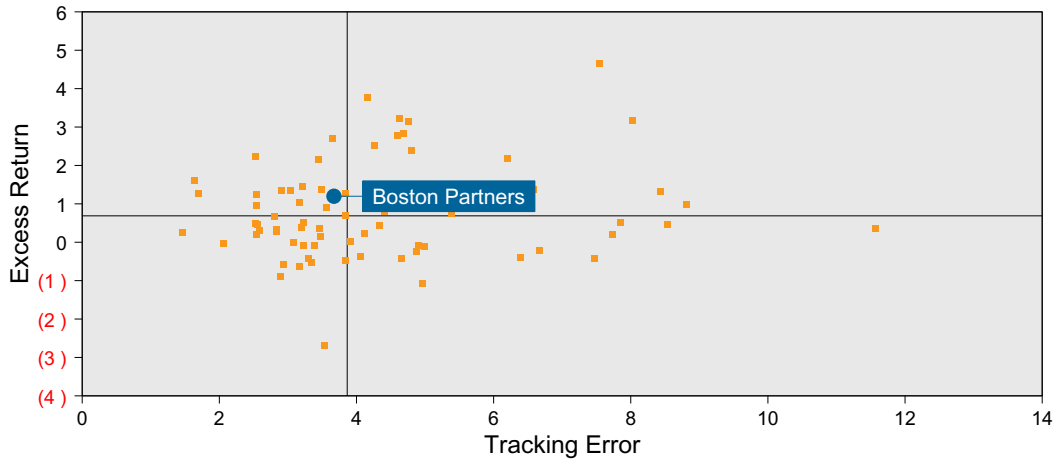


Boston Partners Risk Analysis Summary

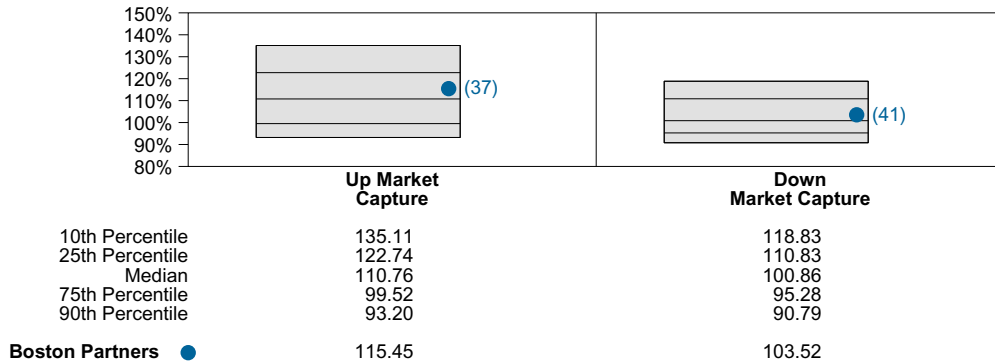
Risk Analysis

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.

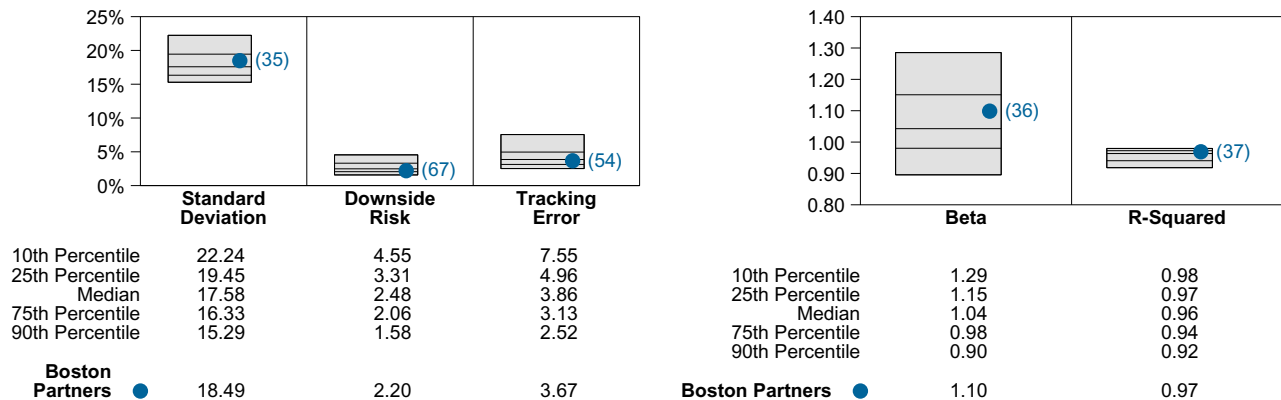
Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended March 31, 2022



Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2022



Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2022

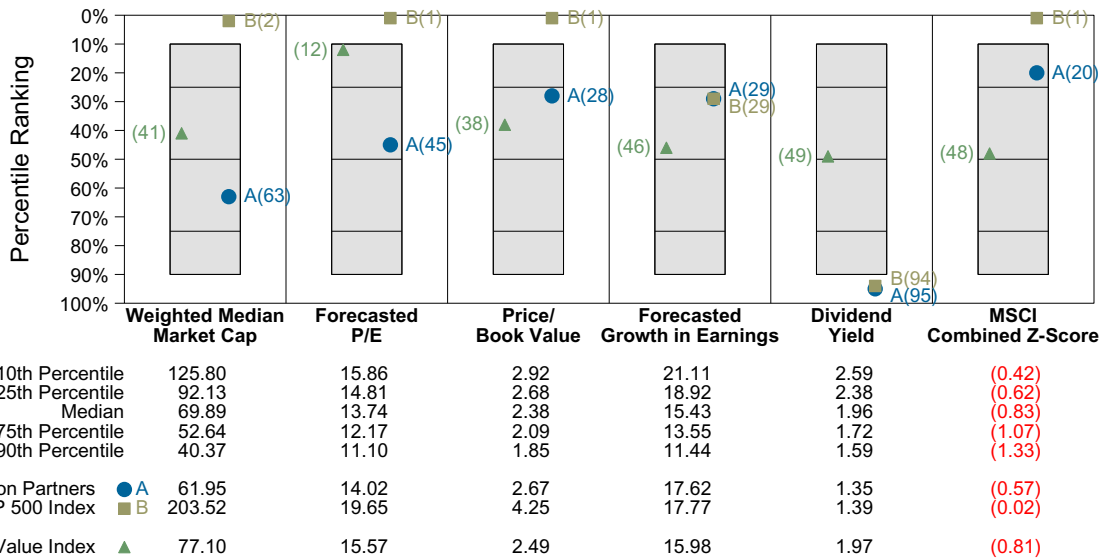


Boston Partners Equity Characteristics Analysis Summary

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.

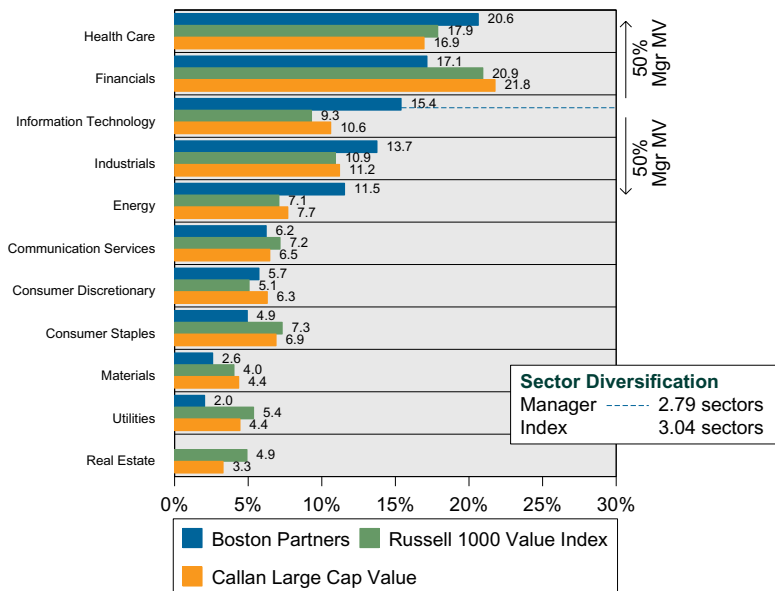
Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of March 31, 2022



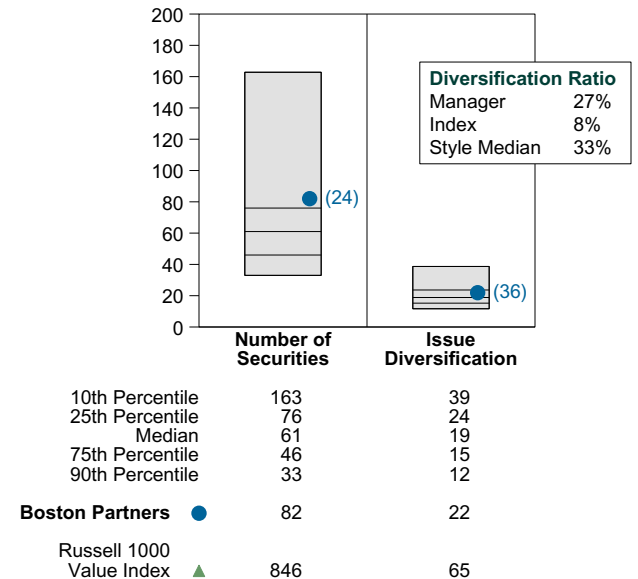
Sector Weights

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

Sector Allocation March 31, 2022



Diversification March 31, 2022



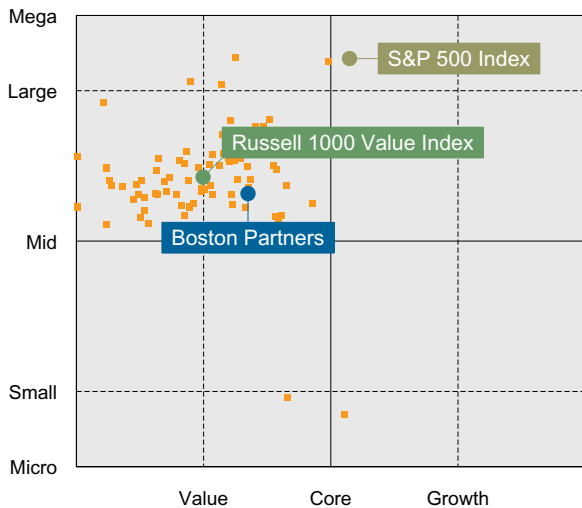
Current Holdings Based Style Analysis

Boston Partners

As of March 31, 2022

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.

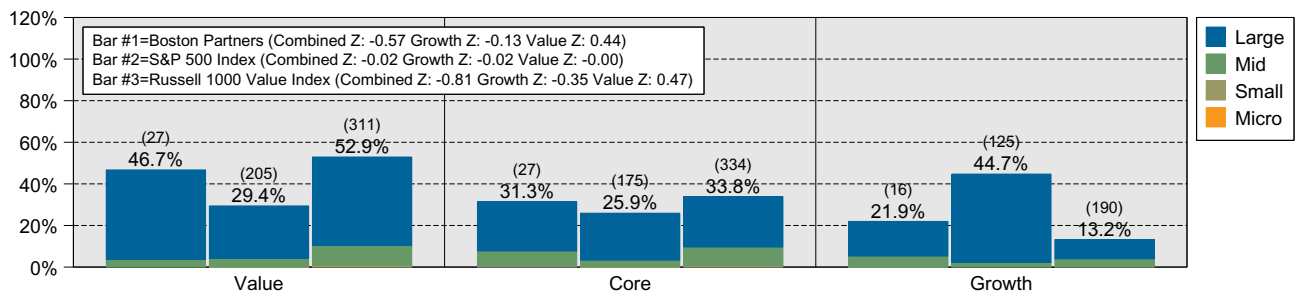
Style Map vs Callan Large Cap Value Holdings as of March 31, 2022



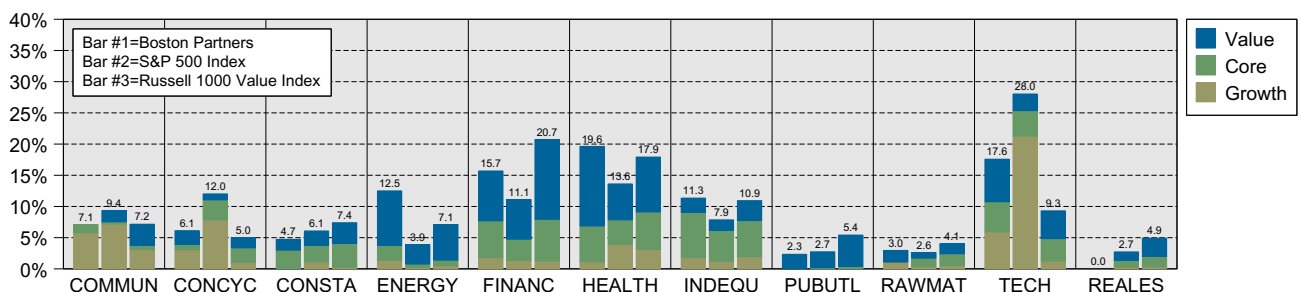
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Large	43.0% (22)	23.6% (16)	16.6% (10)	83.2% (48)
	25.2% (104)	22.6% (95)	42.4% (77)	90.2% (276)
	42.5% (103)	24.2% (81)	9.3% (47)	76.0% (231)
Mid	3.8% (5)	7.3% (10)	5.3% (6)	16.4% (21)
	4.1% (97)	3.3% (78)	2.3% (48)	9.7% (223)
	9.5% (160)	8.9% (194)	3.6% (103)	22.1% (457)
Small	0.0% (0)	0.4% (1)	0.0% (0)	0.4% (1)
	0.0% (4)	0.0% (2)	0.0% (0)	0.1% (6)
	0.9% (48)	0.7% (59)	0.4% (40)	1.9% (147)
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	46.7% (27)	31.3% (27)	21.9% (16)	100.0% (70)
	29.4% (205)	25.9% (175)	44.7% (125)	100.0% (505)
	52.9% (311)	33.8% (334)	13.2% (190)	100.0% (835)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



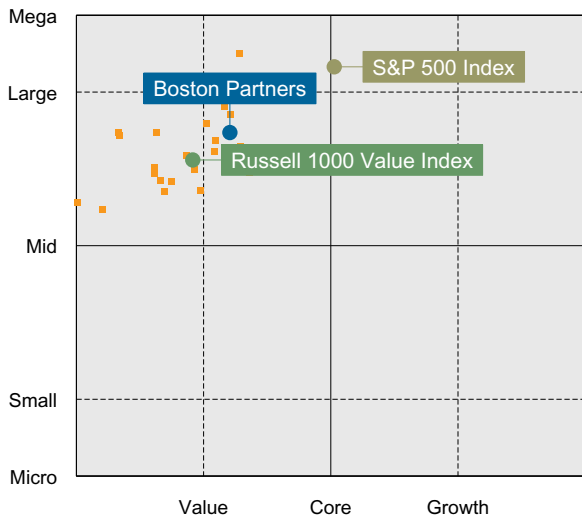
Historical Holdings Based Style Analysis

Boston Partners

For Five Years Ended March 31, 2022

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.

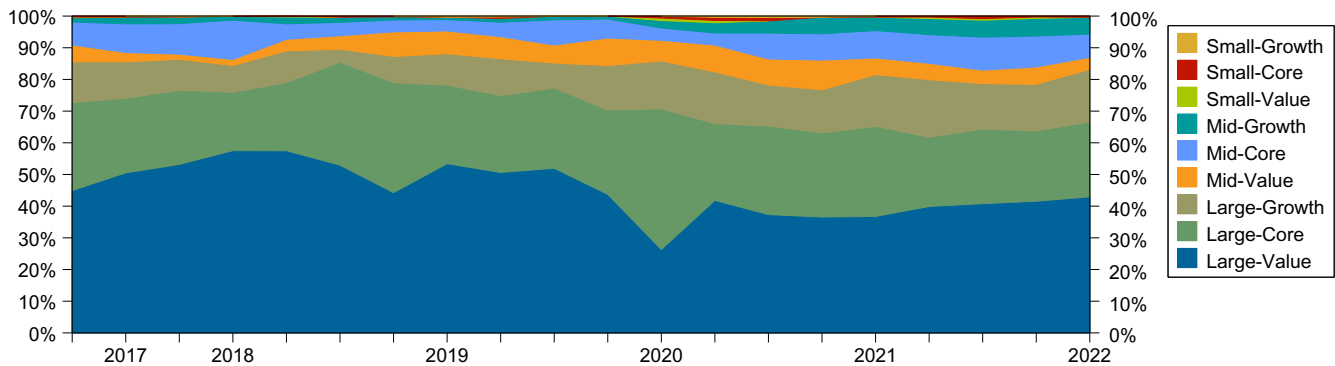
Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended March 31, 2022



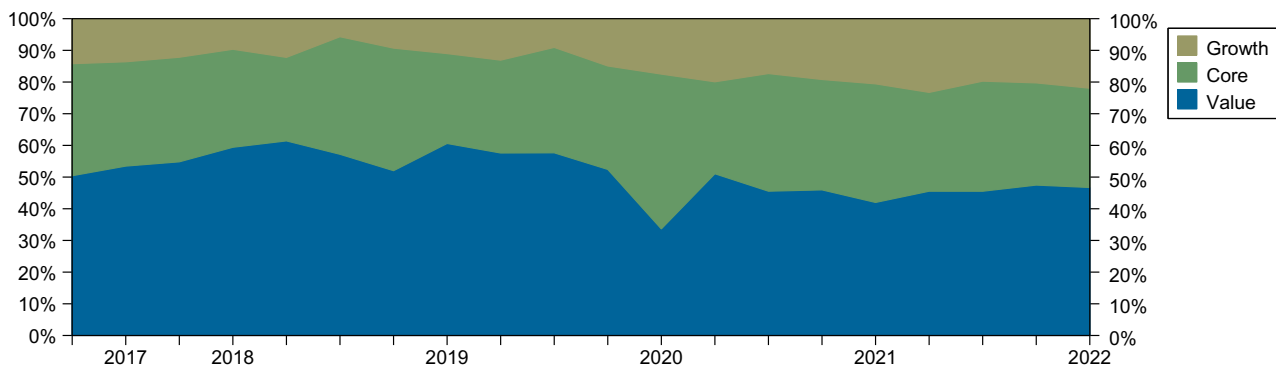
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	Value	Core	Growth	Total
Large	45.2% (28)	26.3% (20)	12.3% (12)	83.8% (60)
	27.4% (100)	24.9% (95)	37.7% (86)	90.0% (281)
Mid	45.1% (100)	25.9% (81)	5.6% (33)	76.7% (214)
	5.6% (8)	7.1% (12)	2.8% (5)	15.6% (25)
Small	3.9% (93)	3.7% (78)	2.4% (47)	10.0% (218)
	9.6% (160)	8.2% (170)	3.2% (92)	21.0% (422)
Micro	0.2% (0)	0.3% (1)	0.1% (0)	0.6% (1)
	0.0% (4)	0.0% (1)	0.0% (1)	0.1% (6)
Total	1.1% (58)	0.9% (53)	0.3% (25)	2.3% (136)
	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% (0)	0.0% (0)	0.0% (0)
Total	51.0% (36)	33.7% (33)	15.2% (17)	100.0% (86)
	31.4% (197)	28.5% (174)	40.1% (134)	100.0% (505)
	55.9% (318)	35.0% (304)	9.2% (150)	100.0% (772)

Boston Partners Historical Cap/Style Exposures



Boston Partners Historical Style Only Exposures



Atlanta Capital Period Ended March 31, 2022

Investment Philosophy

Atlanta Capital Managements approach with its small cap product is to focus on high quality companies with an overall portfolio risk exposure tied to the Russell 2000 Index. Key characteristics of this portfolio include: (1) stocks rated B+ or better by S&P, (2) equally weighting 75 stocks, (3) sector concentrations similar to that of the benchmark. A group of ten analysts is in charge of screening the Russell 2000 to identify companies they believe have strong price appreciation potential and good business fundamentals. These analysts present the ideas to the portfolio management team, led by Chip Reed, who makes the final decisions on the inclusion of stocks. In general, stocks are sold from the portfolio if the B+ or better financial rating is no longer met, there is an adverse change in the fundamental business, or because of regular portfolio maintenance to ensure broad diversification. Returns prior to 6/30/2010 are linked to a composite history.

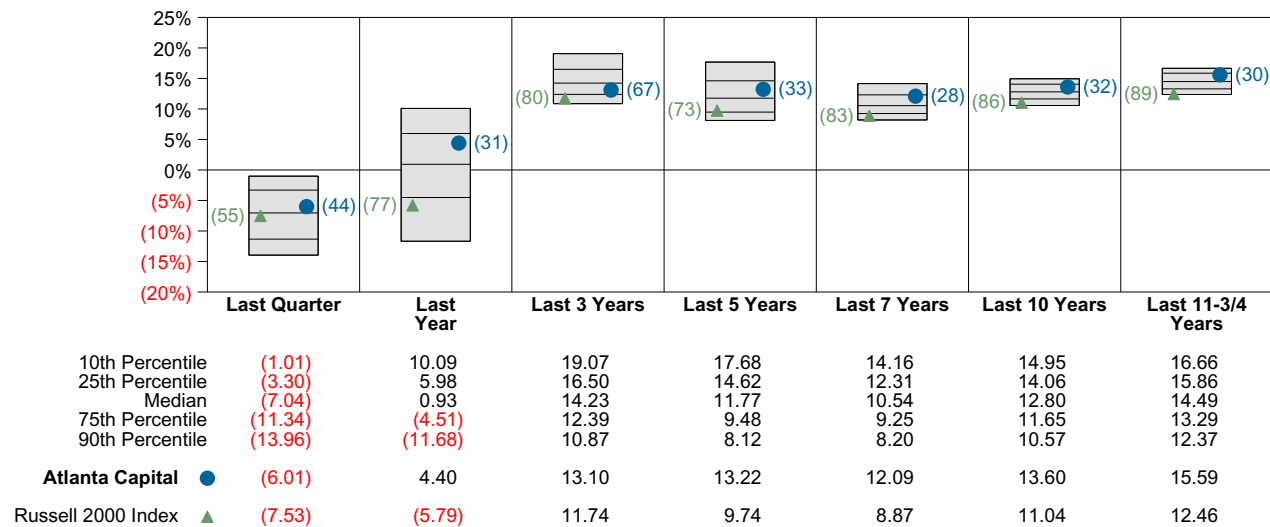
Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a (6.01)% return for the quarter placing it in the 44 percentile of the Callan Small Capitalization group for the quarter and in the 31 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 1.52% for the quarter and outperformed the Russell 2000 Index for the year by 10.19%.

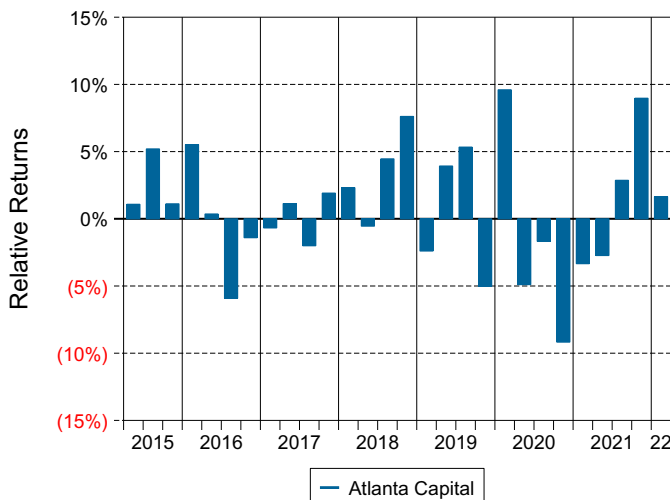
Quarterly Asset Growth

Beginning Market Value	\$34,205,514
Net New Investment	\$0
Investment Gains/(Losses)	\$-2,055,433
Ending Market Value	\$32,150,081

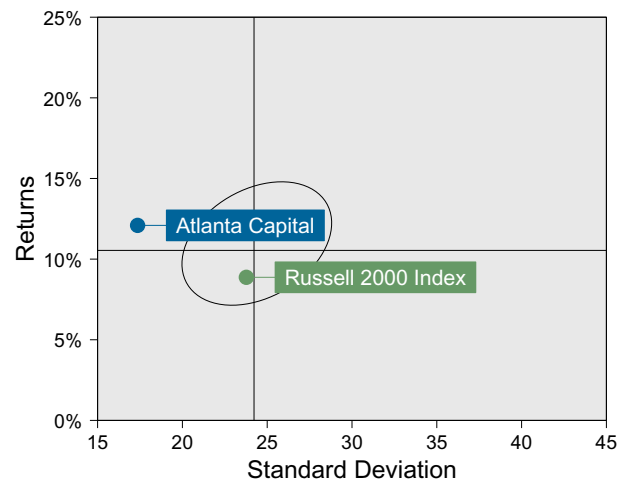
Performance vs Callan Small Capitalization (Gross)



Relative Return vs Russell 2000 Index



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

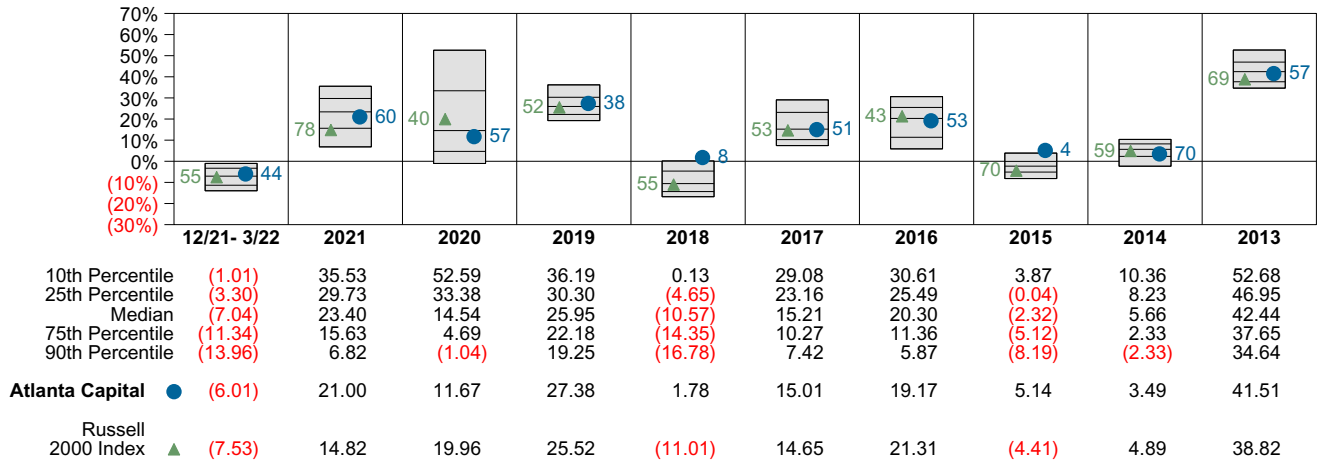


Atlanta Capital Return Analysis Summary

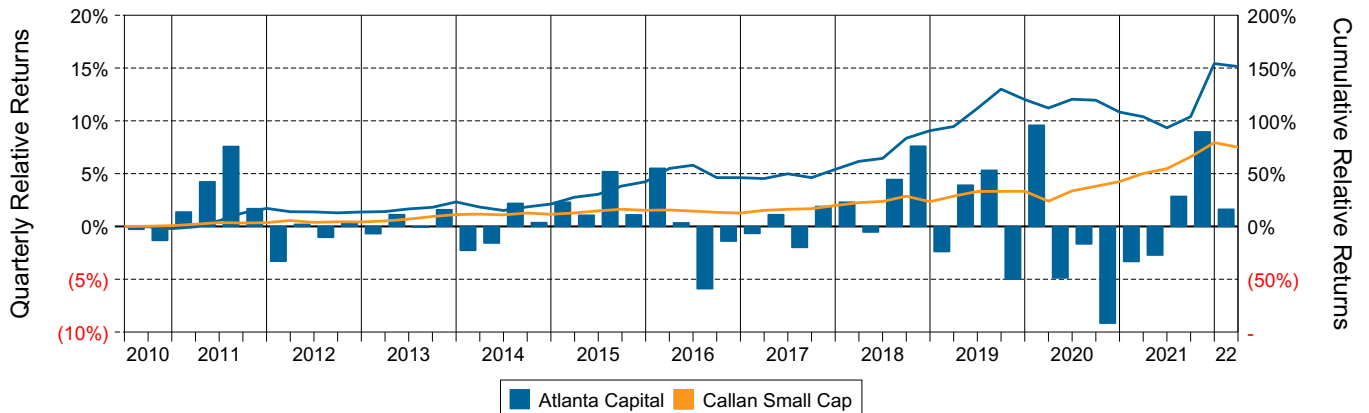
Return Analysis

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.

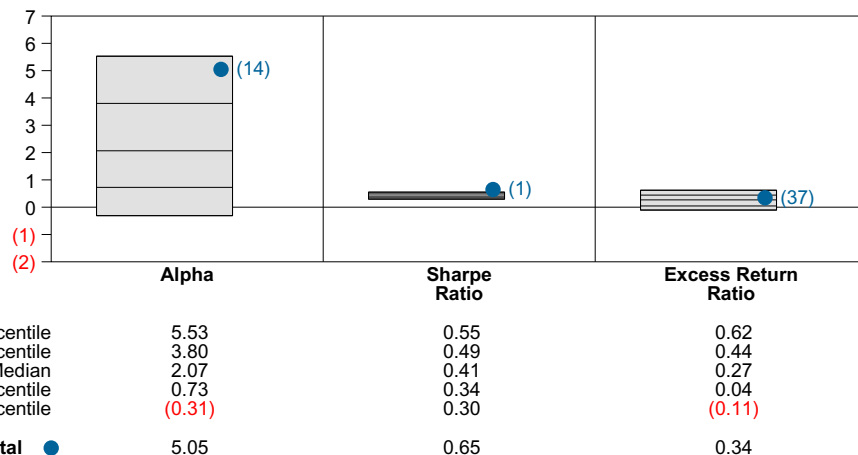
Performance vs Callan Small Capitalization (Gross)



Cumulative and Quarterly Relative Returns vs Russell 2000 Index



Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2022

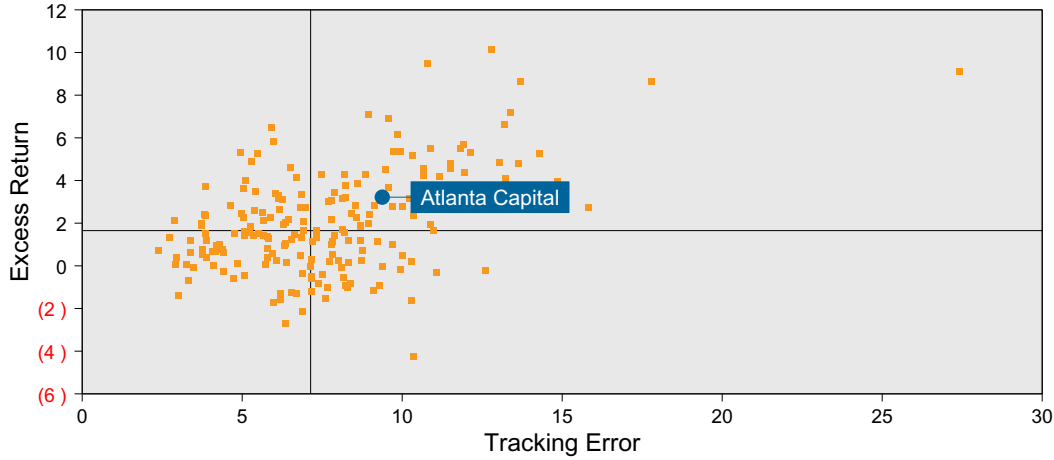


Atlanta Capital Risk Analysis Summary

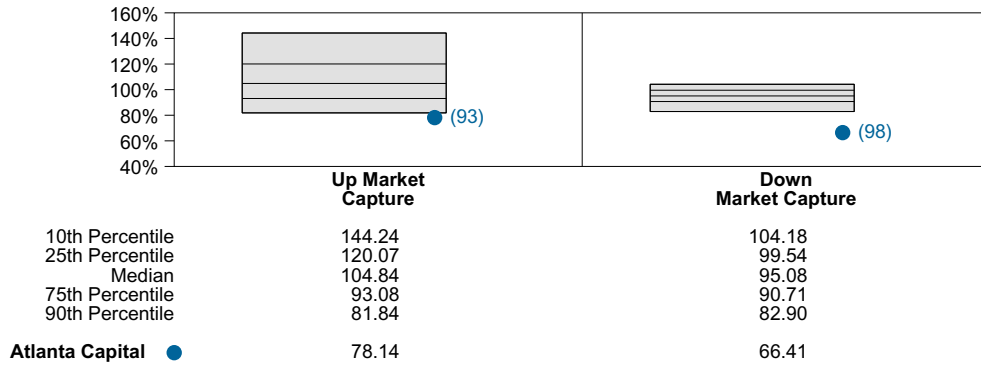
Risk Analysis

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.

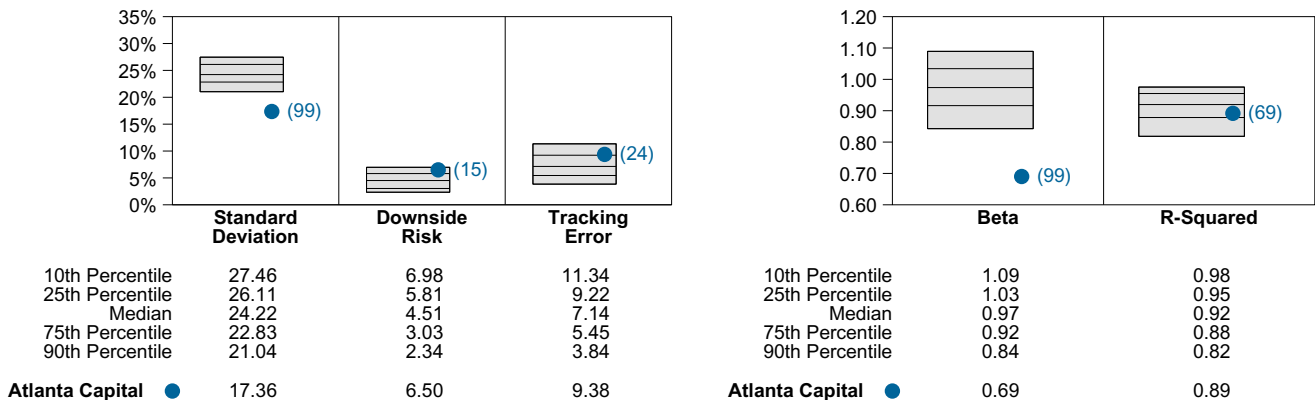
Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended March 31, 2022



Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2022



Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2022

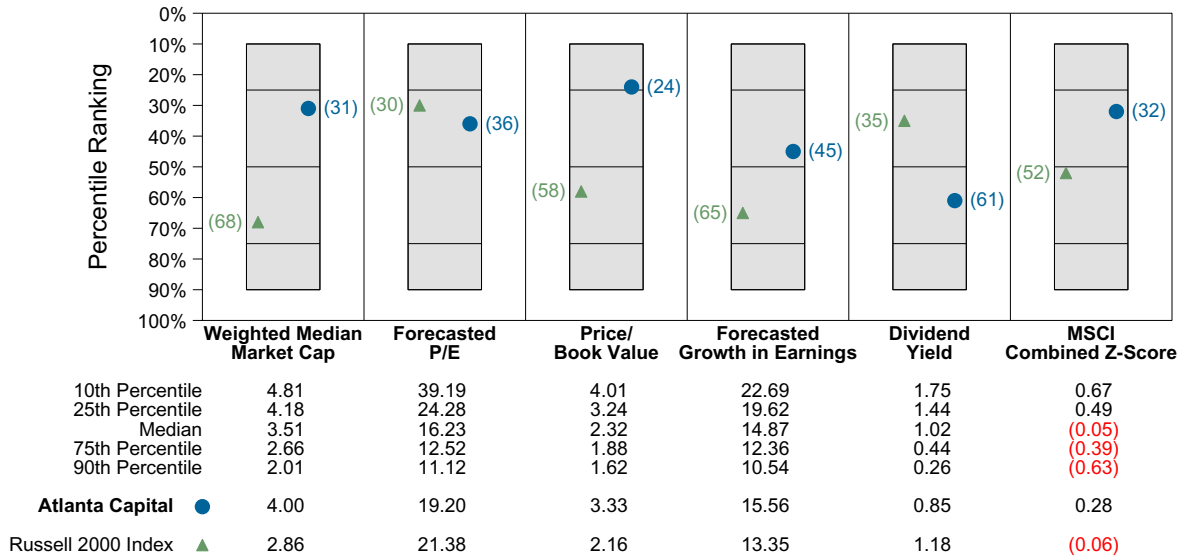


Atlanta Capital Equity Characteristics Analysis Summary

Portfolio Characteristics

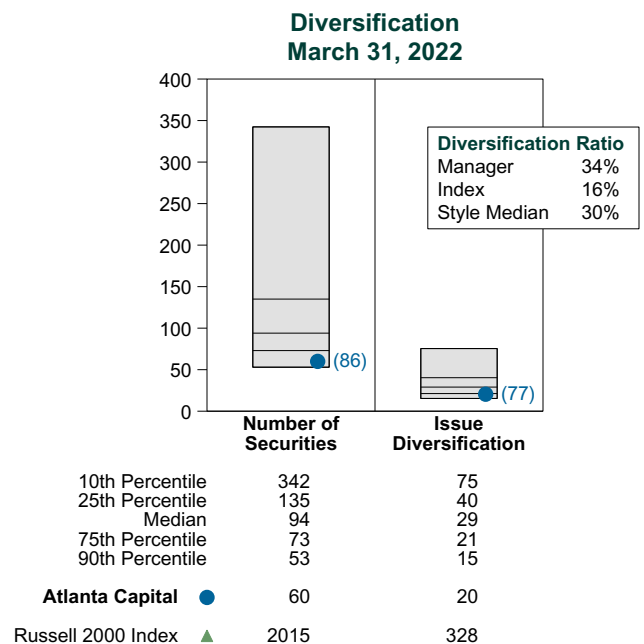
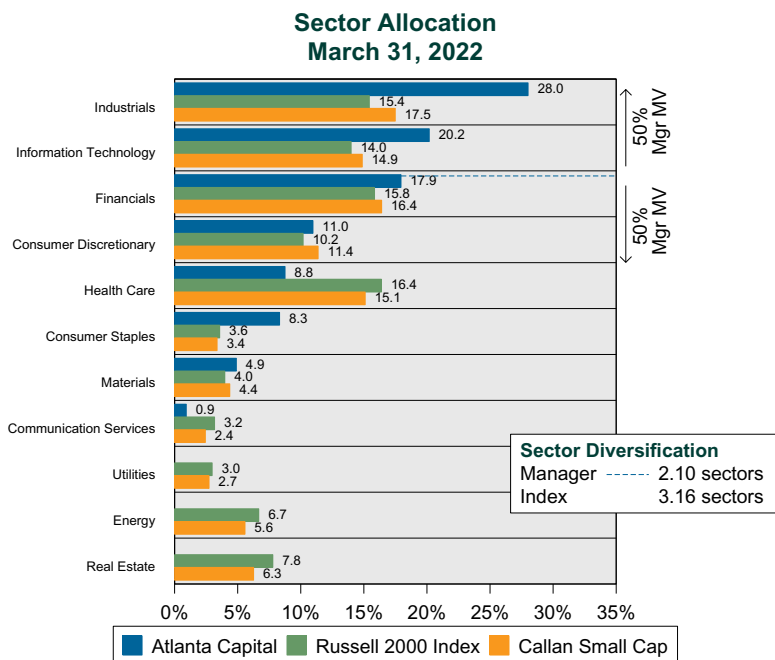
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of March 31, 2022



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.



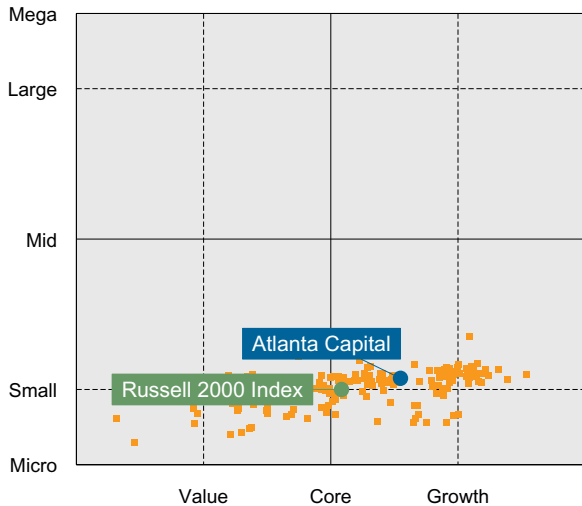
Current Holdings Based Style Analysis

Atlanta Capital

As of March 31, 2022

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.

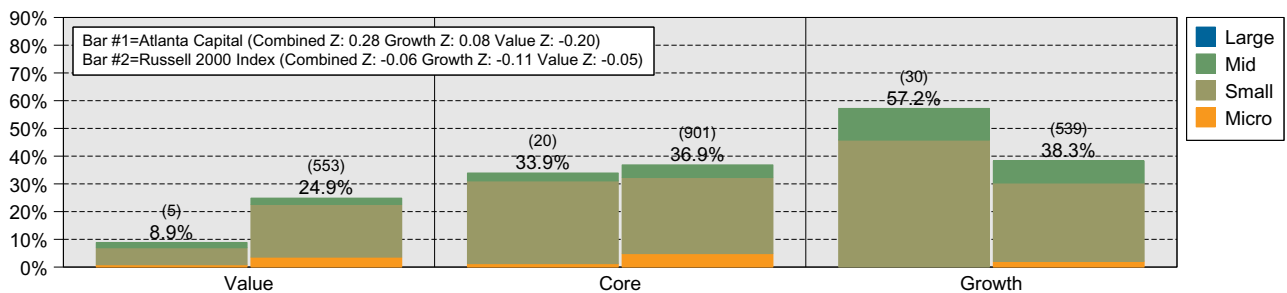
Style Map vs Callan Small Cap Holdings as of March 31, 2022



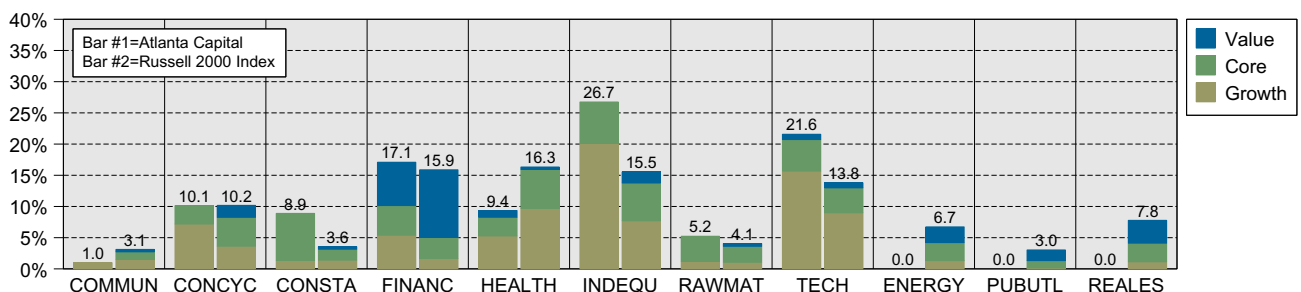
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	1.9% (1)	2.9% (2)	11.4% (5)	16.2% (8)
Small	6.1% (3)	29.8% (17)	45.8% (25)	81.7% (45)
Micro	0.8% (1)	1.2% (1)	0.0% (0)	2.1% (2)
Total	8.9% (5)	33.9% (20)	57.2% (30)	100.0% (55)
	24.9% (553)	36.9% (901)	38.3% (539)	100.0% (1993)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



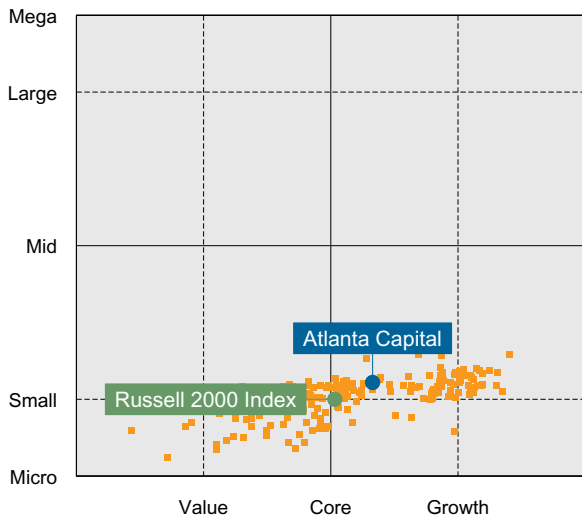
Historical Holdings Based Style Analysis

Atlanta Capital

For Five Years Ended March 31, 2022

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.

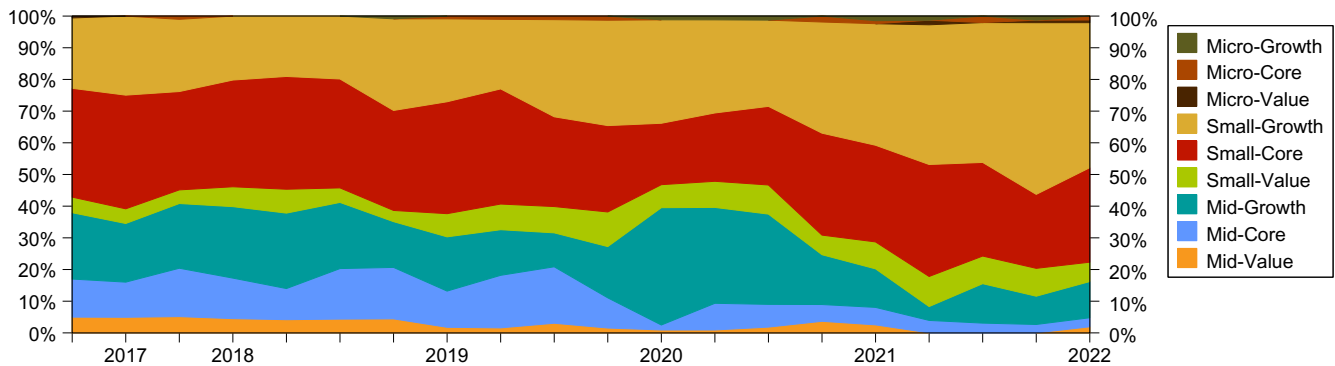
Average Style Map vs Callan Small Cap Holdings for Five Years Ended March 31, 2022



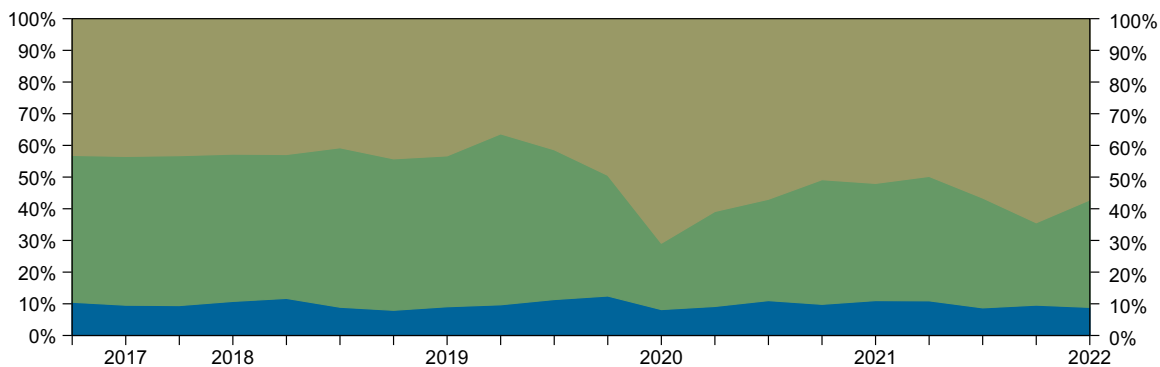
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	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	2.6% (2)	9.5% (4)	18.0% (8)	30.1% (14)
Small	7.1% (6)	30.5% (20)	31.0% (18)	68.7% (44)
Micro	0.2% (0)	0.6% (1)	0.4% (0)	1.2% (1)
Total	9.9% (8)	40.5% (25)	49.5% (26)	100.0% (59)
	23.6% (576)	38.7% (844)	37.8% (574)	100.0% (1994)
	Value	Core	Growth	Total

Atlanta Capital Historical Cap/Style Exposures



Atlanta Capital Historical Style Only Exposures



International Equity Period Ended March 31, 2022

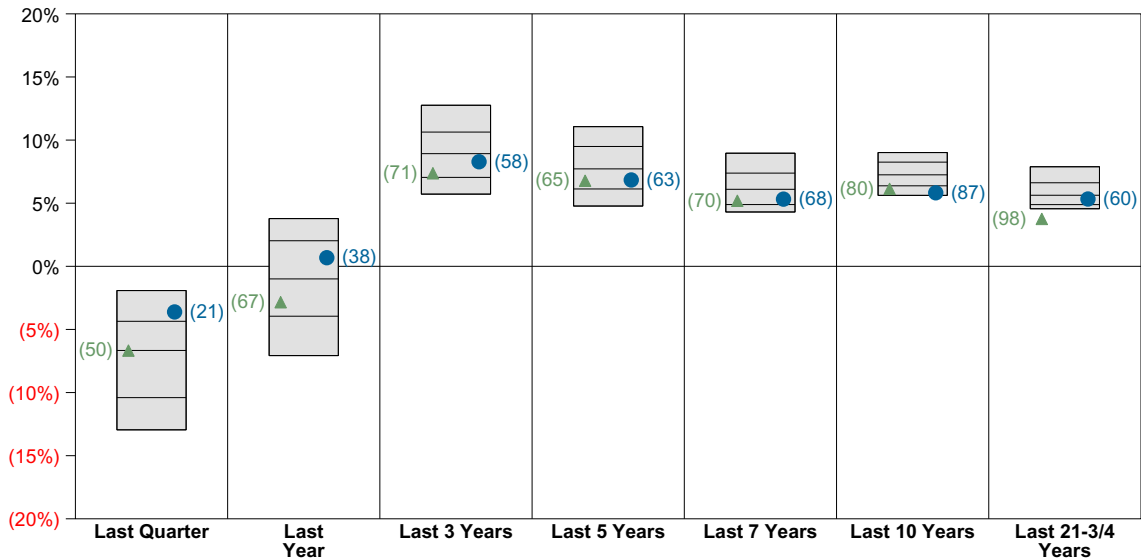
Investment Philosophy

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

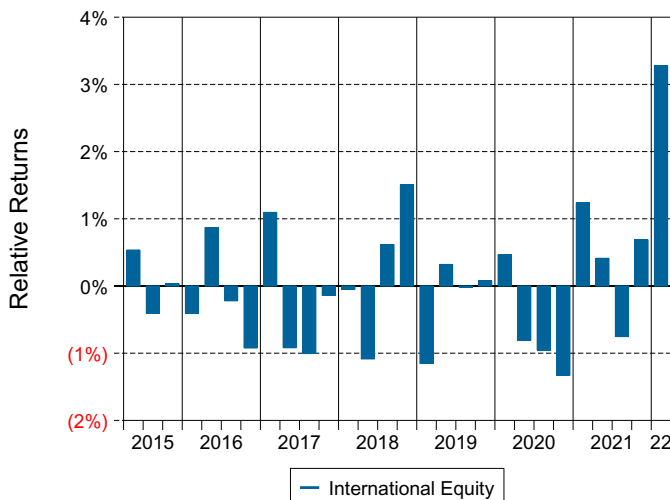
- International Equity's portfolio posted a (3.61)% return for the quarter placing it in the 21 percentile of the Callan Non-US Equity group for the quarter and in the 38 percentile for the last year.
- International Equity's portfolio outperformed the International Benchmark by 3.06% for the quarter and outperformed the International Benchmark for the year by 3.53%.

Performance vs Callan Non-US Equity (Gross)

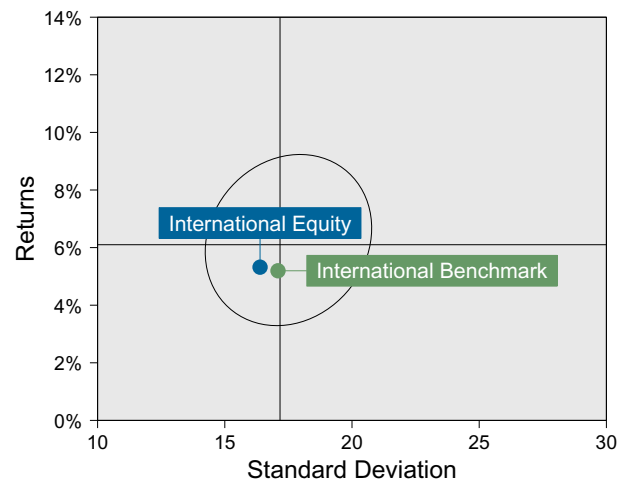


10th Percentile	(1.92)	3.78	12.76	11.06	8.96	9.01	7.89
25th Percentile	(4.36)	2.03	10.63	9.49	7.38	8.25	6.62
Median	(6.66)	(1.00)	8.93	7.72	6.10	7.25	5.63
75th Percentile	(10.40)	(3.95)	7.04	6.13	4.89	6.38	4.89
90th Percentile	(12.95)	(7.07)	5.72	4.77	4.30	5.62	4.56
International Equity	● (3.61)	0.68	8.28	6.84	5.32	5.82	5.33
International Benchmark	▲ (6.67)	(2.84)	7.37	6.78	5.20	6.14	3.76

Relative Return vs International Benchmark



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

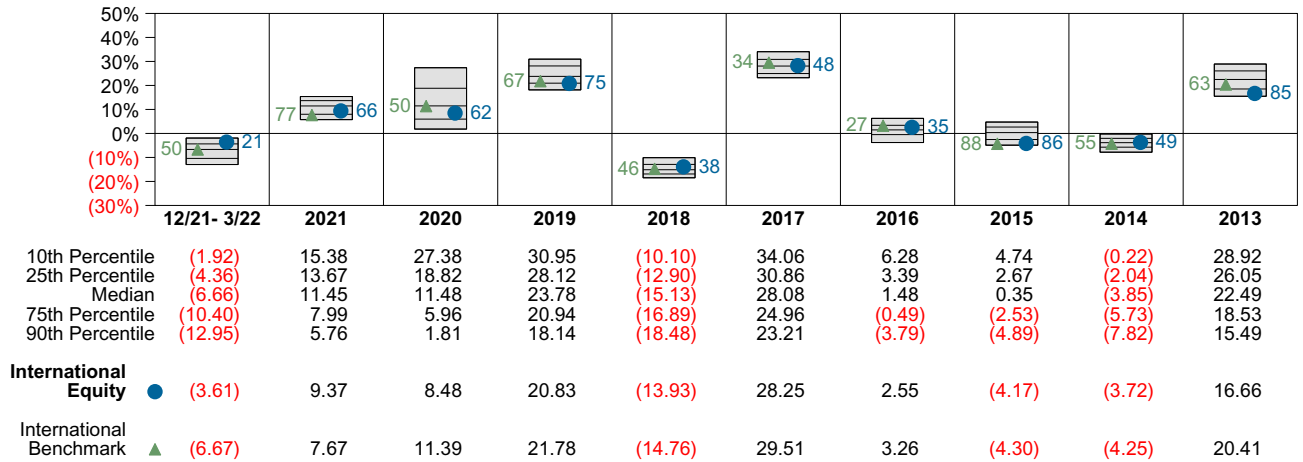


International Equity Return Analysis Summary

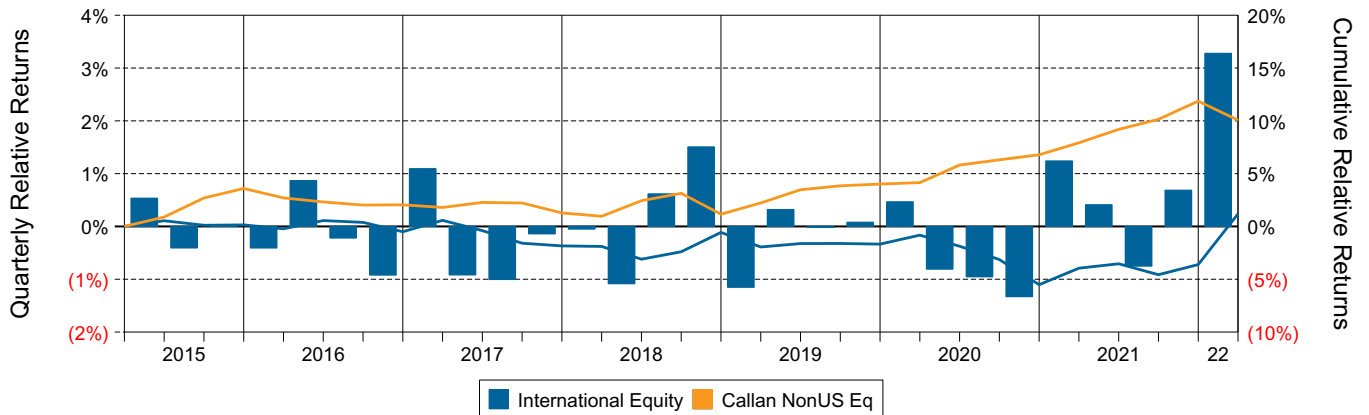
Return Analysis

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.

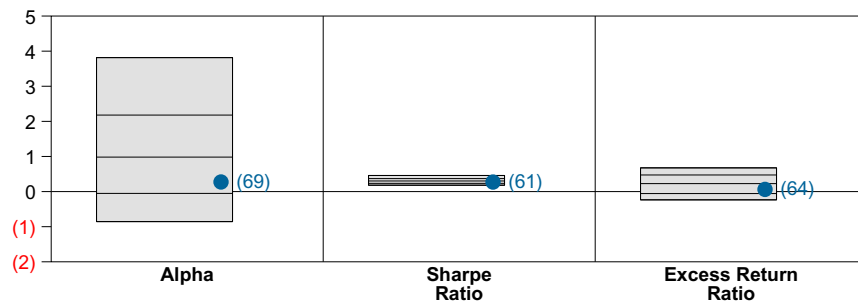
Performance vs Callan Non-US Equity (Gross)



Cumulative and Quarterly Relative Returns vs International Benchmark



Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended March 31, 2022

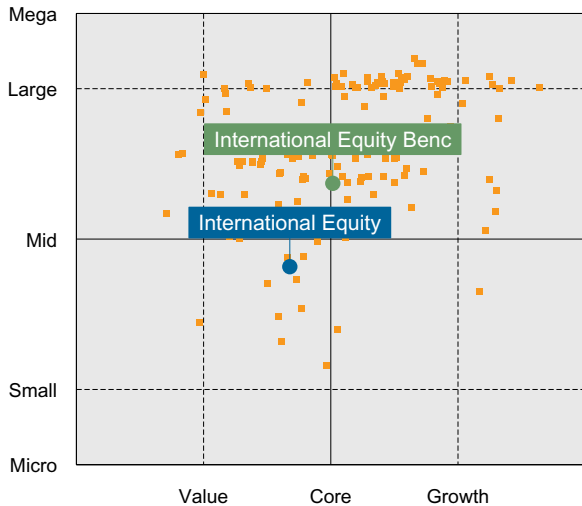


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	3.82	0.46	0.68
25th Percentile	2.18	0.37	0.47
Median	0.98	0.30	0.23
75th Percentile	(0.05)	0.23	(0.06)
90th Percentile	(0.86)	0.18	(0.24)
International Equity	0.27	0.27	0.06

Current Holdings Based Style Analysis International Equity As of March 31, 2022

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

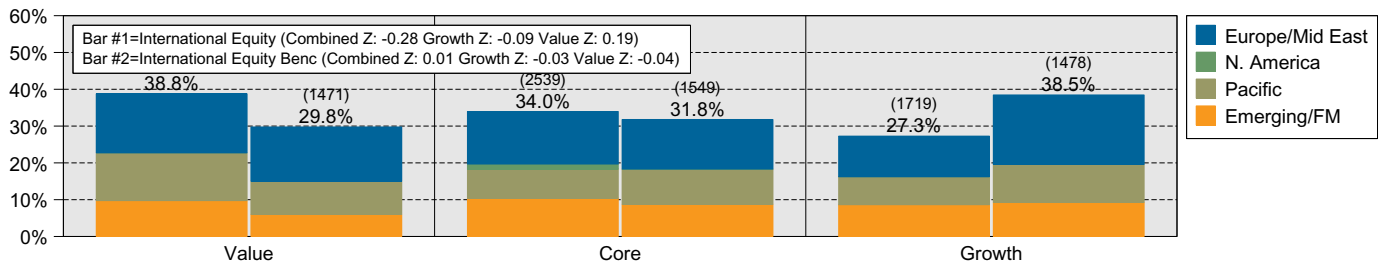
Style Map vs Callan NonUS Eq Holdings as of March 31, 2022



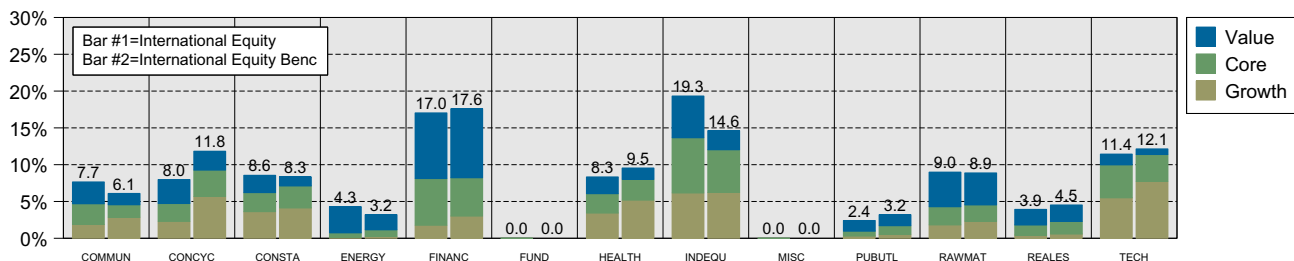
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	16.0% (253)	14.3% (195)	11.0% (180)	41.3% (628)
N. America	14.7% (504)	13.5% (548)	18.9% (514)	47.0% (1566)
Pacific	0.0% (2)	1.4% (11)	0.0% (2)	1.4% (15)
Emerging/ FM	0.0% (0)	0.1% (8)	0.0% (1)	0.1% (9)
Total	38.8% (3110)	34.0% (2539)	27.3% (1719)	100.0% (7368)
	29.8% (1471)	31.8% (1549)	38.5% (1478)	100.0% (4498)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



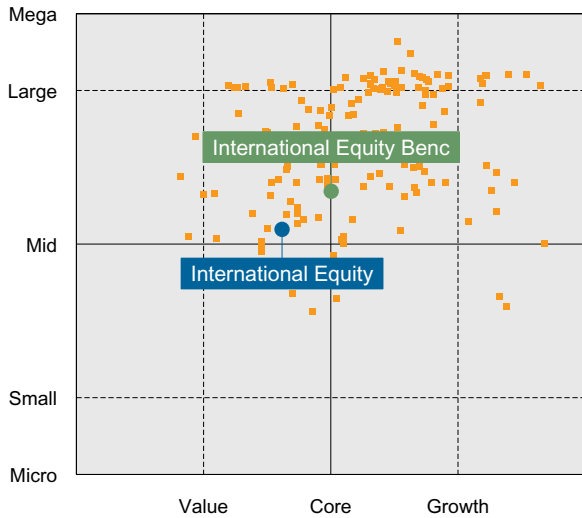
Sector Weights Distribution Holdings as of March 31, 2022



Historical Holdings Based Style Analysis International Equity For Five Years Ended March 31, 2022

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.

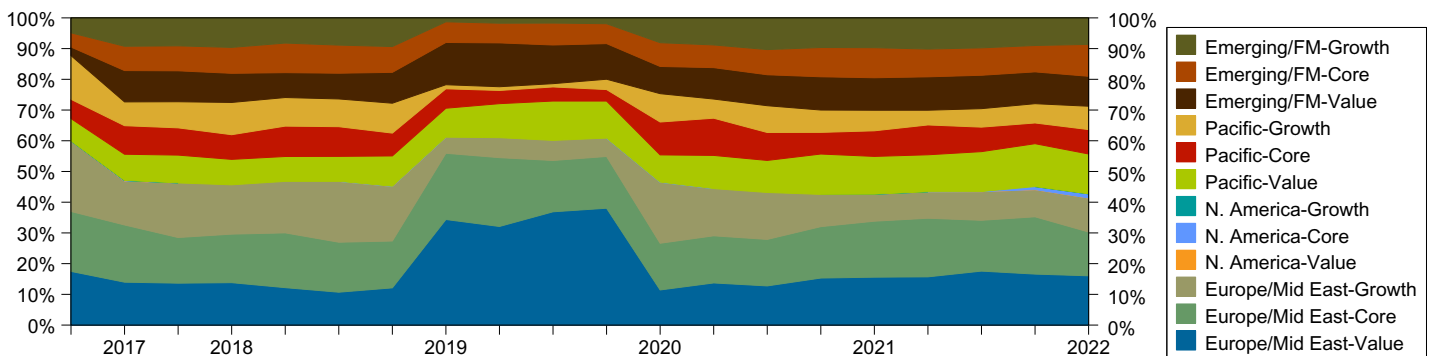
Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended March 31, 2022



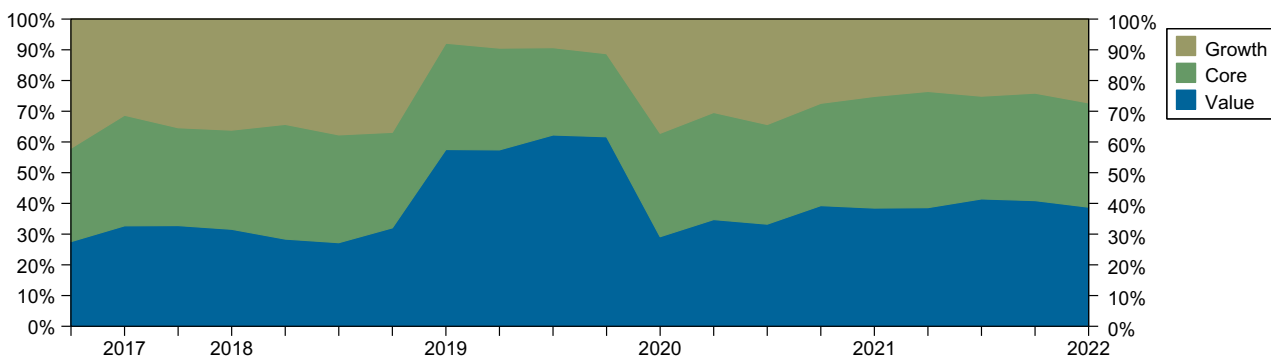
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	18.5% (231)	17.2% (226)	12.9% (233)	48.6% (690)
	13.7% (454)	14.7% (525)	18.4% (510)	46.8% (1489)
N. America	0.0% (1)	0.1% (3)	0.0% (0)	0.1% (4)
	0.0% (0)	0.0% (2)	0.0% (1)	0.0% (3)
Pacific	10.6% (293)	7.9% (254)	6.9% (225)	25.5% (772)
	9.4% (582)	9.0% (573)	11.0% (562)	29.4% (1717)
Emerging/ FM	10.2% (1981)	8.1% (1632)	7.5% (1172)	25.8% (4785)
	6.7% (430)	7.2% (378)	9.9% (375)	23.8% (1183)
Total	39.3% (2506)	33.4% (2115)	27.3% (1630)	100.0% (6251)
	29.8% (1466)	31.0% (1478)	39.2% (1448)	100.0% (4392)

International Equity Historical Region/Style Exposures



International Equity Historical Style Only Exposures



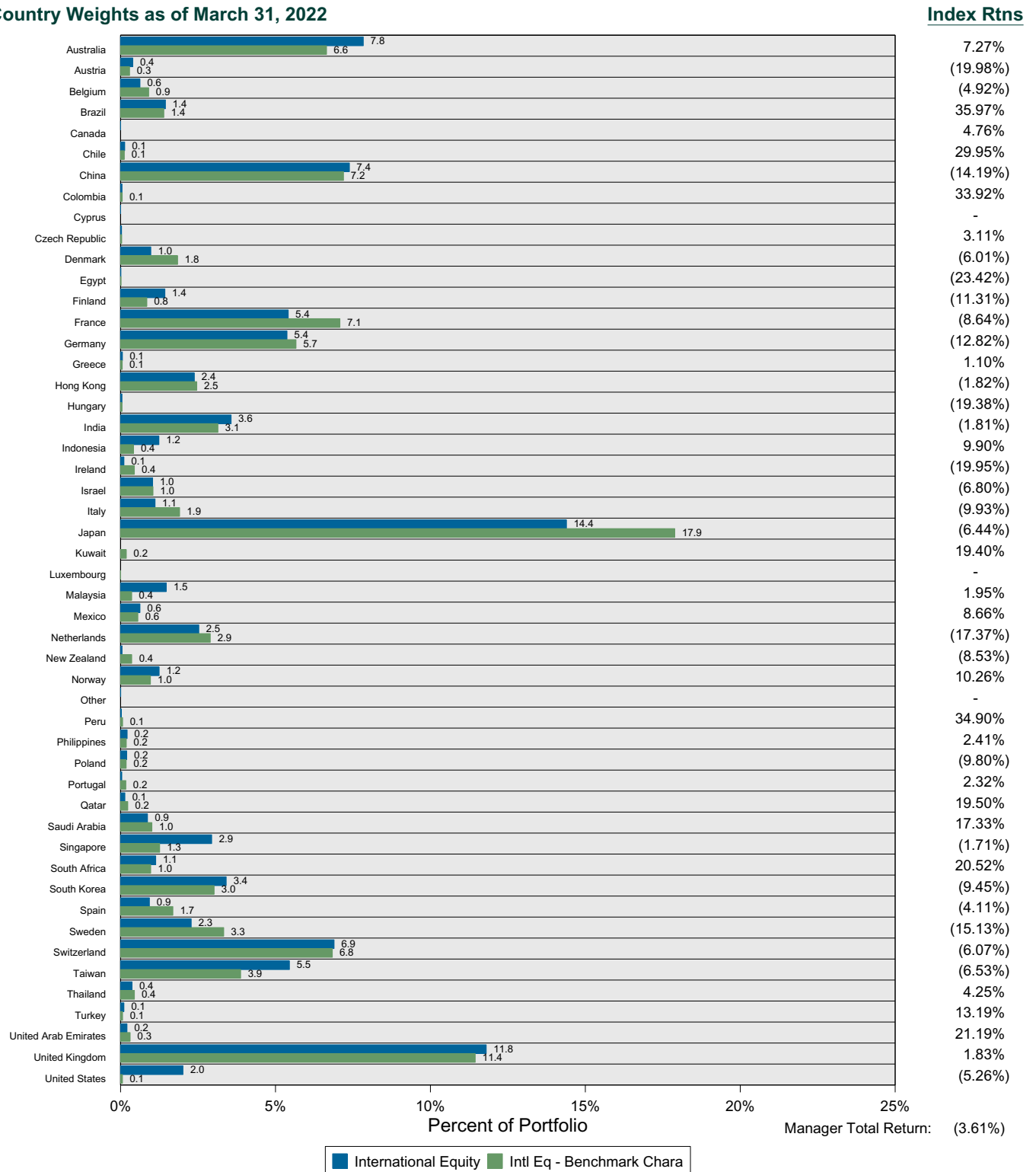
Country Allocation

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 March 31, 2022. 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 March 31, 2022



SSgA EAFE

Period Ended March 31, 2022

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.

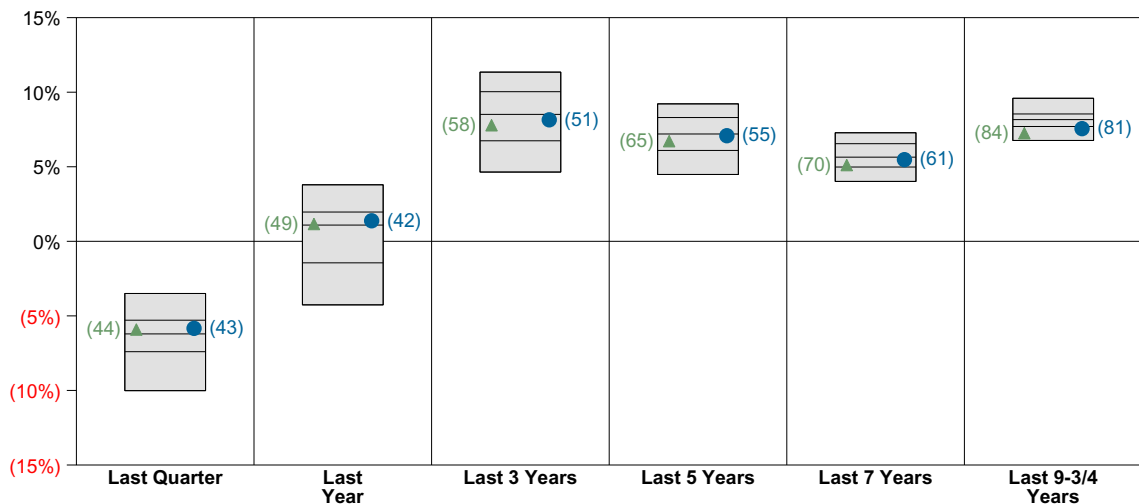
Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a (5.84)% return for the quarter placing it in the 43 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 42 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.08% for the quarter and outperformed the MSCI EAFE Index for the year by 0.21%.

Quarterly Asset Growth

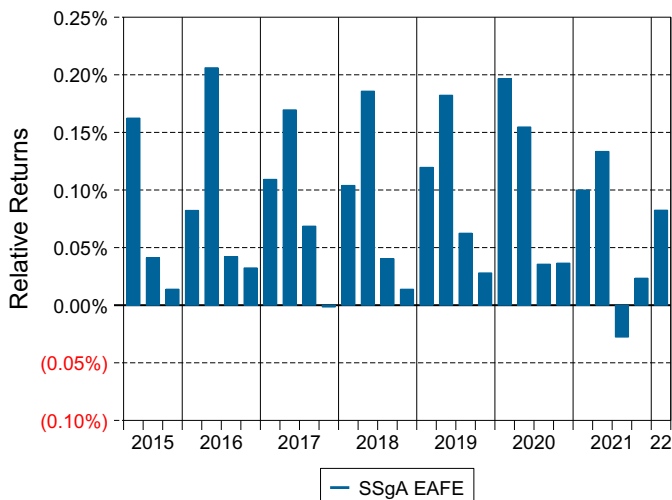
Beginning Market Value	\$18,554,745
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,082,981
Ending Market Value	\$17,471,764

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

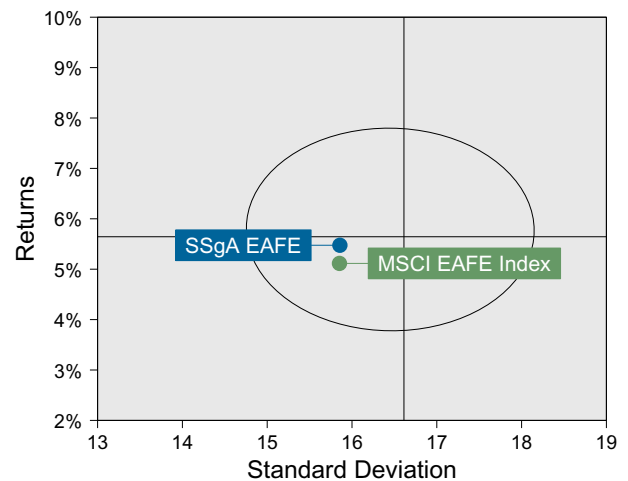


10th Percentile	(3.50)	3.79	11.35	9.22	7.28	9.59
25th Percentile	(5.29)	1.96	10.03	8.30	6.55	8.54
Median	(6.21)	1.09	8.51	7.20	5.64	8.16
75th Percentile	(7.40)	(1.44)	6.74	6.10	4.98	7.70
90th Percentile	(10.01)	(4.26)	4.64	4.48	4.02	6.76
SSgA EAFE	● (5.84)	1.38	8.15	7.08	5.47	7.56
MSCI EAFE Index	▲ (5.91)	1.16	7.78	6.72	5.11	7.25

Relative Return vs MSCI EAFE Index



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

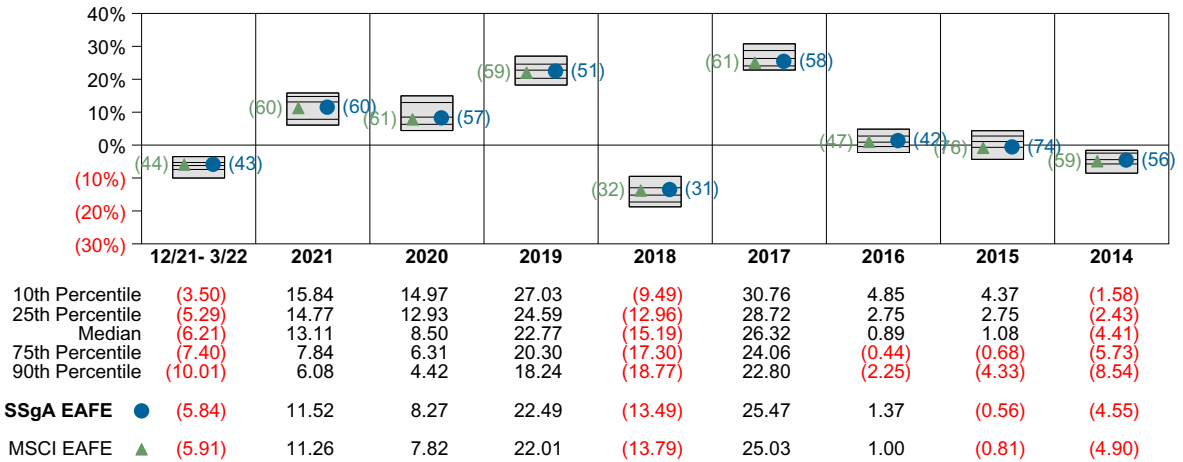


SSgA EAFE Return Analysis Summary

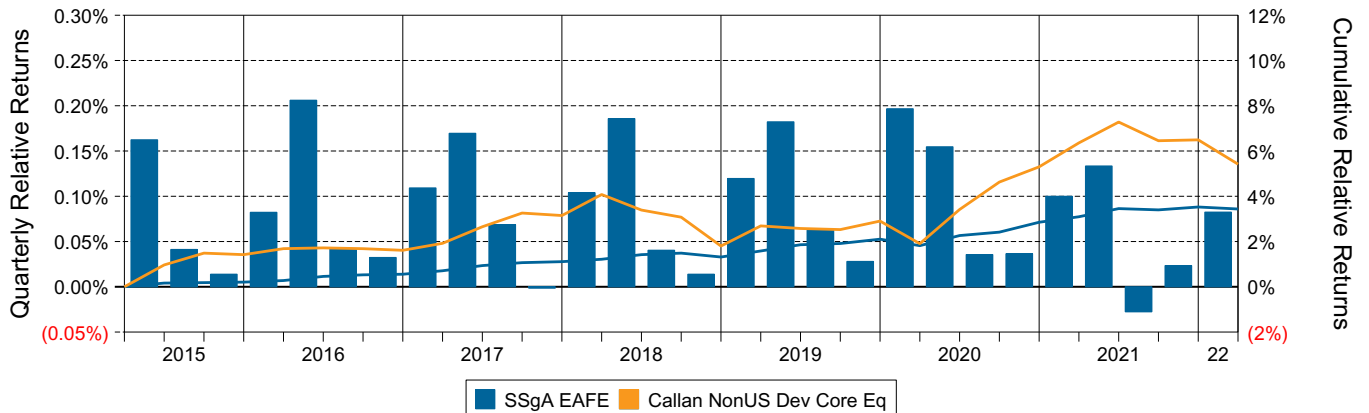
Return Analysis

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.

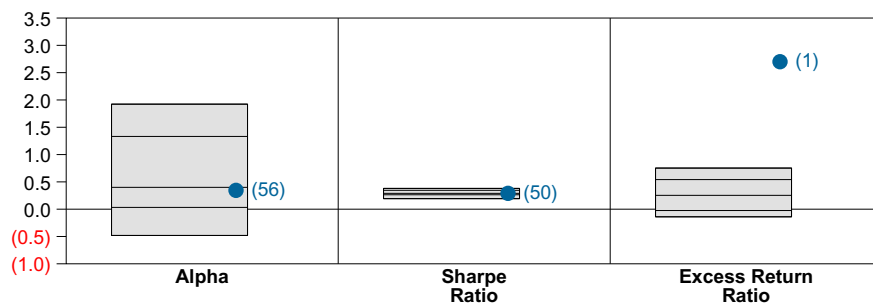
Performance vs Callan Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Returns vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2022

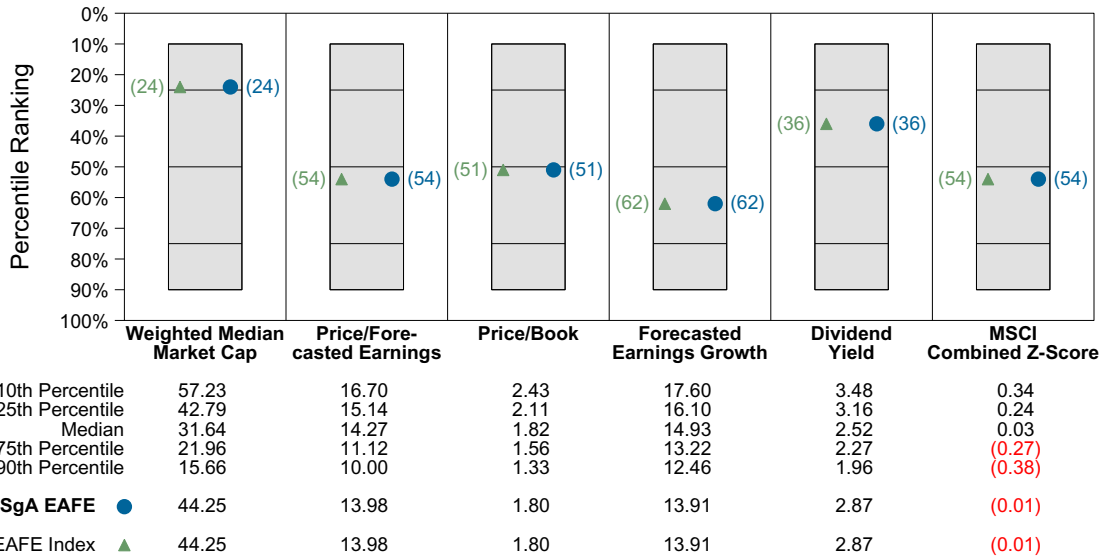


SSgA EAFE Equity Characteristics Analysis Summary

Portfolio Characteristics

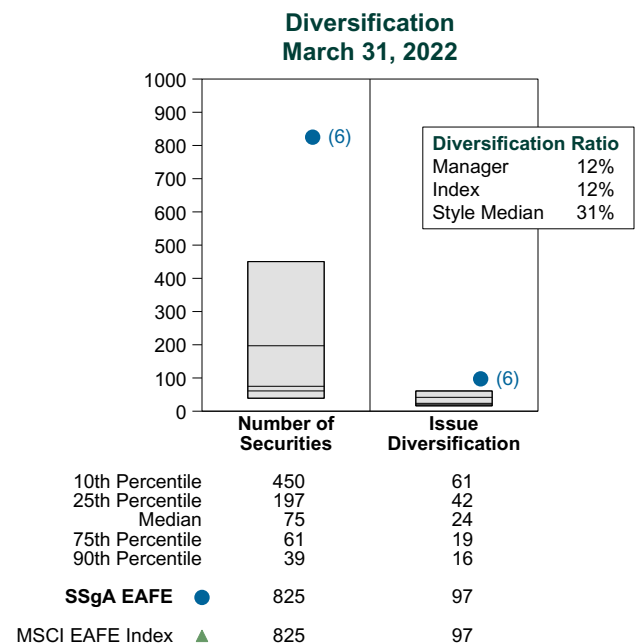
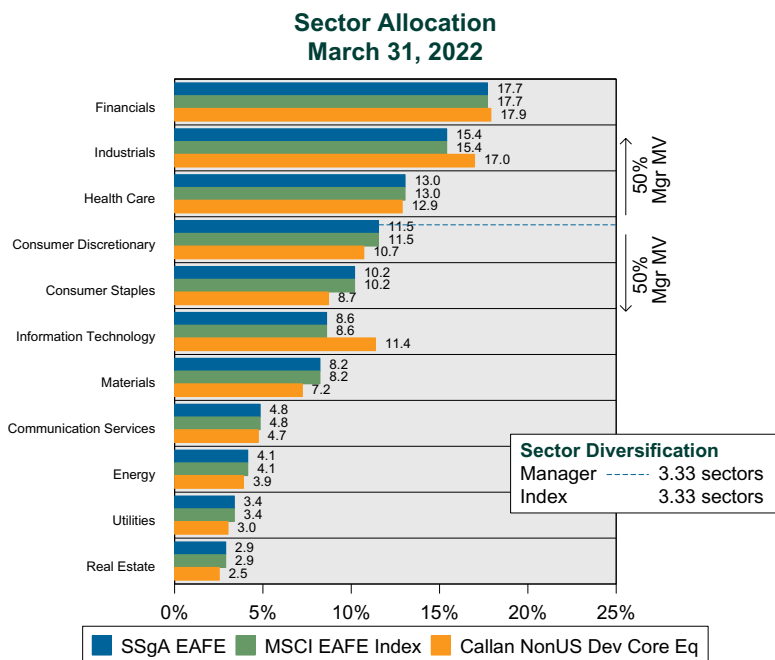
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of March 31, 2022



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.



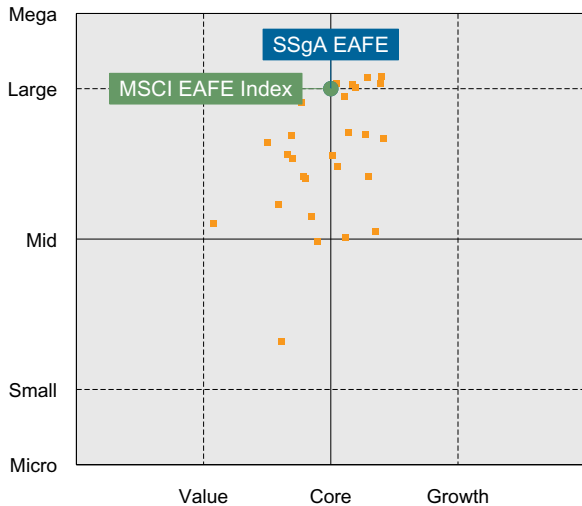
Current Holdings Based Style Analysis

SSgA EAFE

As of March 31, 2022

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.

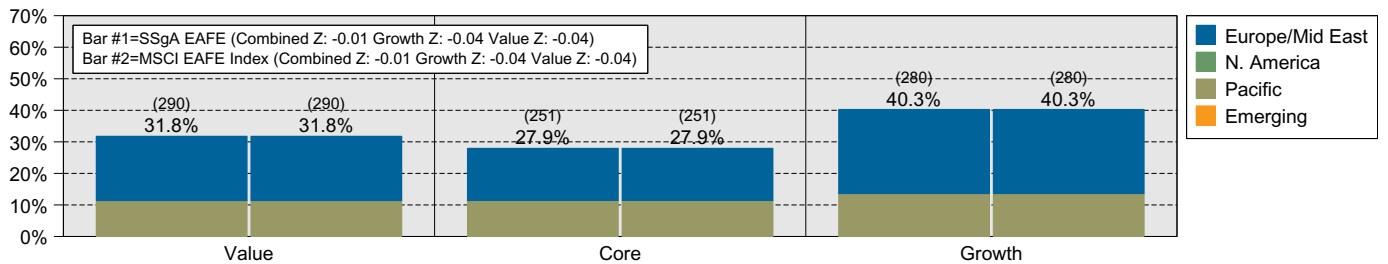
Style Map vs Callan NonUS Dev Core Eq Holdings as of March 31, 2022



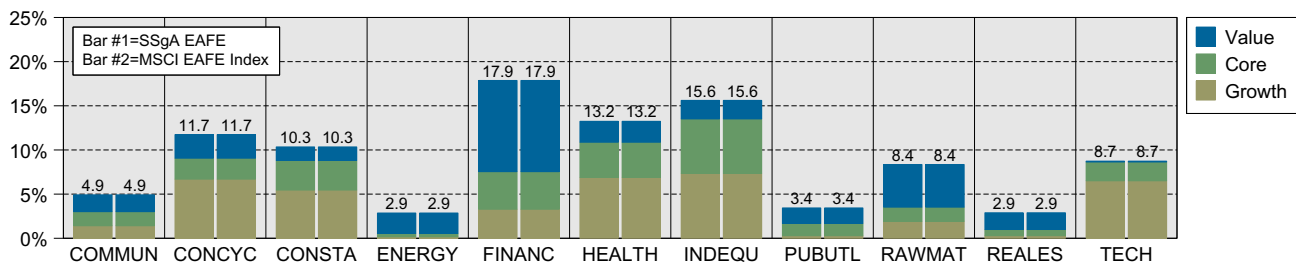
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	20.4% (152)	16.5% (131)	26.7% (157)	63.6% (440)
N. America	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Pacific	11.4% (138)	11.4% (119)	13.6% (123)	36.4% (380)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	31.8% (290)	27.9% (251)	40.3% (280)	100.0% (821)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



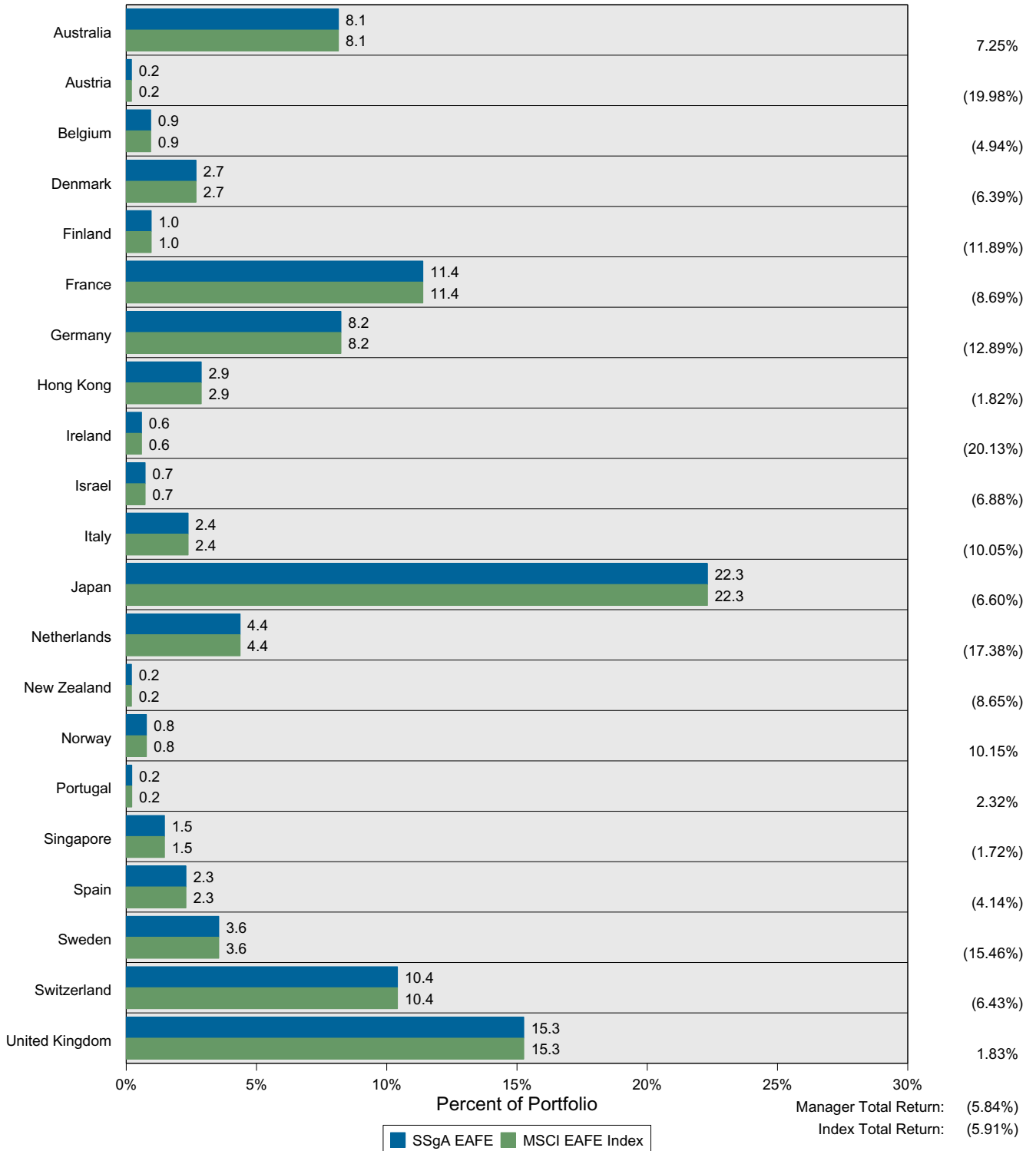
Country Allocation SSgA EAFE VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2022. 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 March 31, 2022

Index Rtns



SSgA EAFE Top 10 Portfolio Holdings Characteristics as of March 31, 2022

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	\$397,781	2.3%	(6.61)%	367.68	25.23	2.33%	7.59%
Asml Holding N V Asml Rev Stk Spl	Information Technology	\$303,495	1.7%	(15.55)%	275.88	34.86	0.90%	18.14%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$302,664	1.7%	(1.82)%	279.76	17.56	2.54%	6.90%
Astrazeneca Plc Ord	Health Care	\$223,576	1.3%	15.42%	206.70	19.20	2.07%	15.70%
Lvmh Moet Hennessy Lou Vuitt Ord	Consumer Discretionary	\$217,012	1.2%	(12.60)%	364.71	24.09	1.54%	12.40%
Bhp Billiton Ltd Shs	Materials	\$212,832	1.2%	31.81%	196.73	10.87	9.27%	(11.76)%
Toyota Motor Corp	Consumer Discretionary	\$210,077	1.2%	0.15%	298.74	10.12	2.29%	19.34%
Novartis	Health Care	\$209,277	1.2%	4.38%	214.94	13.65	3.82%	5.60%
Novo Nordisk B	Health Care	\$204,076	1.2%	0.64%	198.56	31.62	1.39%	13.36%
Hsbc Holdings (Gb)	Financials	\$152,281	0.9%	19.94%	139.70	9.96	3.49%	30.80%

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
Woodside Petroleum	Energy	\$25,287	0.1%	52.73%	23.72	8.46	5.83%	6.99%
Thales	Industrials	\$14,633	0.1%	49.05%	27.06	16.19	2.25%	17.45%
Dassault Aviation Sa Ord	Industrials	\$4,332	0.0%	48.00%	13.35	18.08	1.73%	11.40%
Tenaris S A Reg Shs	Energy	\$7,819	0.0%	46.13%	18.07	13.86	1.79%	7.90%
Mitsubishi Heavy Industries Shs	Industrials	\$11,484	0.1%	45.03%	11.17	11.50	2.99%	(9.63)%
Equinor Asa Shs	Energy	\$40,048	0.2%	42.41%	123.39	8.82	2.43%	24.91%
Ipsen Shs	Health Care	\$5,144	0.0%	37.71%	10.57	13.11	0.88%	2.14%
Sumitomo Metal Mining Co Ltd Shs	Materials	\$13,579	0.1%	37.59%	14.77	10.24	3.44%	42.20%
Inpex Corp Tokyo Shs	Energy	\$13,138	0.1%	37.41%	16.45	6.28	3.33%	9.05%
Konami Hldgs Corp Shs	Communication Services	\$6,443	0.0%	33.81%	9.16	18.26	1.12%	33.20%

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
Delivery Hero	Consumer Discretionary	\$7,825	0.0%	(59.75)%	11.19	(8.63)	0.00%	-
Orpea Act	Health Care	\$2,451	0.0%	(56.27)%	2.83	9.17	2.29%	10.52%
Raiffeisen Bk Intl Ag Wien Shs	Financials	\$2,307	0.0%	(51.04)%	4.74	4.48	0.00%	15.28%
Altimeter Growth A	Consumer Discretionary	\$4,110	0.0%	(50.91)%	12.66	(10.23)	0.00%	-
Benefit One	Industrials	\$1,846	0.0%	(49.55)%	3.41	44.18	1.16%	23.25%
Inmode	Health Care	\$1,983	0.0%	(49.00)%	3.07	17.06	0.00%	78.75%
Mercari Inc	Consumer Discretionary	\$2,984	0.0%	(47.79)%	4.25	116.54	0.00%	-
Inpost Sa Common Stock Eur.01	Industrials	\$1,387	0.0%	(47.43)%	3.20	13.30	0.00%	45.00%
Kornit Digital	Industrials	\$4,163	0.0%	(47.03)%	4.11	70.37	0.00%	1.17%
Sea Ltd Adr	Communication Services	\$41,468	0.2%	(46.66)%	48.58	(27.72)	0.00%	-

Pyrford

Period Ended March 31, 2022

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.

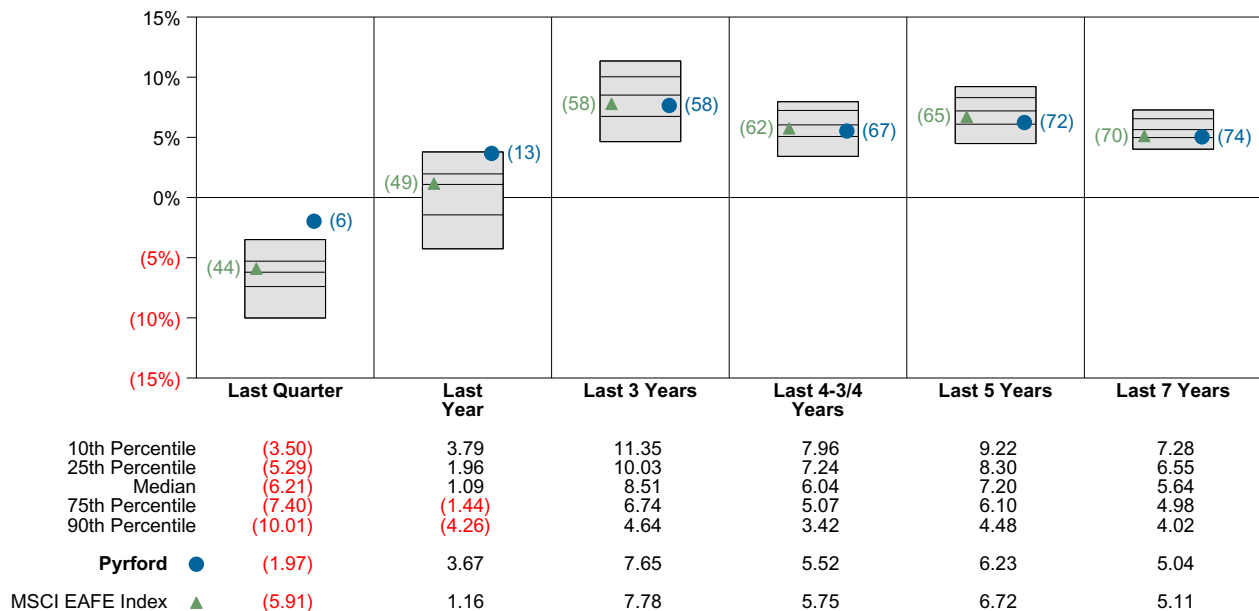
Quarterly Summary and Highlights

- Pyrford's portfolio posted a (1.97)% return for the quarter placing it in the 6 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 13 percentile for the last year.
- Pyrford's portfolio outperformed the MSCI EAFE Index by 3.94% for the quarter and outperformed the MSCI EAFE Index for the year by 2.50%.

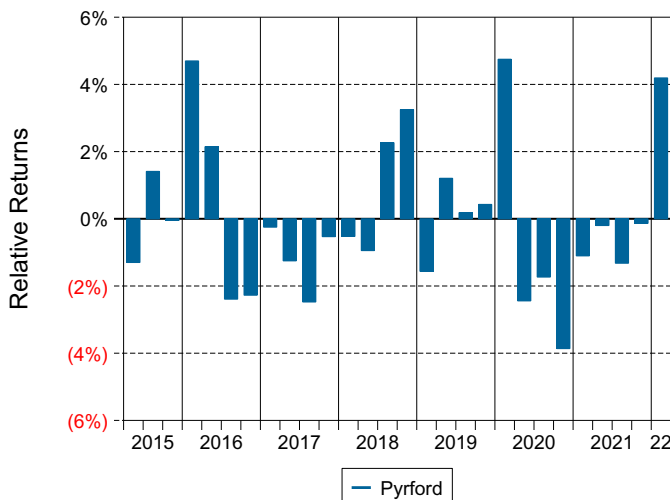
Quarterly Asset Growth

Beginning Market Value	\$35,257,923
Net New Investment	\$0
Investment Gains/(Losses)	\$-694,859
Ending Market Value	\$34,563,064

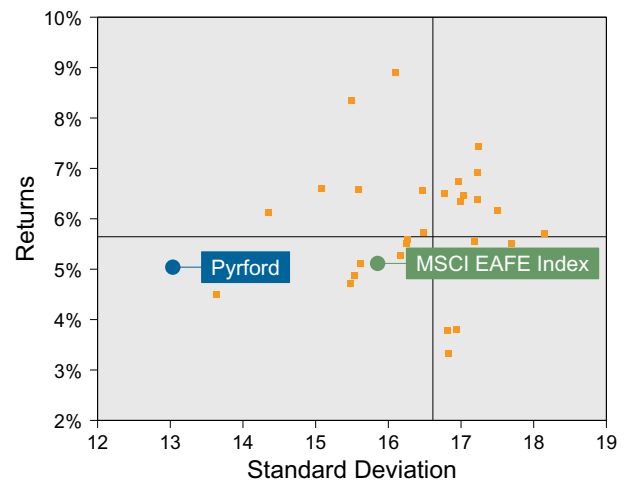
Performance vs Callan Non-US Developed Core Equity (Gross)



Relative Return vs MSCI EAFE Index



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

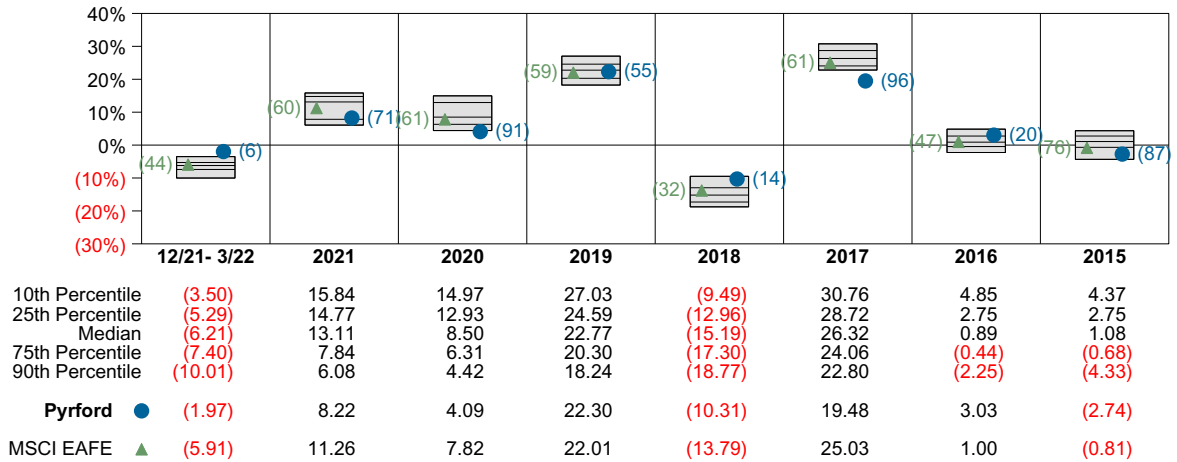


Pyrford Return Analysis Summary

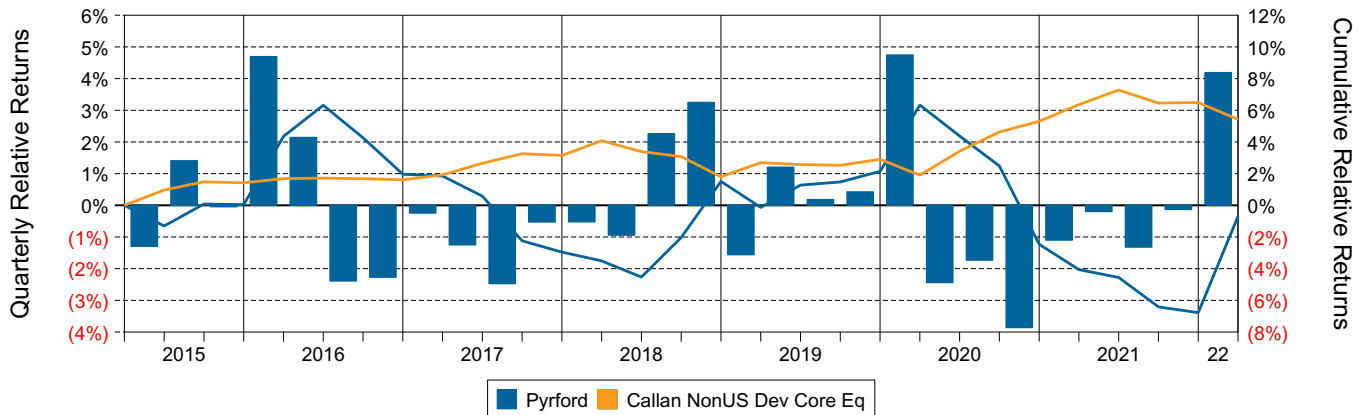
Return Analysis

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.

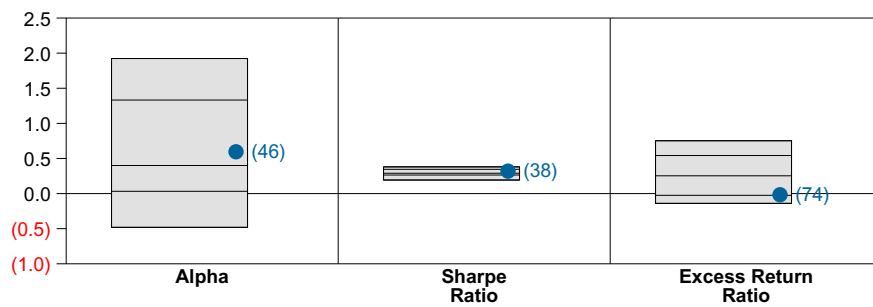
Performance vs Callan Non-US Developed Core Equity (Gross)



Cumulative and Quarterly Relative Returns vs MSCI EAFE



Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2022

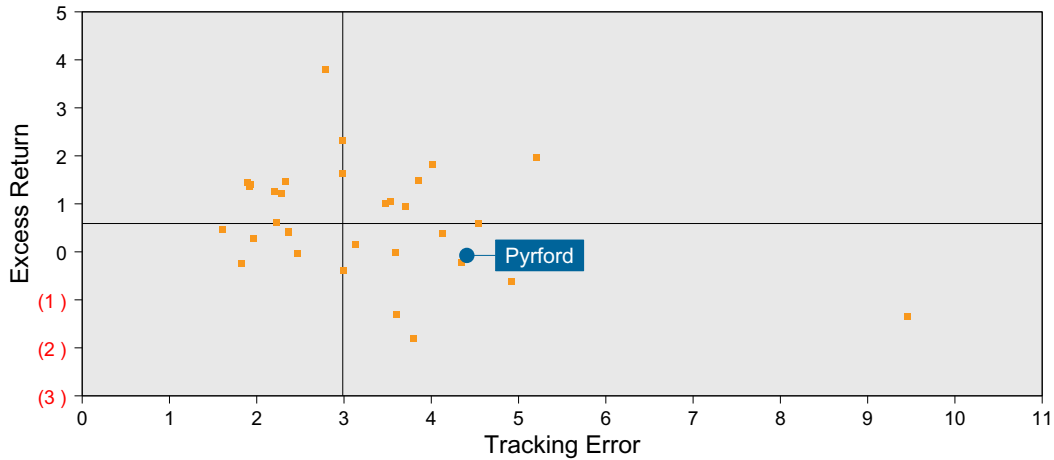


Pyrford Risk Analysis Summary

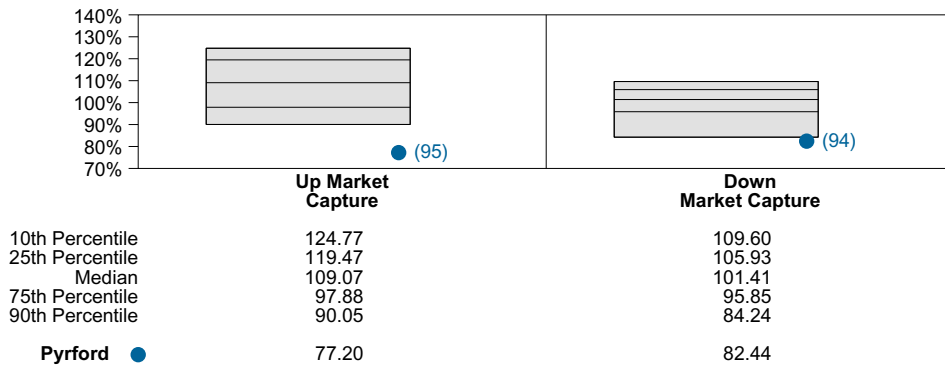
Risk Analysis

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.

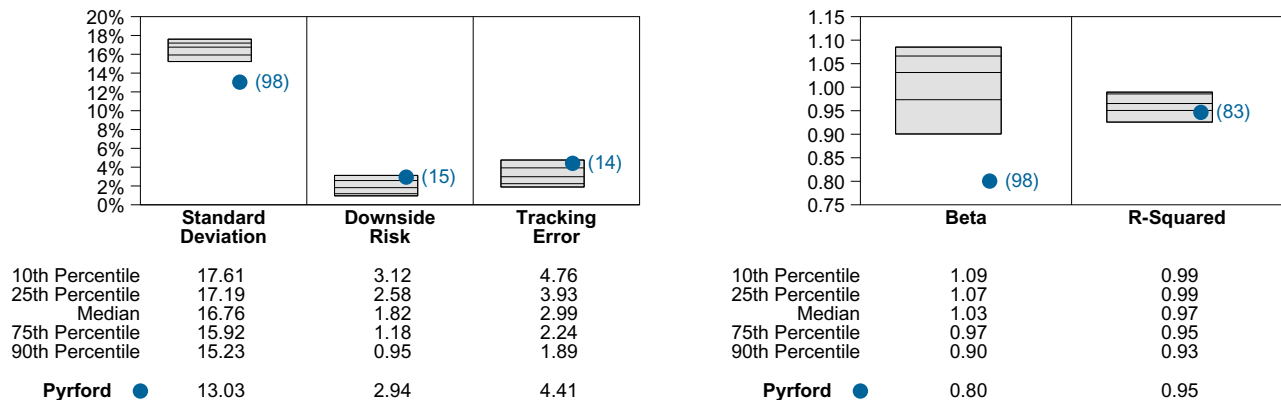
Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2022



Market Capture vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2022



Risk Statistics Rankings vs MSCI EAFE Index (USD Net Div) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2022

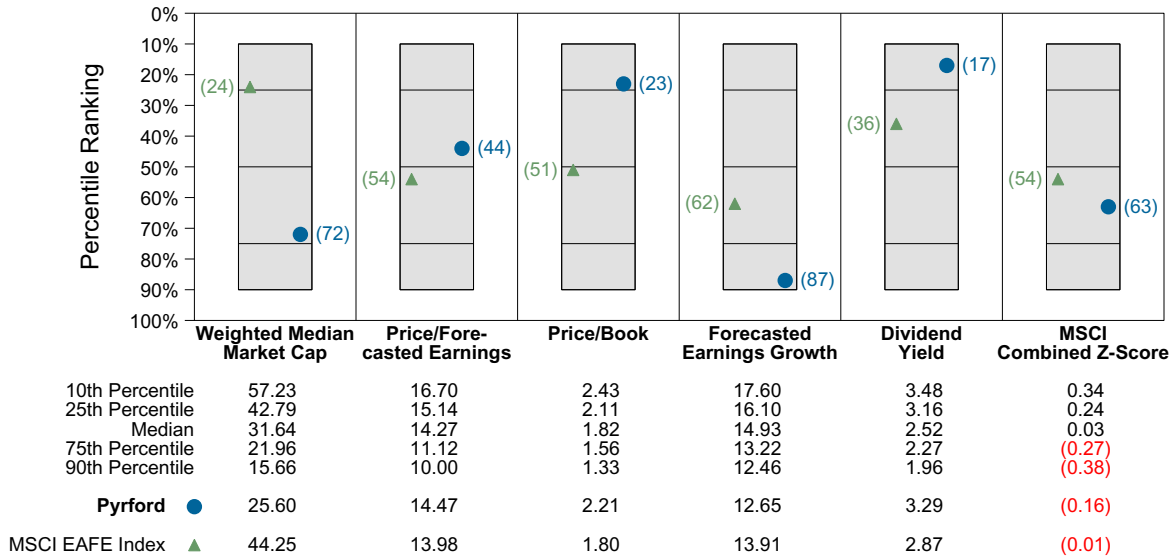


Pyrford Equity Characteristics Analysis Summary

Portfolio Characteristics

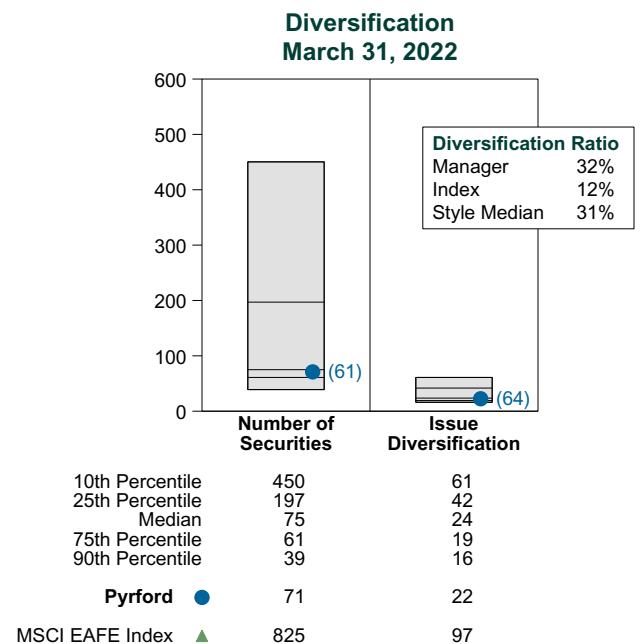
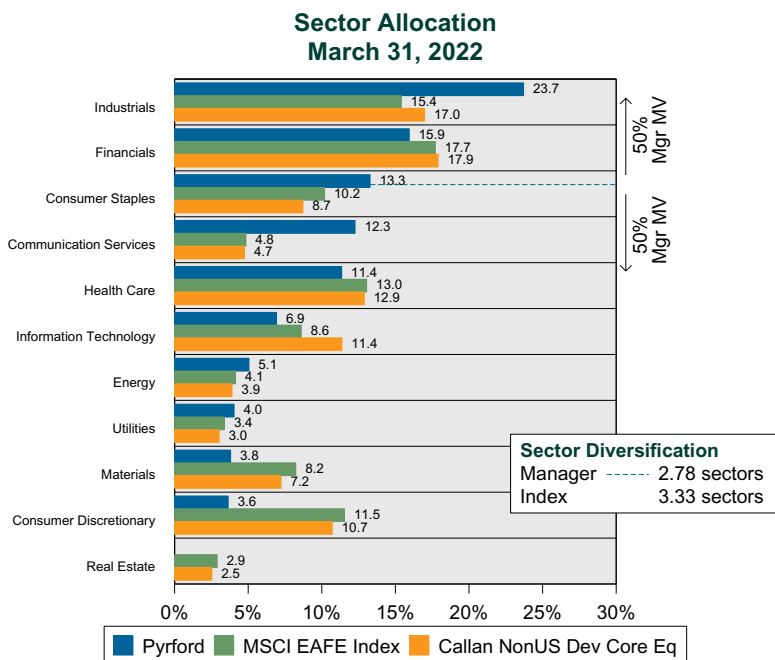
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of March 31, 2022



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.



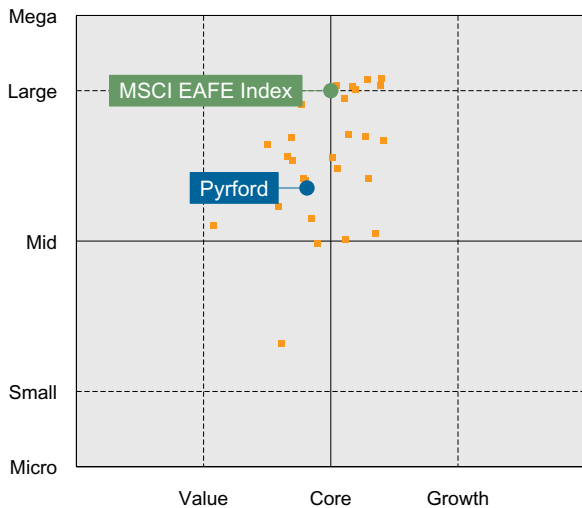
Current Holdings Based Style Analysis

Pyrford

As of March 31, 2022

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

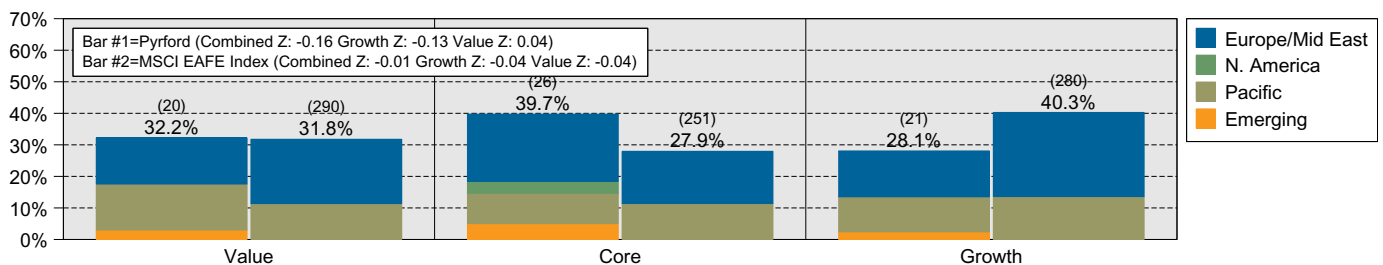
Style Map vs Callan NonUS Dev Core Eq Holdings as of March 31, 2022



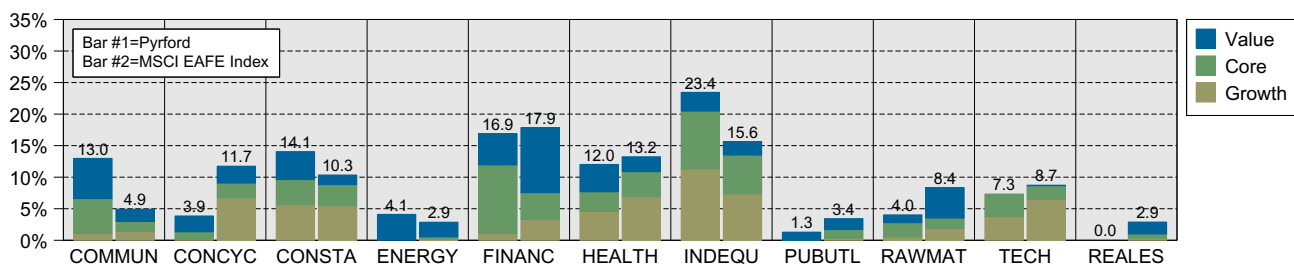
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	14.6% (9) 20.4% (152)	21.3% (15) 16.5% (131)	14.5% (11) 26.7% (157)	50.4% (35) 63.6% (440)
N. America	0.0% (0) 0.0% (0)	3.8% (1) 0.0% (1)	0.0% (0) 0.0% (0)	3.8% (1) 0.0% (1)
Pacific	14.6% (9) 11.4% (138)	9.6% (6) 11.4% (119)	11.1% (7) 13.6% (123)	35.3% (22) 36.4% (380)
Emerging	3.0% (2) 0.0% (0)	5.0% (4) 0.0% (0)	2.4% (3) 0.0% (0)	10.5% (9) 0.0% (0)
Total	32.2% (20) 31.8% (290)	39.7% (26) 27.9% (251)	28.1% (21) 40.3% (280)	100.0% (67) 100.0% (821)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



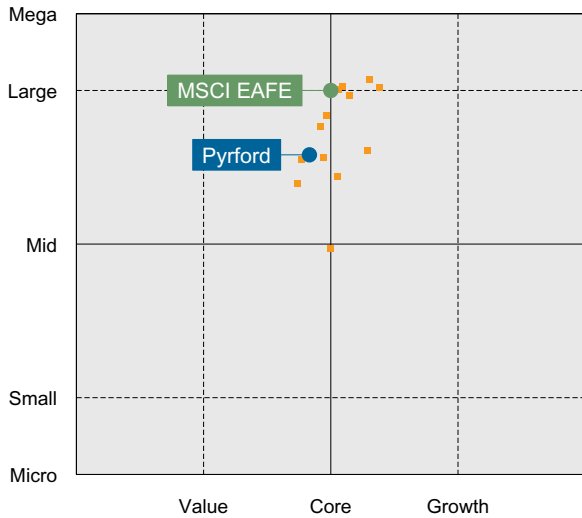
Historical Holdings Based Style Analysis

Pyrford

For Five Years Ended March 31, 2022

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.

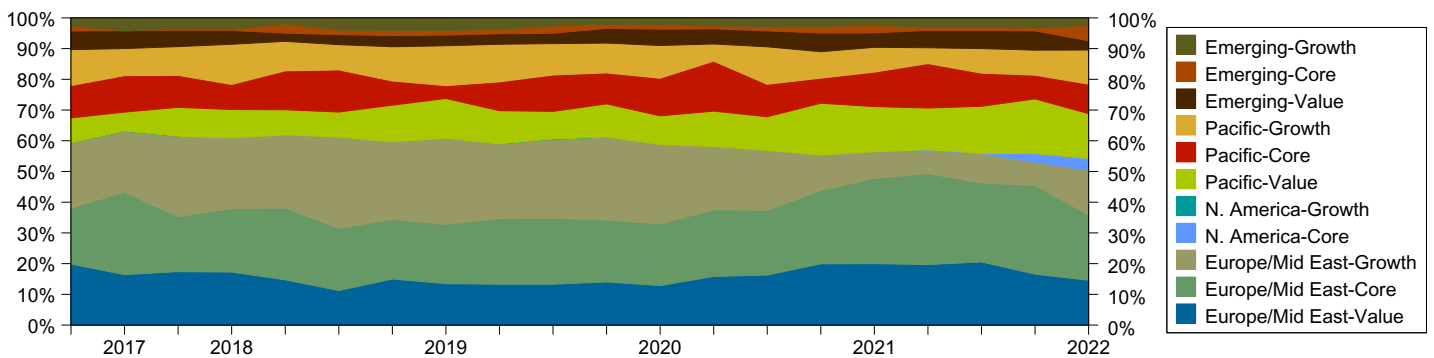
Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended March 31, 2022



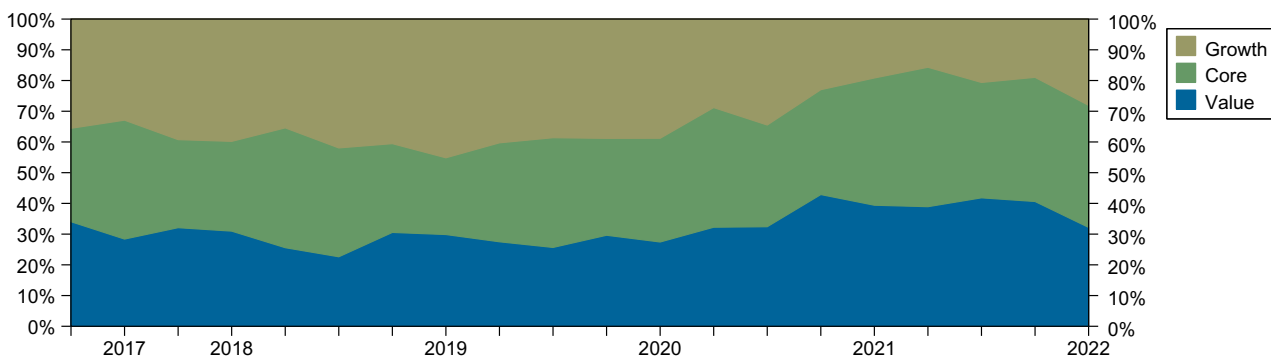
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	Value	Core	Growth	Total
Europe/Mid East	16.1% (11)	22.5% (14)	20.0% (15)	58.5% (40)
	19.1% (138)	18.3% (126)	25.4% (182)	62.8% (446)
N. America	0.0% (0)	0.3% (0)	0.0% (0)	0.4% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.5% (8)	10.6% (7)	9.7% (7)	31.8% (22)
	12.3% (148)	10.7% (139)	14.2% (161)	37.2% (448)
Emerging	4.7% (3)	1.6% (2)	3.1% (3)	9.3% (8)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	32.2% (22)	35.0% (23)	32.8% (25)	100.0% (70)
	31.4% (286)	29.0% (265)	39.5% (343)	100.0% (894)

Pyrford Historical Region/Style Exposures



Pyrford Historical Style Only Exposures



Country Allocation

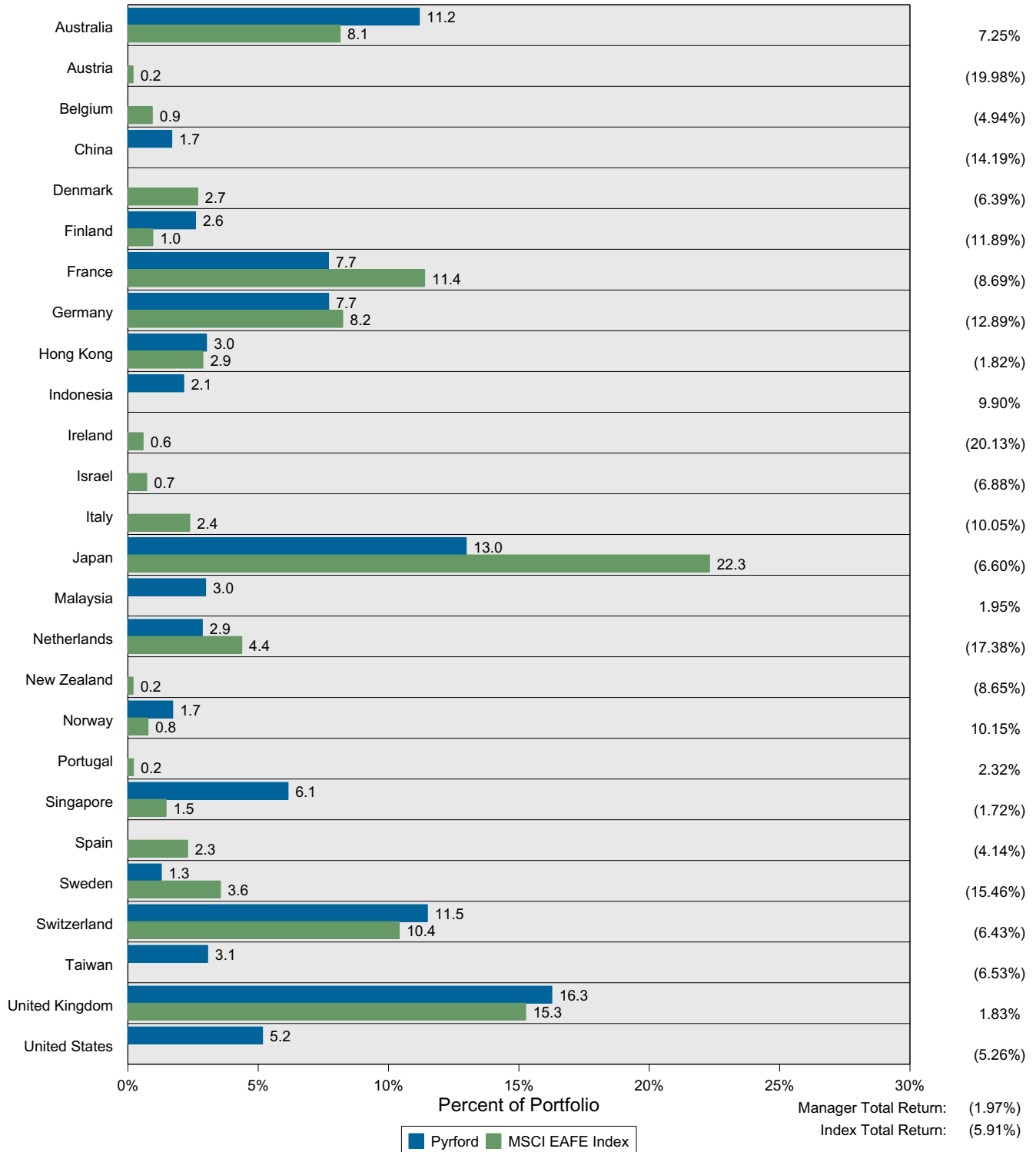
Pyrford VS MSCI EAFE Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2022. 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 March 31, 2022

Index Rtns



Pyrford Top 10 Portfolio Holdings Characteristics as of March 31, 2022

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
Meta Finl Group Inc	Financials	\$1,219,943	3.5%	(7.86)%	1.64	9.79	0.36%	26.99%
Nestle S A Shs Nom New	Consumer Staples	\$1,050,894	3.0%	(6.61)%	367.68	25.23	2.33%	7.59%
Japan Tobacco Inc Ord	Consumer Staples	\$1,023,518	3.0%	(14.73)%	34.40	11.05	6.71%	(6.79)%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$955,815	2.8%	(1.82)%	279.76	17.56	2.54%	6.90%
Computershare Limited Cpu Shs	Information Technology	\$810,205	2.3%	28.24%	11.20	26.09	1.90%	15.21%
Novartis	Health Care	\$792,233	2.3%	4.38%	214.94	13.65	3.82%	5.60%
Glaxosmithkline Plc Ord	Health Care	\$771,201	2.2%	1.19%	110.26	13.58	4.86%	7.60%
Brambles Ltd Npv	Industrials	\$749,890	2.2%	(3.04)%	10.68	17.51	2.96%	8.80%
Mitsubishi Elec Corp Shs	Industrials	\$742,523	2.1%	(6.60)%	24.94	12.39	2.84%	10.05%
Kddi	Communication Services	\$728,172	2.1%	14.87%	76.03	12.88	3.00%	3.63%

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
Woodside Petroleum	Energy	\$599,896	1.7%	52.73%	23.72	8.46	5.83%	6.99%
Computershare Limited Cpu Shs	Information Technology	\$810,205	2.3%	28.24%	11.20	26.09	1.90%	15.21%
Rio Tinto Ltd Ord	Materials	\$398,147	1.2%	27.36%	33.20	8.60	9.12%	(18.81)%
United Overseas Bk Ltd Shs	Financials	\$644,339	1.9%	18.58%	39.89	11.44	3.75%	6.82%
China Mobile Hong Kong Limit Ord	Communication Services	\$572,338	1.7%	15.90%	141.47	7.30	6.27%	(0.19)%
Kddi	Communication Services	\$728,172	2.1%	14.87%	76.03	12.88	3.00%	3.63%
Endeavour Group Ltd/Australi	Consumer Staples	\$113,551	0.3%	13.70%	9.80	24.22	4.90%	10.08%
Singapore Telecom	Communication Services	\$687,215	2.0%	13.35%	32.22	16.12	2.61%	19.81%
Zurich Financial Svc Ord	Financials	\$425,050	1.2%	12.96%	74.69	13.62	4.82%	13.00%
Pt Telekomunikasi Indo Perse Shs Ser	Communication Services	\$358,828	1.0%	12.50%	31.59	16.84	3.67%	10.44%

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
Merida Industry Co.	Consumer Discretionary	\$40,166	0.1%	(25.40)%	2.64	15.46	2.77%	9.05%
Essity Ab	Consumer Staples	\$156,647	0.5%	(24.53)%	15.28	14.97	3.15%	6.30%
Deutsche Post Ag Bonn Namen Akt	Industrials	\$565,597	1.6%	(24.35)%	59.97	10.63	3.10%	17.81%
Mg Technologies	Industrials	\$328,555	1.0%	(23.98)%	7.53	18.67	2.40%	29.94%
Geberit Ag Jona Namen-Akt	Industrials	\$153,544	0.4%	(23.97)%	22.31	27.30	2.18%	7.66%
Imi Plc Shs New	Industrials	\$219,160	0.6%	(23.68)%	4.68	13.34	1.74%	11.30%
Atlas Copco Ab Shs A	Industrials	\$123,970	0.4%	(23.67)%	44.29	25.81	1.52%	12.52%
Kone Oyj Shs B	Industrials	\$302,400	0.9%	(22.99)%	24.00	23.98	4.41%	4.10%
Sap Se Shs	Information Technology	\$665,624	1.9%	(20.52)%	138.05	18.95	1.93%	1.26%
Givaudan Ag Duebendorf Ord	Materials	\$168,792	0.5%	(19.53)%	38.40	37.19	1.72%	8.21%

AQR

Period Ended March 31, 2022

Investment Philosophy

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

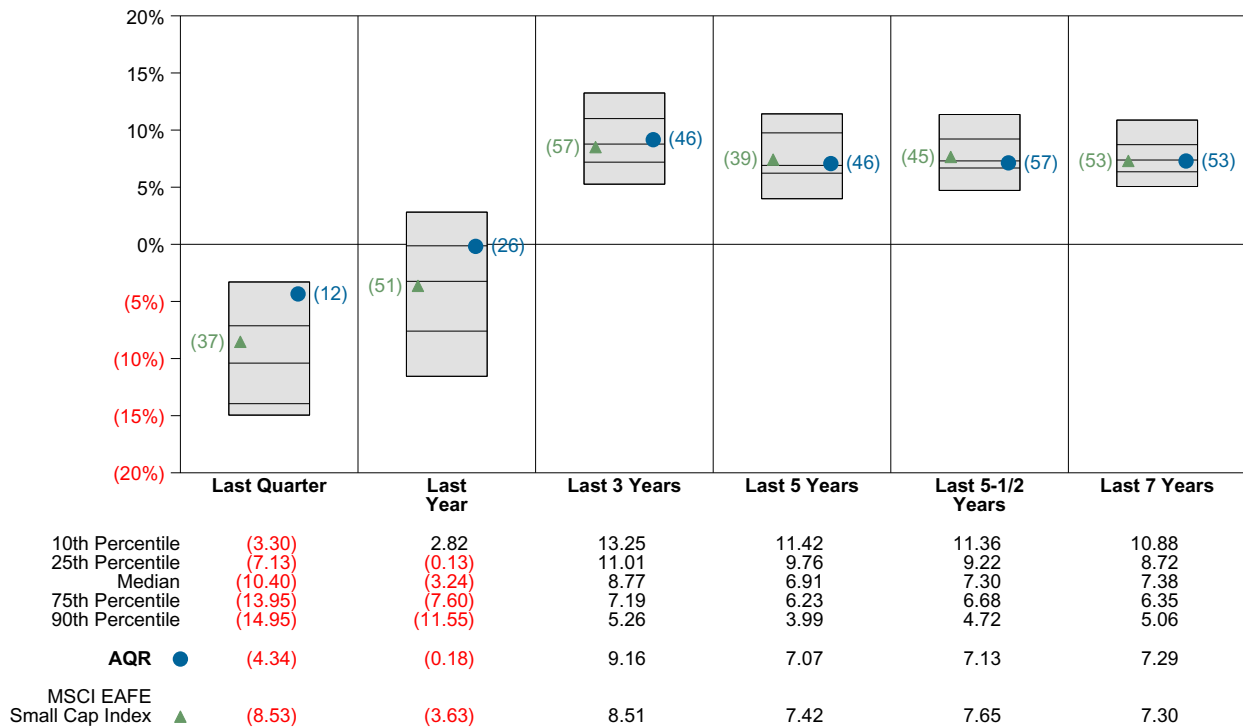
Quarterly Summary and Highlights

- AQR's portfolio posted a (4.34)% return for the quarter placing it in the 12 percentile of the Callan International Small Cap group for the quarter and in the 26 percentile for the last year.
- AQR's portfolio outperformed the MSCI EAFE Small Cap Index by 4.19% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 3.45%.

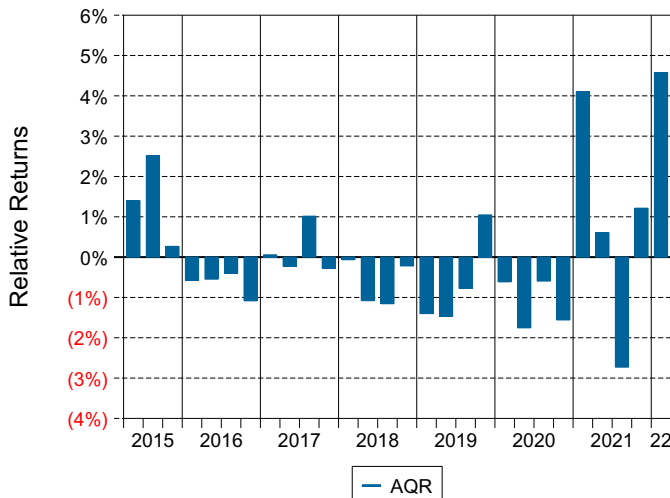
Quarterly Asset Growth

Beginning Market Value	\$20,620,814
Net New Investment	\$0
Investment Gains/(Losses)	\$-937,390
Ending Market Value	\$19,683,424

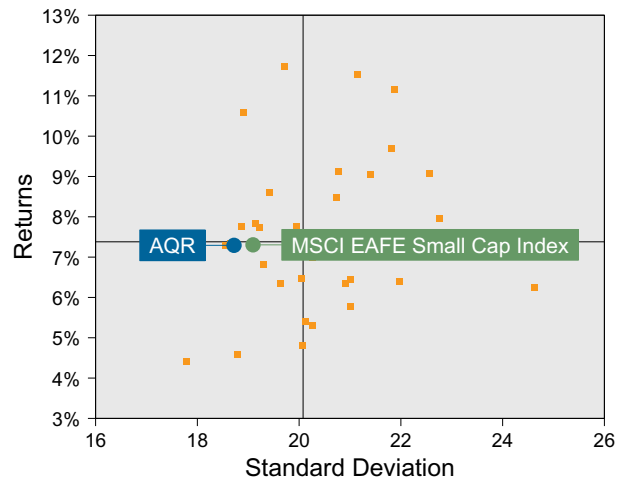
Performance vs Callan International Small Cap (Gross)



Relative Returns vs MSCI EAFE Small Cap Index



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

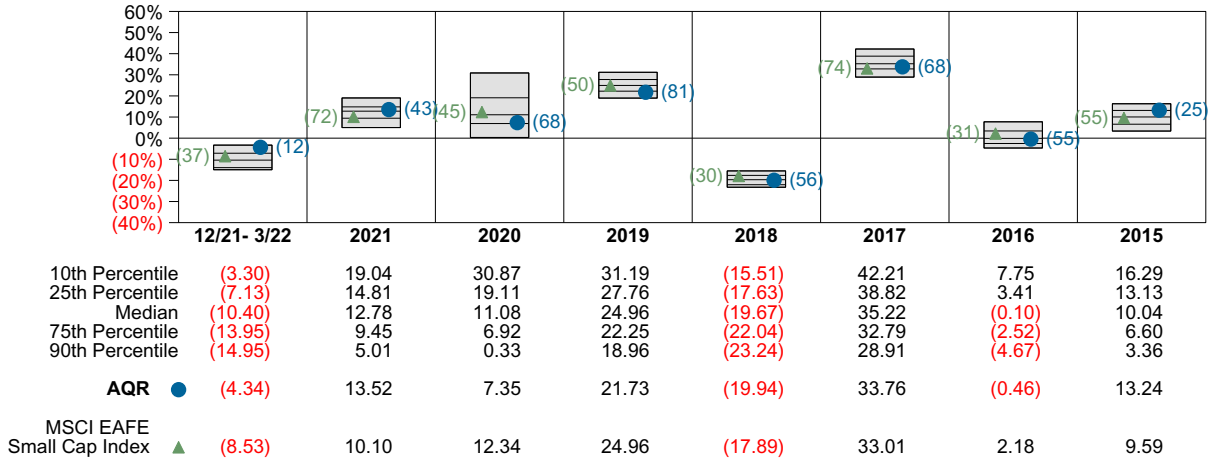


AQR Return Analysis Summary

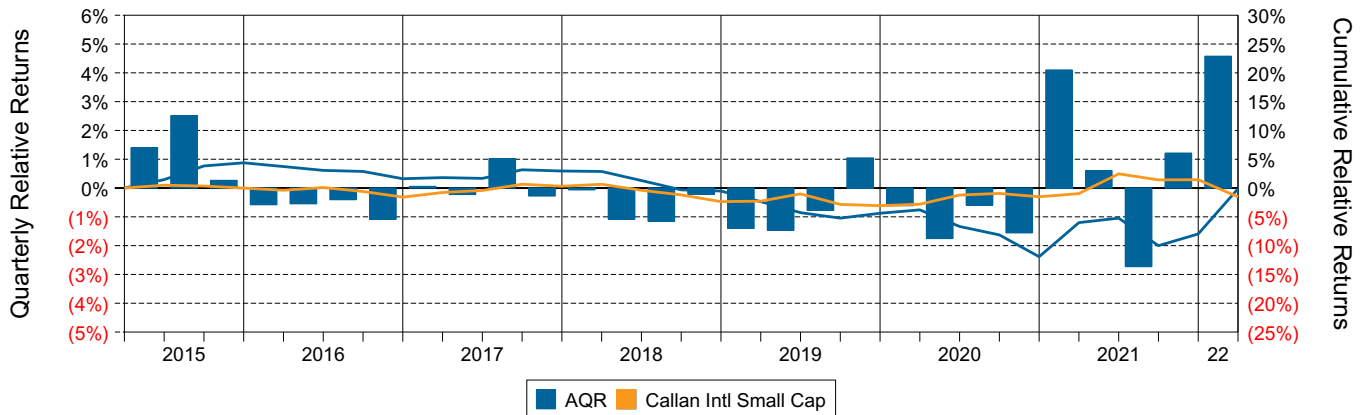
Return Analysis

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.

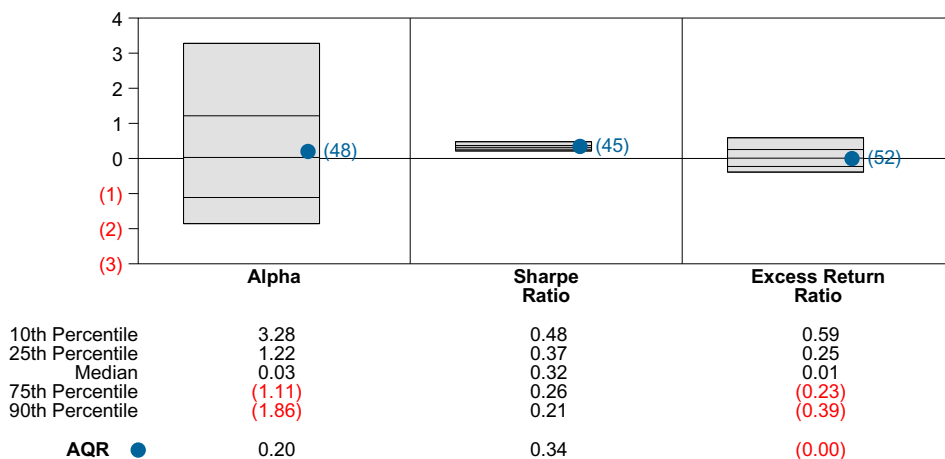
Performance vs Callan International Small Cap (Gross)



Cumulative and Quarterly Relative Returns 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 March 31, 2022

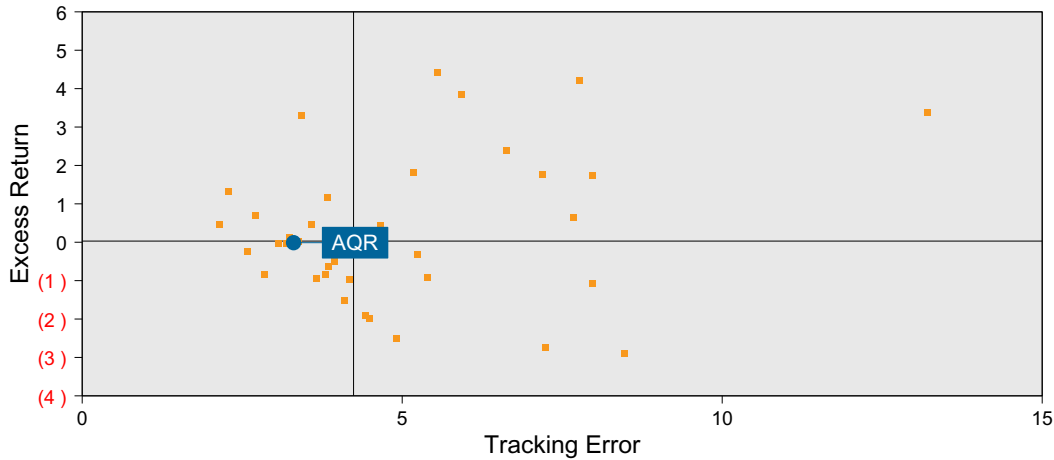


AQR Risk Analysis Summary

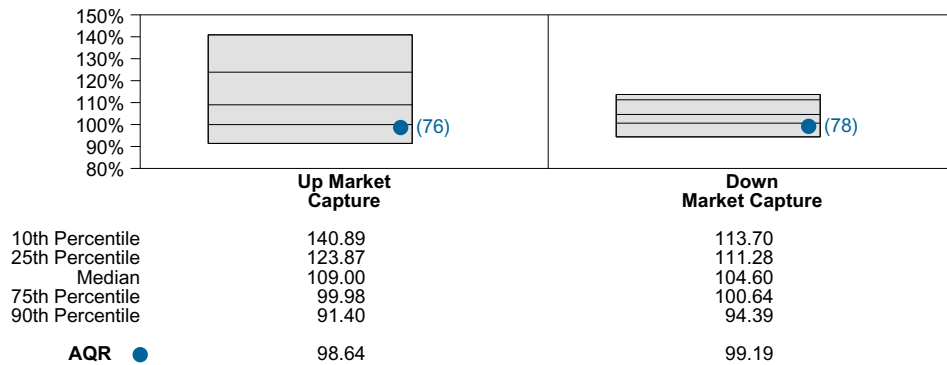
Risk Analysis

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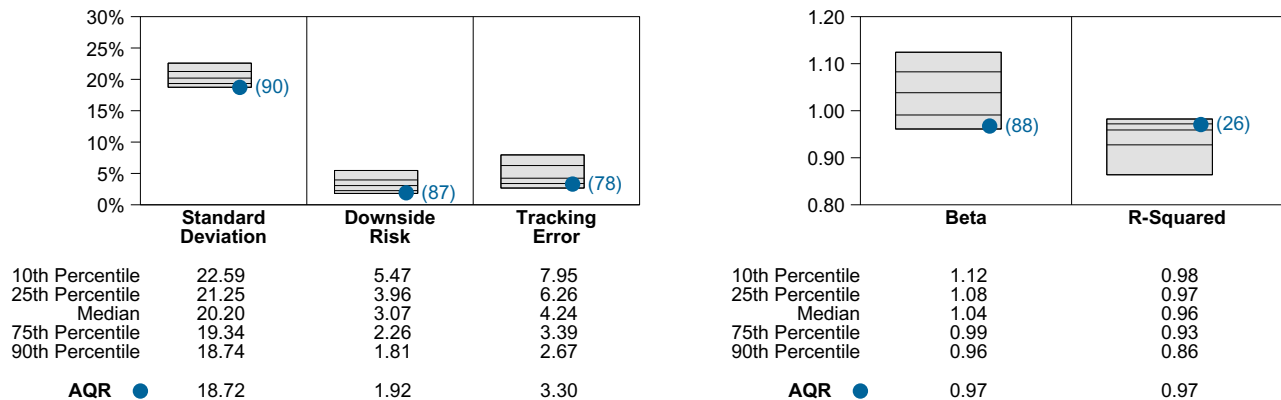
Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended March 31, 2022



Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2022



Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2022

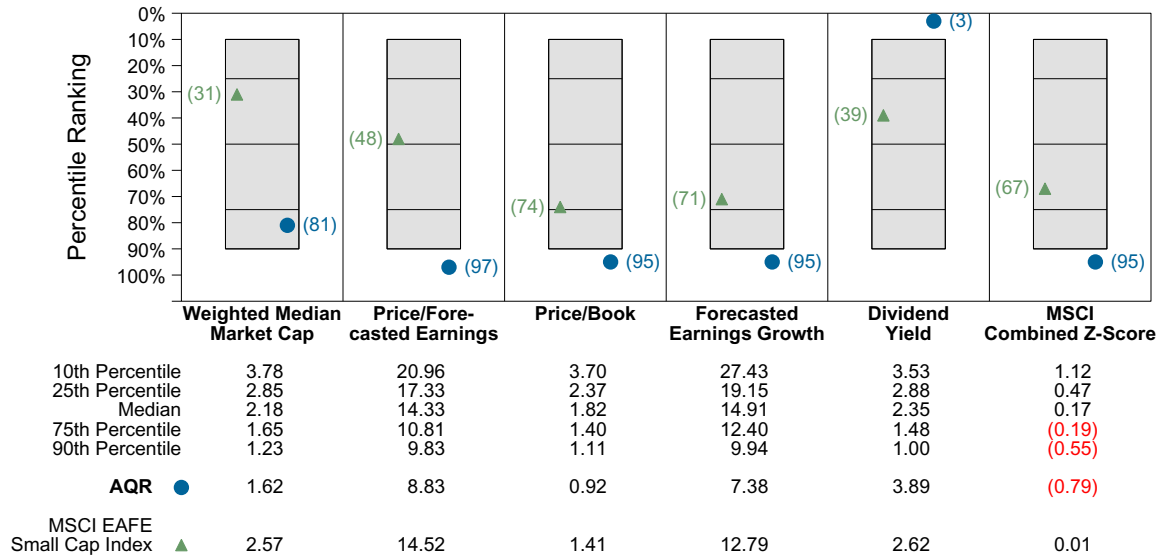


AQR Equity Characteristics Analysis Summary

Portfolio Characteristics

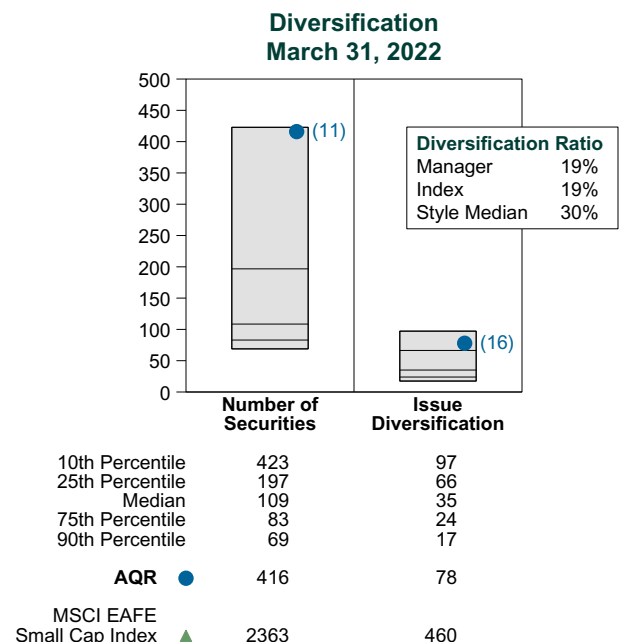
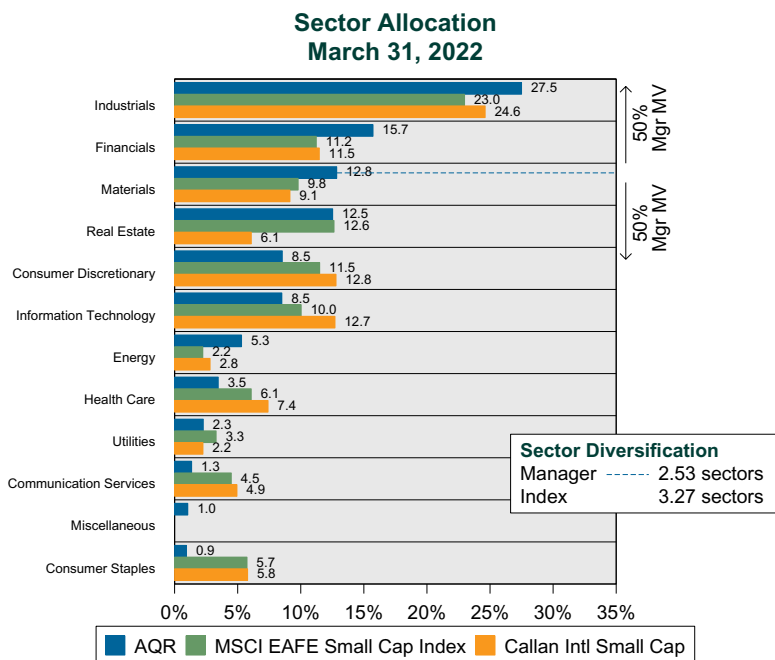
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of March 31, 2022



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.



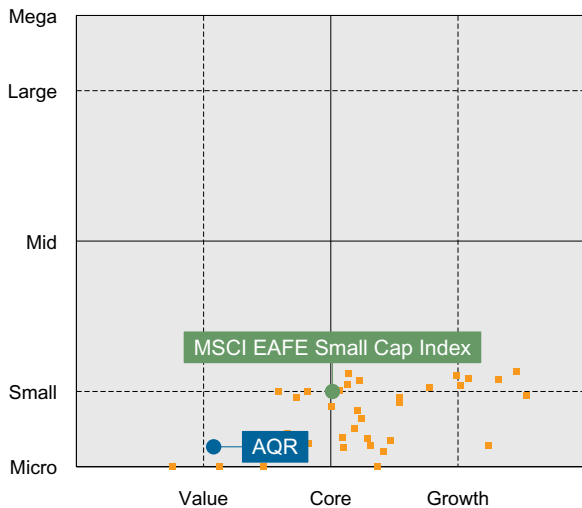
Current Holdings Based Style Analysis

AQR

As of March 31, 2022

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.

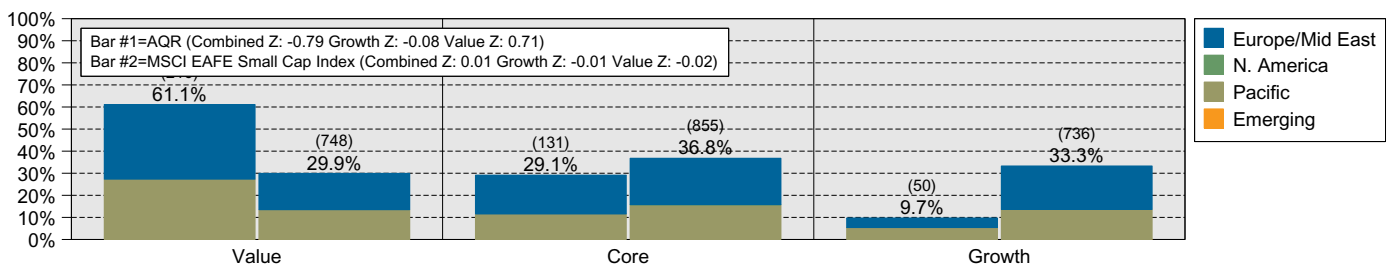
Style Map vs Callan Intl Small Cap Holdings as of March 31, 2022



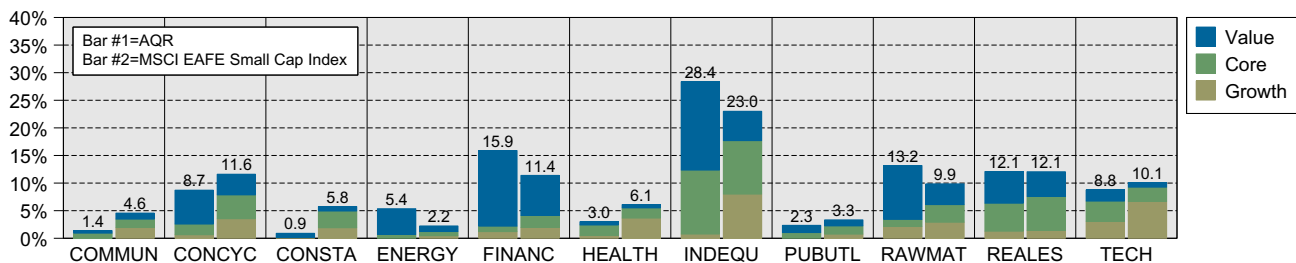
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	33.8% (100)	17.6% (63)	4.3% (21)	55.7% (184)
	16.4% (352)	21.0% (417)	19.6% (357)	57.1% (1126)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.1% (6)	0.0% (0)	0.1% (6)
Pacific	27.3% (116)	11.6% (68)	5.4% (29)	44.3% (213)
	13.5% (395)	15.7% (431)	13.6% (378)	42.8% (1204)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.0% (1)	0.0% (1)	0.0% (3)
Total	61.1% (216)	29.1% (131)	9.7% (50)	100.0% (397)
	29.9% (748)	36.8% (855)	33.3% (736)	100.0% (2339)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



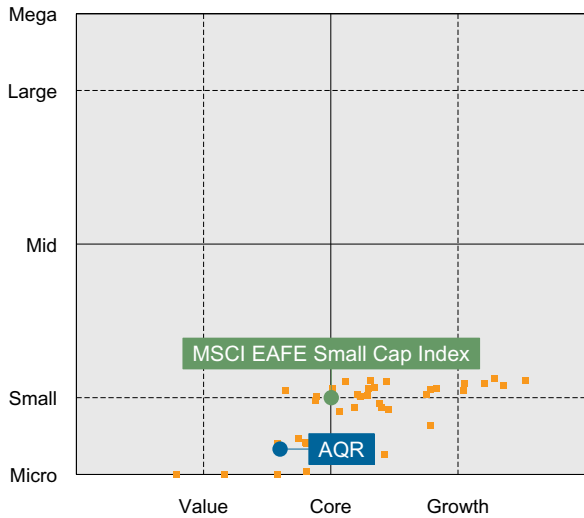
Historical Holdings Based Style Analysis

AQR

For Five Years Ended March 31, 2022

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.

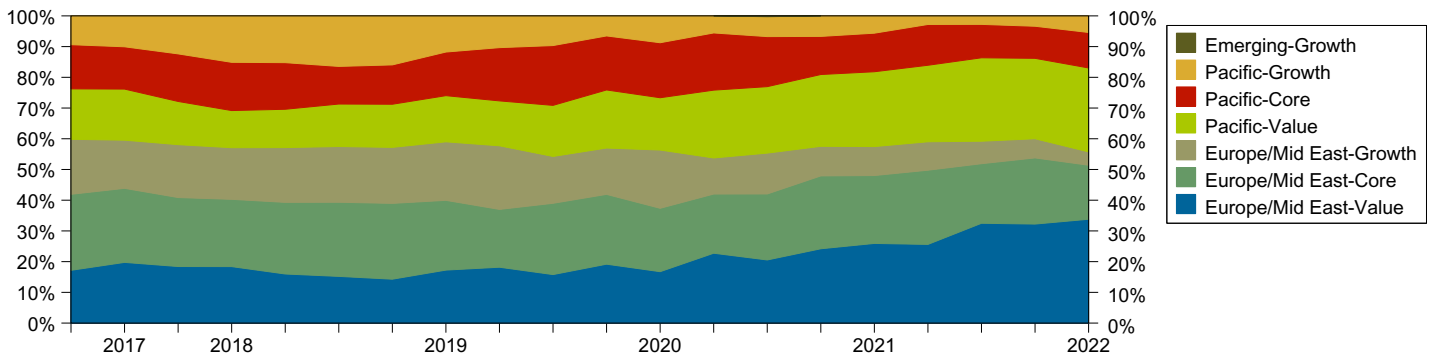
Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended March 31, 2022



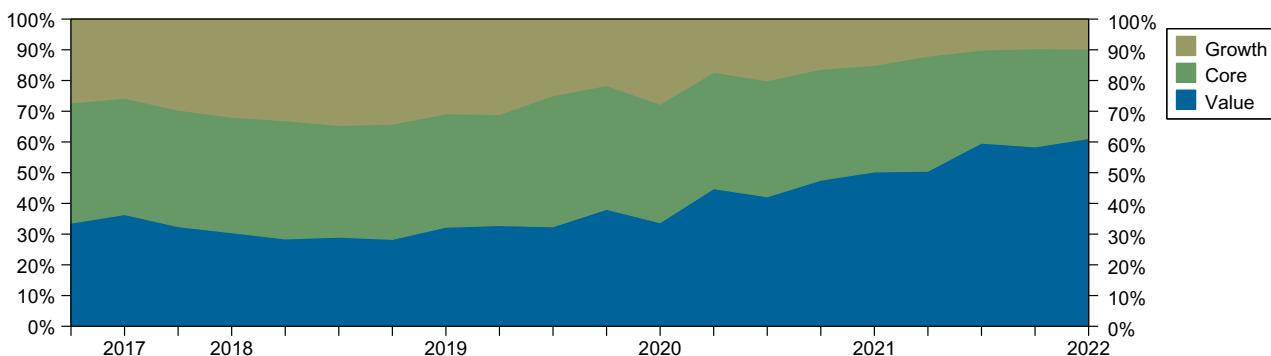
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	Value	Core	Growth	Total
Europe/Mid East	21.2% (97) 14.4% (316)	22.1% (101) 22.0% (399)	14.1% (58) 20.7% (329)	57.4% (256) 57.1% (1044)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (1)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (1)
Pacific	18.9% (132) 12.8% (433)	14.6% (96) 15.1% (433)	9.0% (56) 15.0% (402)	42.6% (284) 42.9% (1268)
Emerging	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)
Total	40.1% (229) 27.2% (749)	36.7% (197) 37.1% (833)	23.1% (114) 35.7% (731)	100.0% (540) 100.0% (2313)

AQR Historical Region/Style Exposures



AQR Historical Style Only Exposures



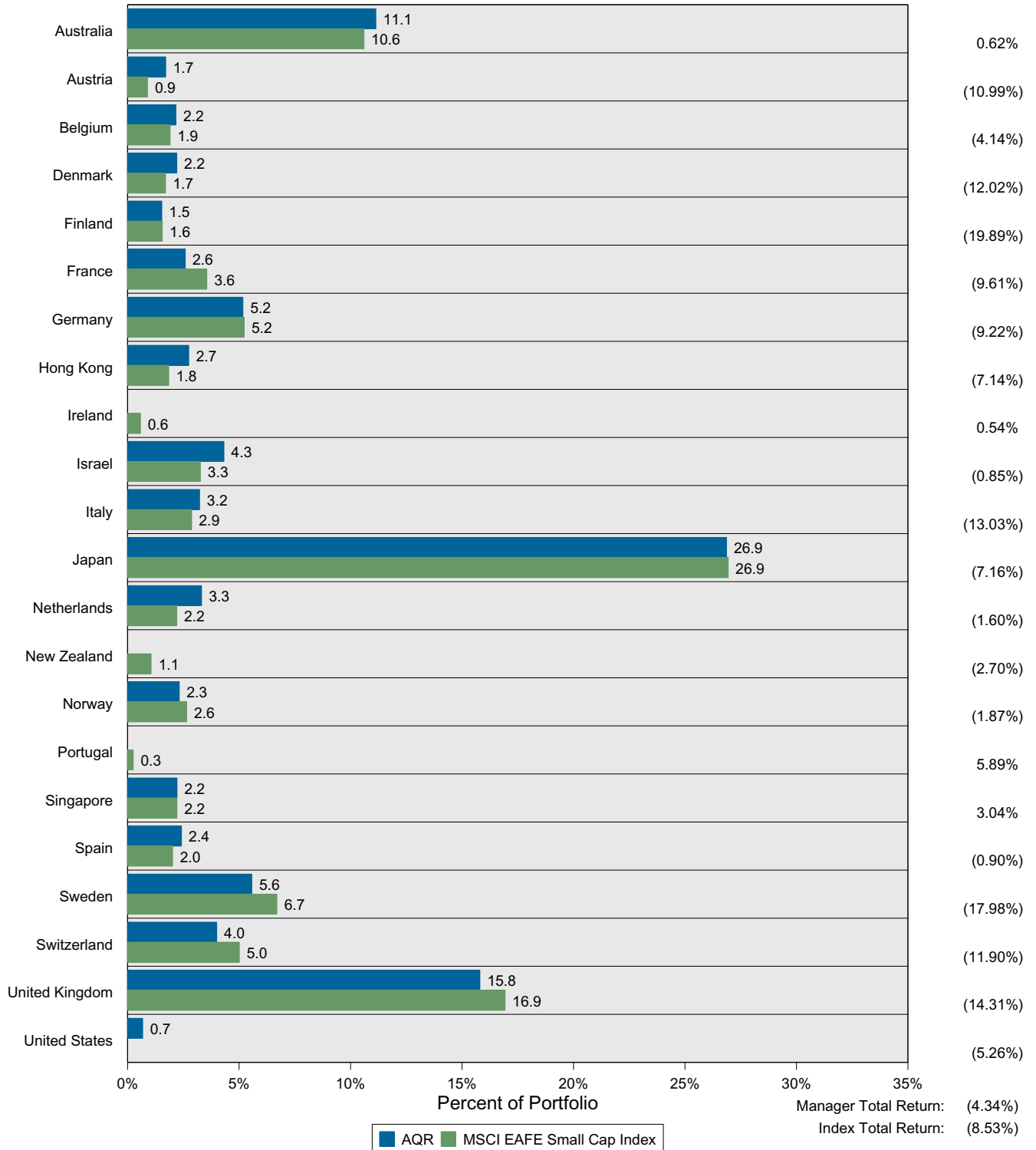
Country Allocation AQR VS MSCI EAFE Small Cap Index

Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2022. 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 March 31, 2022

Index Rtns



AQR Top 10 Portfolio Holdings Characteristics as of March 31, 2022

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
Unipol Gruppo Finanziario Sp Shs	Financials	\$253,210	1.3%	1.94%	3.98	6.02	11.65%	(8.60)%
Ssab Svenskt Stal B	Materials	\$235,656	1.2%	34.41%	4.91	5.58	8.32%	-
Kandenko Co	Industrials	\$227,972	1.2%	(6.15)%	1.41	7.66	3.36%	15.20%
Inaba Denkisangyo Co	Industrials	\$200,740	1.0%	(11.08)%	1.15	14.55	4.03%	13.98%
Draegerwerk Ag & Co Kгаа Pref Shs No	Health Care	\$190,558	1.0%	(7.97)%	0.49	15.30	0.37%	(20.37)%
Logista Hold	Industrials	\$187,478	1.0%	(3.71)%	2.45	9.90	7.47%	1.82%
Nippon Steel Trading	Industrials	\$180,256	0.9%	3.40%	1.41	6.01	5.08%	15.29%
Morgan Sindall Plc Shs	Industrials	\$178,879	0.9%	(6.84)%	1.47	10.94	3.81%	23.39%
Seventy Seven 77 Bank Ltd Shs	Financials	\$167,533	0.9%	11.93%	0.98	5.09	3.39%	(23.87)%
Cosmo Oil Co	Energy	\$166,697	0.8%	15.22%	1.84	4.55	3.04%	(36.33)%

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
Rheinmetall Ag Ord	Industrials	\$36,186	0.2%	126.32%	9.30	16.43	1.04%	39.20%
Eramet	Materials	\$55,882	0.3%	103.43%	4.79	5.36	0.00%	(50.76)%
Delek Group Ltd Israel Shs	Energy	\$102,026	0.5%	77.97%	2.67	11.09	0.00%	24.35%
K Plus S Ag Namen -Akt	Materials	\$90,773	0.5%	76.37%	5.84	8.33	0.73%	25.70%
Hunting Plc Ord	Energy	\$28,261	0.1%	72.64%	0.65	46.59	2.30%	(6.98)%
Whitehaven Coal Ltd Brisbane Shs	Energy	\$110,104	0.6%	64.65%	3.22	4.59	1.93%	246.46%
Avonlea Minerals	Materials	\$16,864	0.1%	64.59%	3.19	(154.57)	0.00%	-
Coronado Global Resources Cdi	Materials	\$75,395	0.4%	62.11%	2.52	4.03	6.10%	-
New Hope Corporation Ltd Shs	Energy	\$37,951	0.2%	59.33%	2.13	3.90	7.06%	64.05%
Dampskibsselskabet Norden A/ Shs	Industrials	\$88,291	0.4%	49.81%	1.39	8.37	7.61%	(12.85)%

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
Cettire	Consumer Discretionary	\$5,570	0.0%	(66.92)%	0.33	(38.91)	0.00%	-
Rib-Loc Group	Consumer Discretionary	\$5,992	0.0%	(51.04)%	0.32	(48.50)	0.00%	17.35%
Vaccibody As	Health Care	\$12,893	0.1%	(45.33)%	1.45	(50.00)	0.00%	-
Capita Plc Shs	Information Technology	\$10,010	0.1%	(44.26)%	0.46	3.78	0.00%	60.90%
Ferrexpo Plc London Shs	Materials	\$69,577	0.4%	(38.47)%	1.45	2.99	18.53%	11.69%
Ferrotec Corp Shs	Information Technology	\$75,915	0.4%	(37.86)%	1.01	7.69	1.02%	23.40%
Royal Mail Plc	Industrials	\$137,147	0.7%	(36.80)%	4.14	5.83	5.08%	0.43%
Appen	Information Technology	\$26,921	0.1%	(35.72)%	0.64	17.68	1.75%	(34.00)%
Siltronic	Information Technology	\$56,667	0.3%	(35.41)%	3.12	8.76	3.21%	9.22%
Atos Sa Ex Amime Sa Puteax Shs	Information Technology	\$12,253	0.1%	(35.18)%	3.05	8.95	3.63%	(12.60)%

DFA Emerging Markets Period Ended March 31, 2022

Investment Philosophy

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

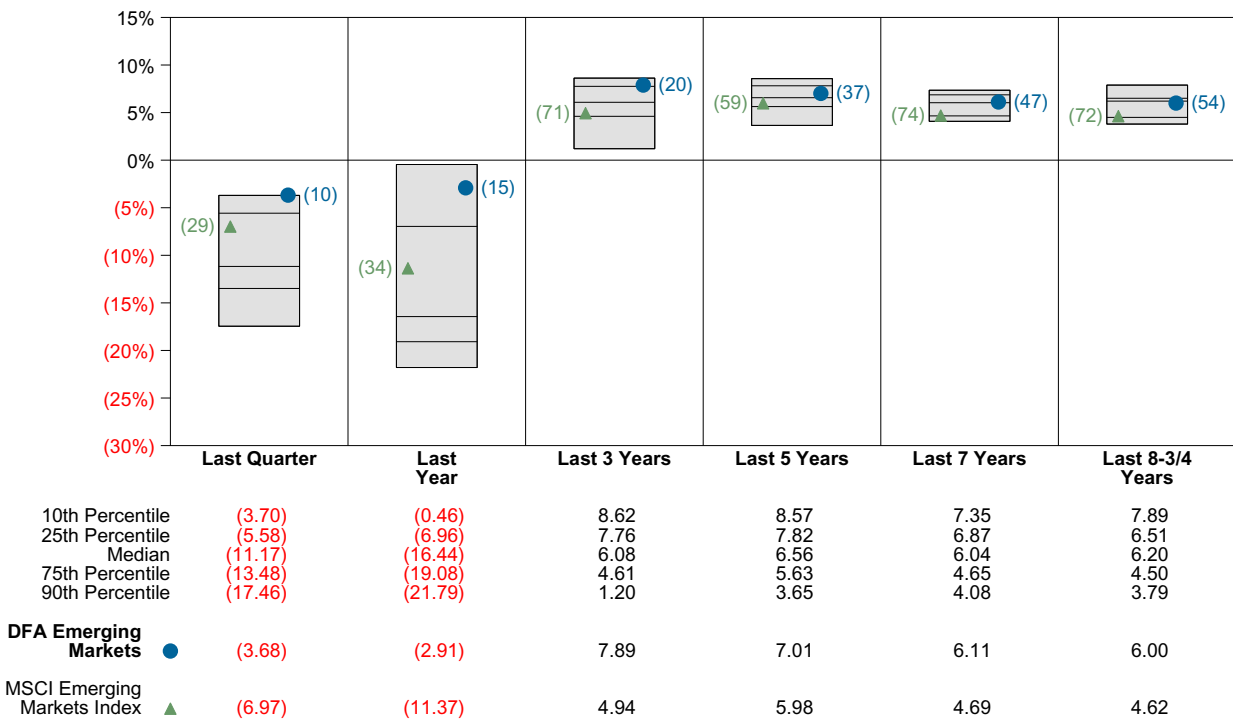
Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a (3.68)% return for the quarter placing it in the 10 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 15 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 3.30% for the quarter and outperformed the MSCI Emerging Markets Index for the year by 8.46%.

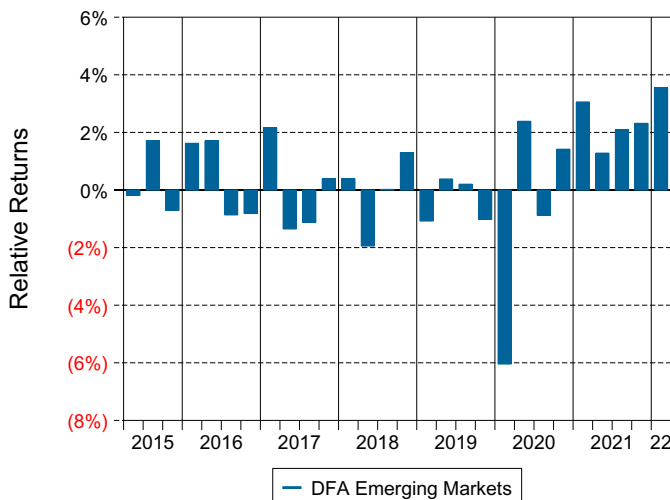
Quarterly Asset Growth

Beginning Market Value	\$24,505,904
Net New Investment	\$0
Investment Gains/(Losses)	\$-924,236
Ending Market Value	\$23,581,667

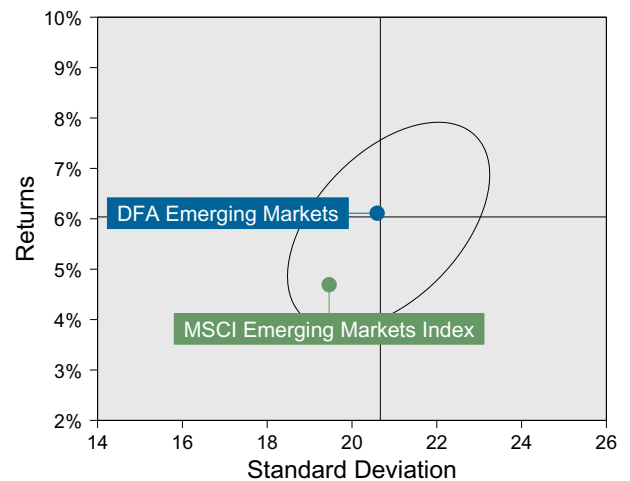
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Relative Returns vs MSCI Emerging Markets Index



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

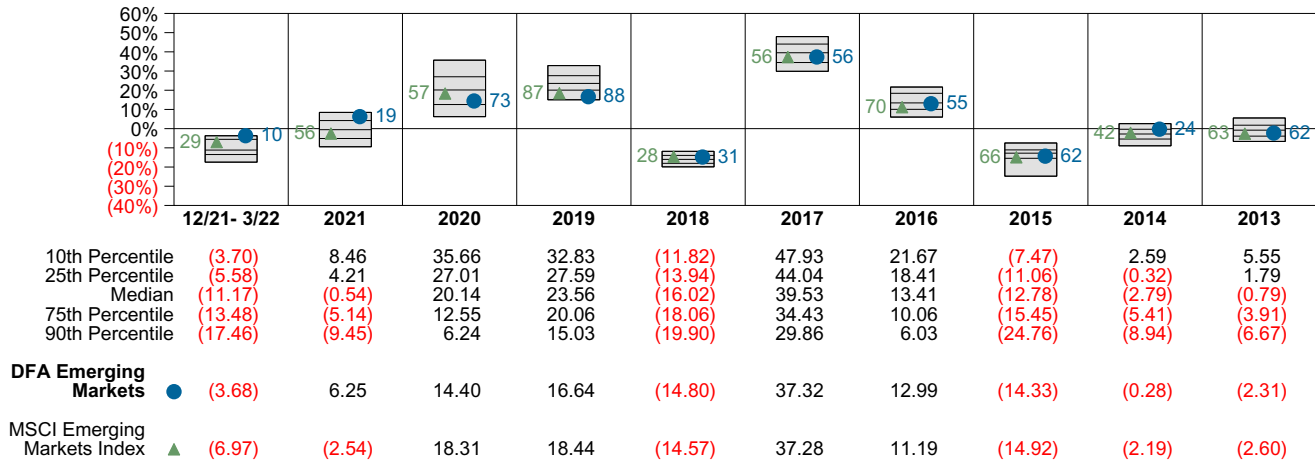


DFA Emerging Markets Return Analysis Summary

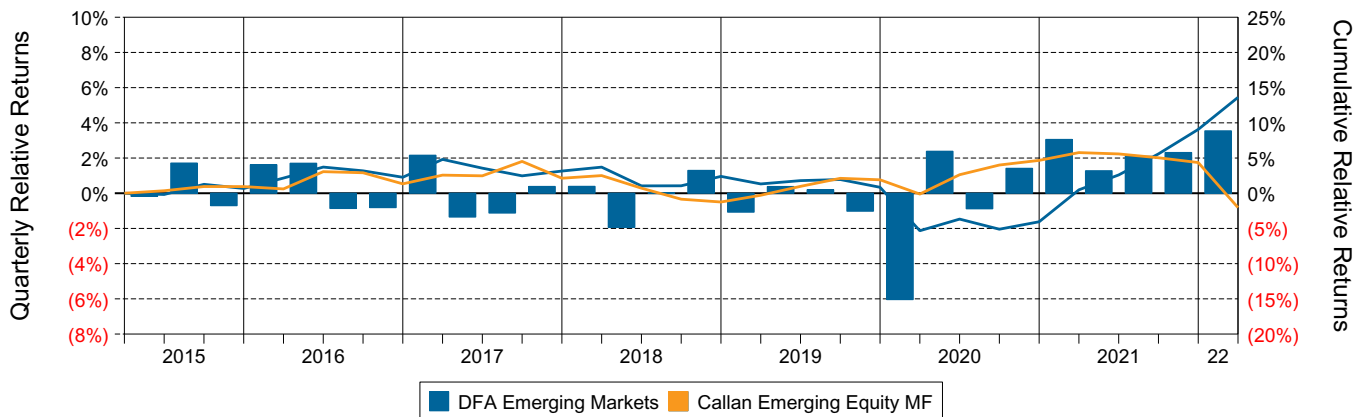
Return Analysis

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.

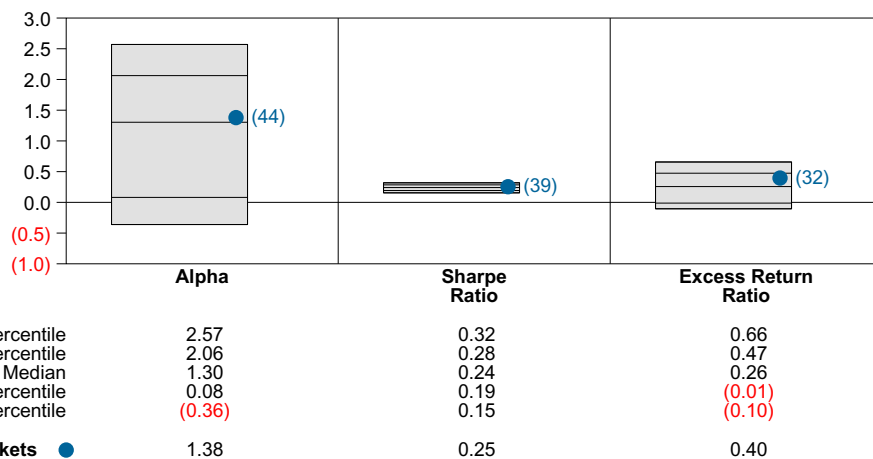
Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



Cumulative and Quarterly Relative Returns 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 March 31, 2022

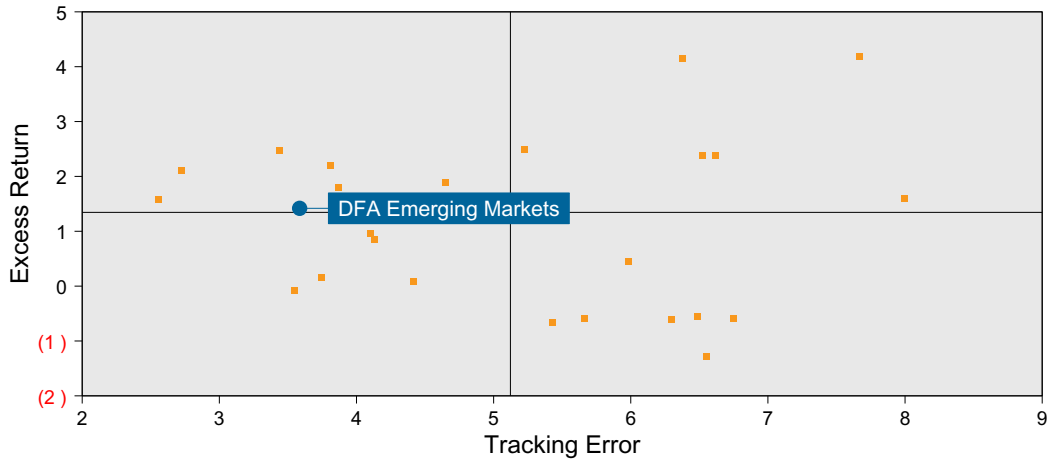


DFA Emerging Markets Risk Analysis Summary

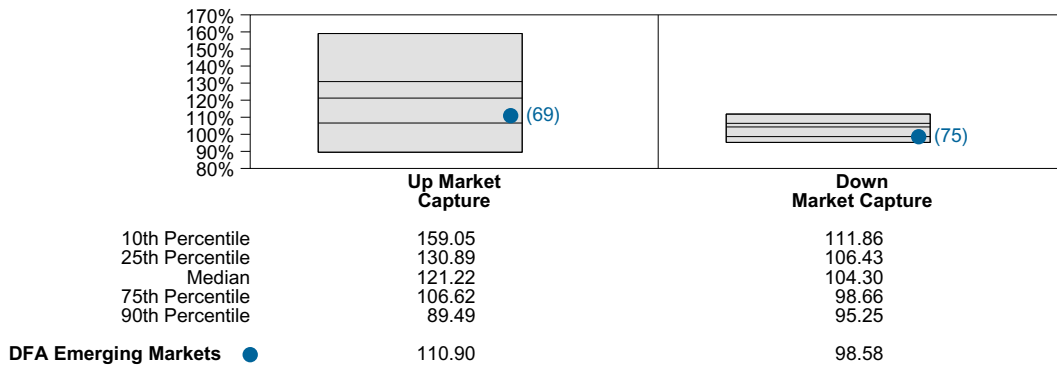
Risk Analysis

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.

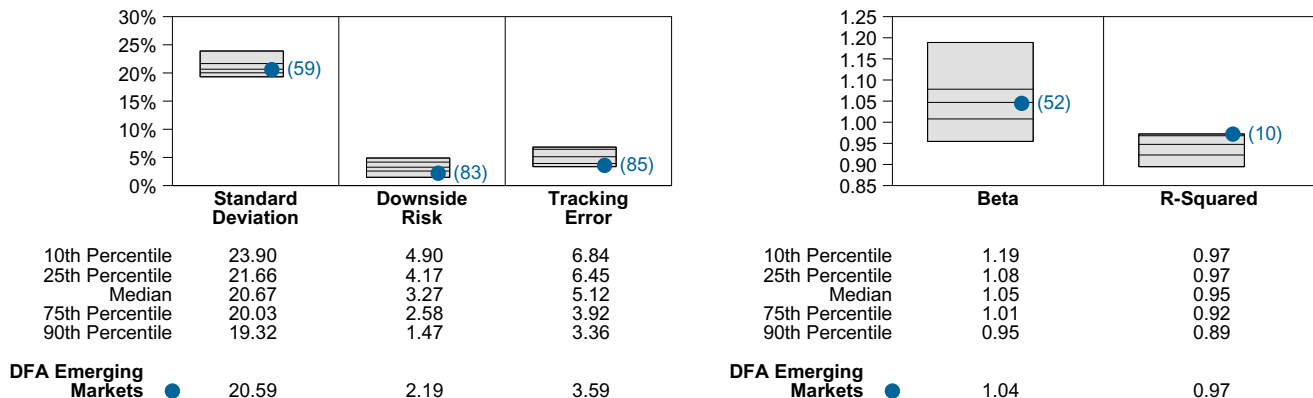
Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2022



Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2022



Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2022

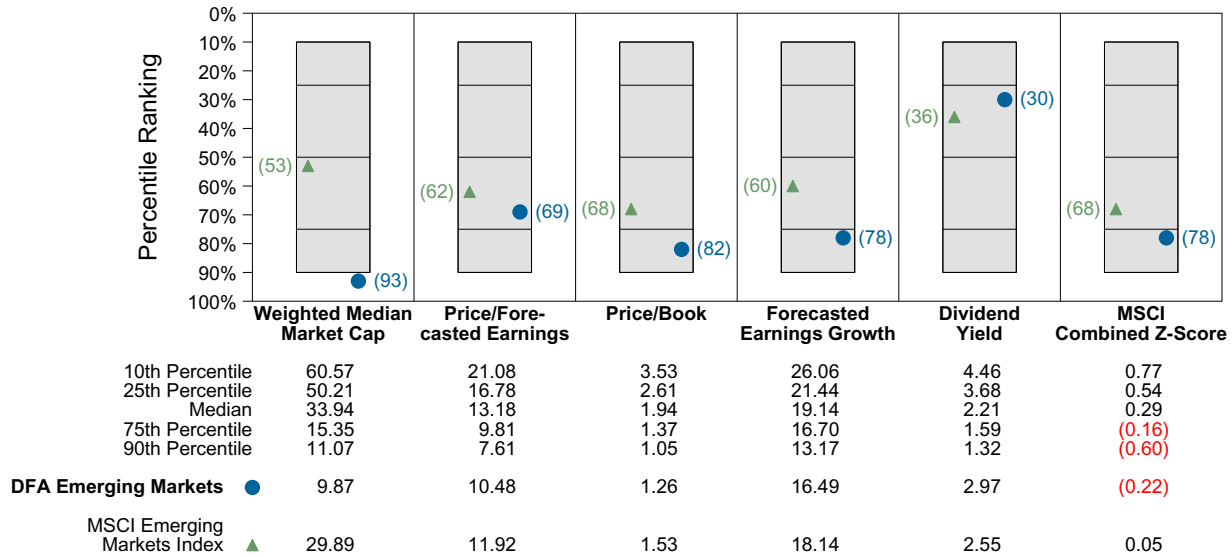


DFA Emerging Markets Equity Characteristics Analysis Summary

Portfolio Characteristics

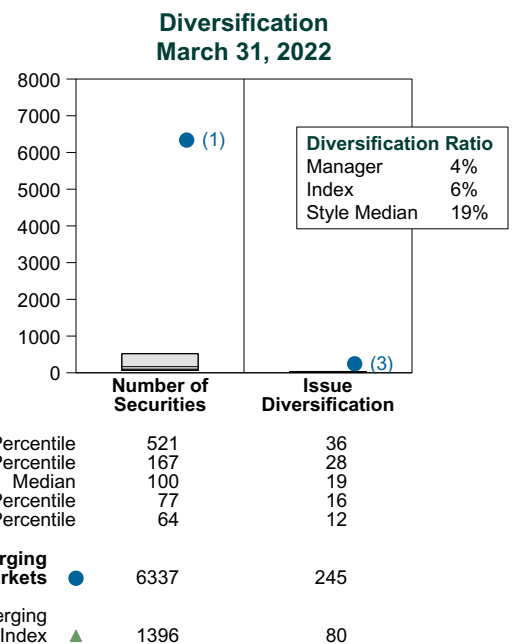
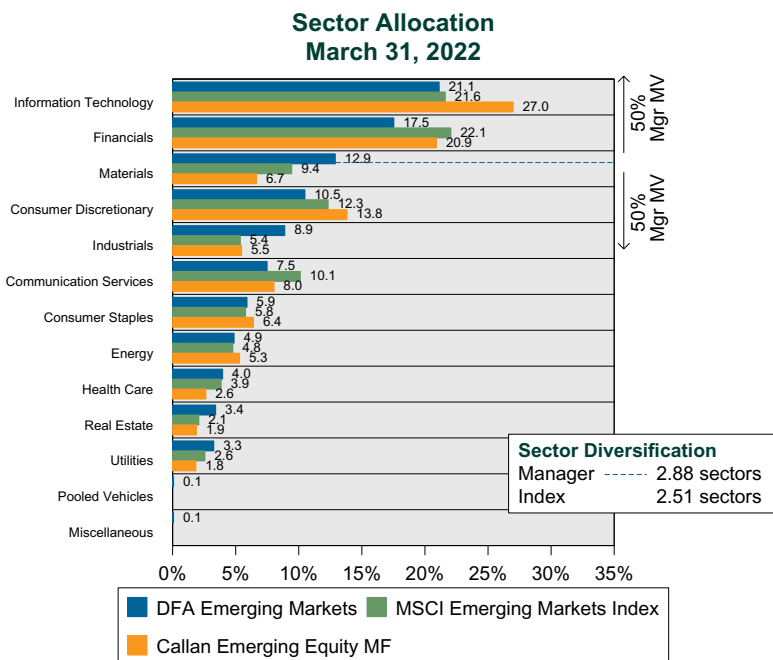
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of March 31, 2022



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.



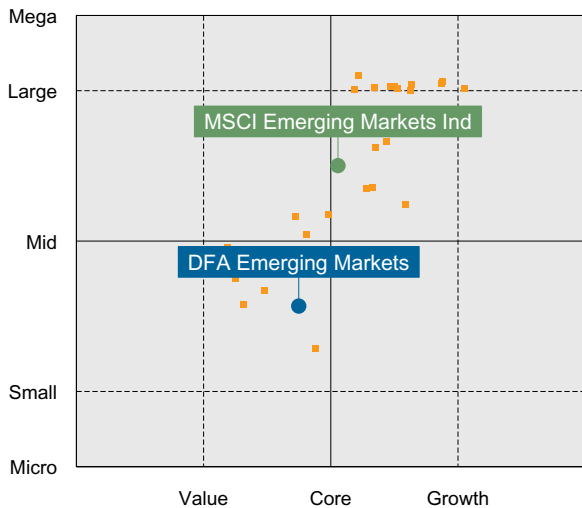
Current Holdings Based Style Analysis

DFA Emerging Markets

As of March 31, 2022

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

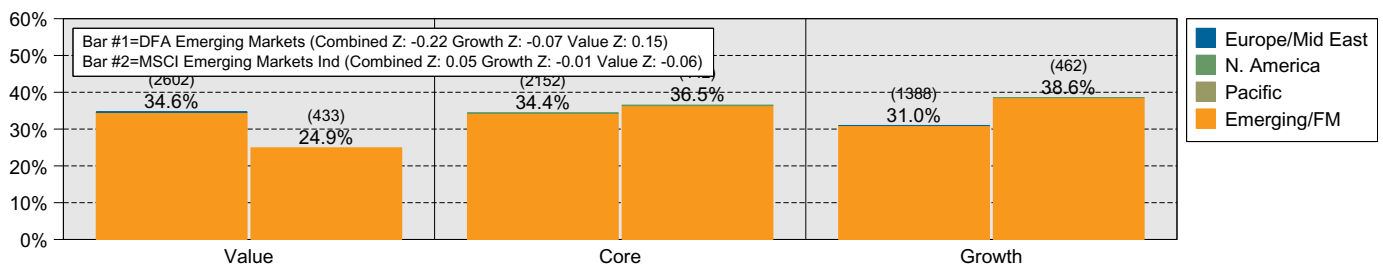
Style Map vs Callan Emerging Equity MF Holdings as of March 31, 2022



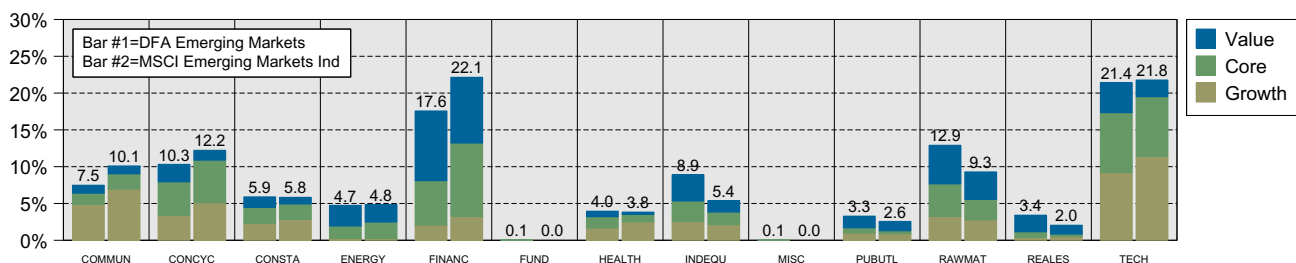
Style Exposure Matrix Holdings as of March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (2) 0.0% (0)
N. America	0.0% (2) 0.0% (0)	0.1% (9) 0.1% (1)	0.0% (2) 0.0% (1)	0.1% (13) 0.1% (2)
Pacific	0.0% (19) 0.0% (0)	0.1% (36) 0.0% (2)	0.0% (15) 0.0% (1)	0.1% (70) 0.0% (3)
Emerging/ FM	34.6% (2580) 24.9% (433)	34.3% (2107) 36.4% (439)	30.9% (1370) 38.5% (460)	99.7% (6057) 99.8% (1332)
Total	34.6% (2602) 24.9% (433)	34.4% (2152) 36.5% (442)	31.0% (1388) 38.6% (462)	100.0% (6142) 100.0% (1337)

Combined Z-Score Style Distribution Holdings as of March 31, 2022



Sector Weights Distribution Holdings as of March 31, 2022



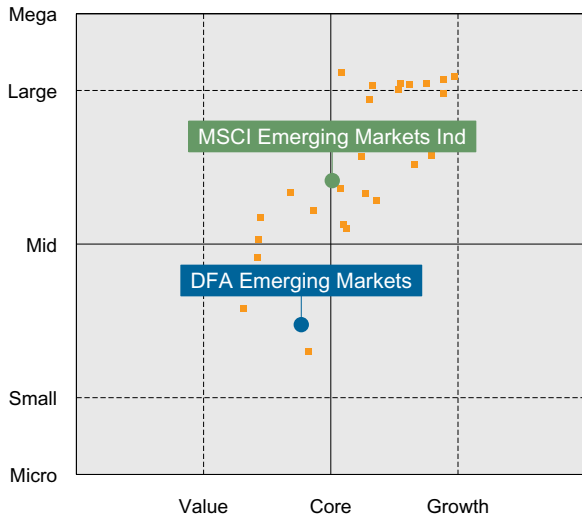
Historical Holdings Based Style Analysis

DFA Emerging Markets

For Five Years Ended March 31, 2022

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.

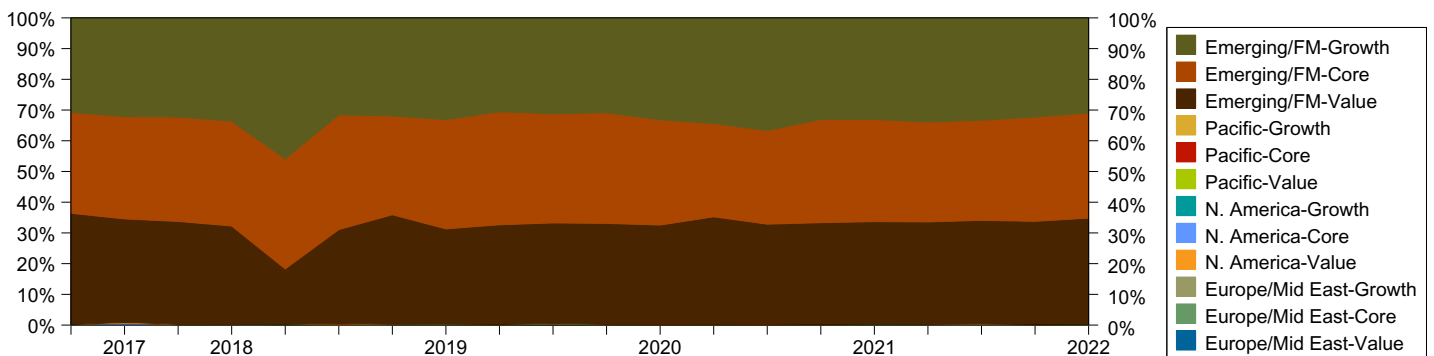
Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended March 31, 2022



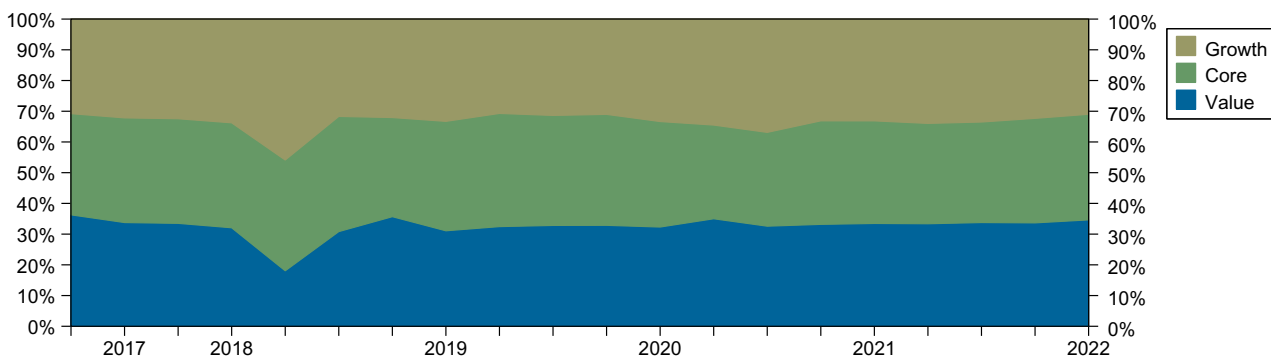
Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2022

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (1) 0.0% (0)
N. America	0.0% (2) 0.0% (0)	0.1% (5) 0.1% (1)	0.0% (0) 0.0% (1)	0.1% (7) 0.1% (2)
Pacific	0.0% (17) 0.0% (0)	0.0% (23) 0.0% (1)	0.1% (14) 0.0% (0)	0.2% (54) 0.0% (1)
Emerging/ FM	32.5% (1890) 28.1% (429)	33.9% (1554) 30.4% (377)	33.2% (1114) 41.4% (375)	99.7% (4558) 99.9% (1181)
Total	32.6% (1909) 28.1% (429)	34.1% (1583) 30.4% (379)	33.3% (1128) 41.4% (376)	100.0% (4620) 100.0% (1184)

DFA Emerging Markets Historical Region/Style Exposures



DFA Emerging Markets Historical Style Only Exposures



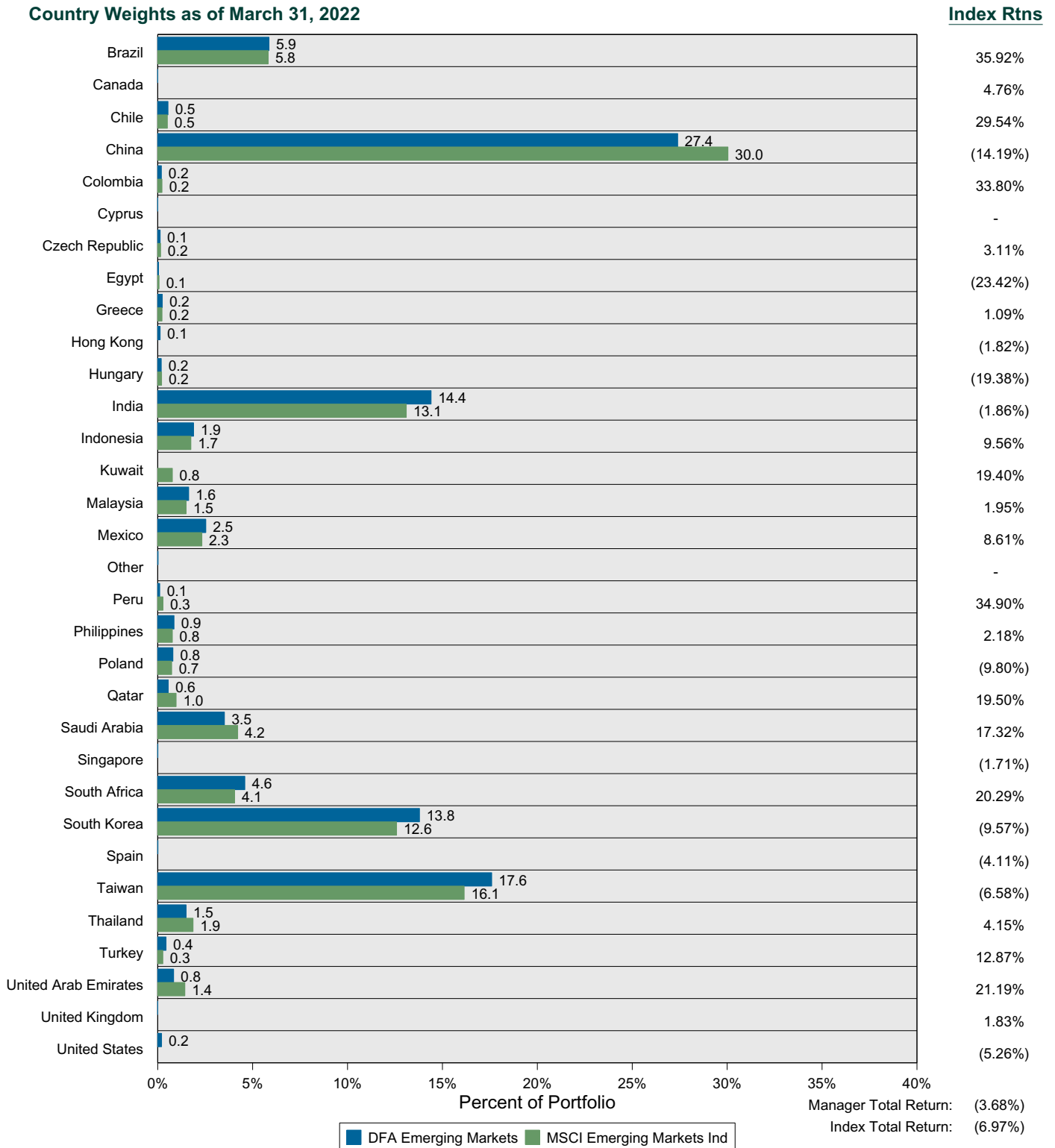
Country Allocation

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 March 31, 2022. 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 March 31, 2022



DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of March 31, 2022

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	\$820,012	3.5%	(12.42)%	342.80	9.57	2.07%	25.70%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$711,902	3.0%	(5.80)%	540.33	18.93	1.84%	20.38%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$623,421	2.6%	(15.46)%	459.30	20.57	0.43%	14.88%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$316,834	1.3%	(15.93)%	540.33	18.93	1.84%	20.38%
Vale Sa Shs	Materials	\$260,138	1.1%	49.41%	100.57	6.70	14.74%	7.90%
China Construction Bank Shs H	Financials	\$243,077	1.0%	9.26%	180.82	3.74	6.57%	4.80%
Alibaba Group Hldg Ltd Sponsored Ads	Consumer Discretionary	\$230,425	1.0%	(8.25)%	295.74	12.27	0.00%	1.86%
Reliance Industries Ltd Shs Demateri	Energy	\$191,852	0.8%	9.14%	235.22	22.89	0.27%	23.11%
Ping An Insurance H	Financials	\$184,322	0.8%	(0.72)%	52.92	5.63	5.26%	16.23%
Infosys Technologies	Information Technology	\$165,397	0.7%	(0.91)%	105.50	30.10	1.57%	13.40%

10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Bhakti Capital Indo.	Financials	\$572	0.0%	348.15%	0.83	-	0.00%	-
Cntic Trading Co A	Industrials	\$2,328	0.0%	208.70%	6.12	63.67	1.01%	(8.85)%
Ogx Petroleo Gas On	Energy	\$49	0.0%	201.96%	0.14	5.49	0.00%	-
Gujarat Mineral Dev.	Energy	\$1,056	0.0%	152.06%	0.80	6.27	0.11%	(0.19)%
Surya Esa Perkasa	Energy	\$1,832	0.0%	127.49%	1.32	-	0.00%	-
Hanshin Machinery	Industrials	\$732	0.0%	124.77%	0.22	73.91	0.55%	(5.54)%
Ugar Sugar Works	Consumer Staples	\$112	0.0%	123.62%	0.10	25.71	0.29%	-
Lopes Brasil On	Real Estate	\$296	0.0%	123.37%	0.13	10.60	0.21%	(68.90)%
D B Realty	Financials	\$70	0.0%	121.47%	0.36	(47.93)	0.00%	-
Bosung Power Tech.	Industrials	\$803	0.0%	121.21%	0.31	3170.00	0.00%	-

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
Aksigorta As Units	Financials	\$239	0.0%	(71.22)%	0.14	9.58	0.00%	16.84%
China Huarong Astmgmt. H	Financials	\$1,999	0.0%	(64.15)%	1.26	47.00	3.31%	(50.36)%
Indiabulls Securities Ltd Shs	Financials	\$835	0.0%	(63.06)%	0.42	(13.90)	4.41%	-
Logan Property Holdings	Real Estate	\$3,071	0.0%	(62.52)%	1.62	0.85	47.98%	7.14%
Kingsoft Cloud Holdings Adr Adr Usd.	Information Technology	\$225	0.0%	(61.40)%	1.47	(8.00)	0.00%	-
Sintex Plastics Technology	Industrials	\$90	0.0%	(61.27)%	0.05	(1.00)	0.00%	-
Tianli Education International Holdi	Consumer Discretionary	\$238	0.0%	(59.61)%	0.21	4.90	8.64%	25.37%
Huisen Household International Group	Consumer Discretionary	\$42	0.0%	(58.77)%	0.32	2.33	0.00%	-
Anterogen	Health Care	\$179	0.0%	(58.44)%	0.20	103.12	0.00%	-
Cgn Meiya Power Holdings	Utilities	\$4,598	0.0%	(57.77)%	1.88	6.97	1.95%	(8.49)%

Metropolitan West Period Ended March 31, 2022

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.

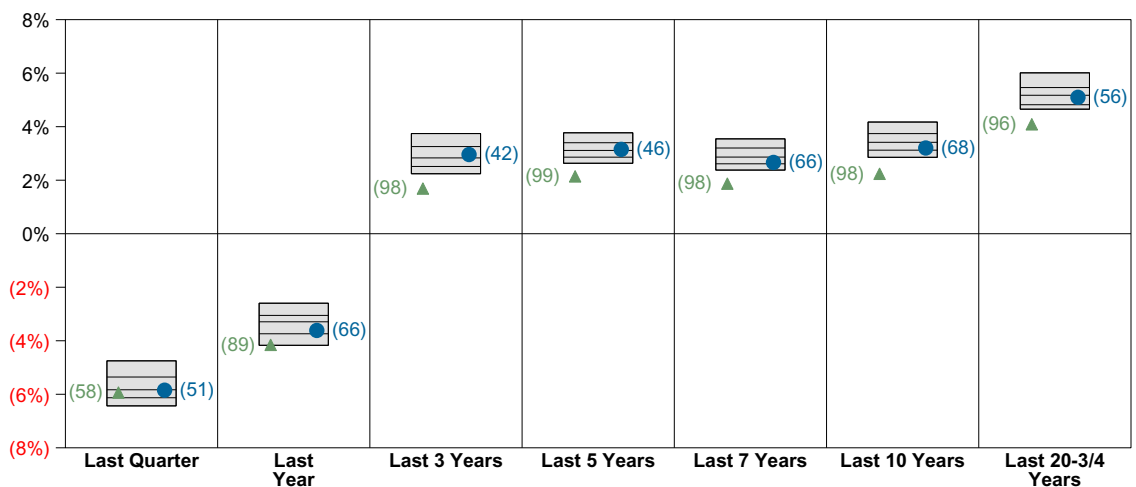
Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a (5.85)% return for the quarter placing it in the 51 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 66 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.09% for the quarter and outperformed the Bloomberg Aggregate Index for the year by 0.54%.

Quarterly Asset Growth

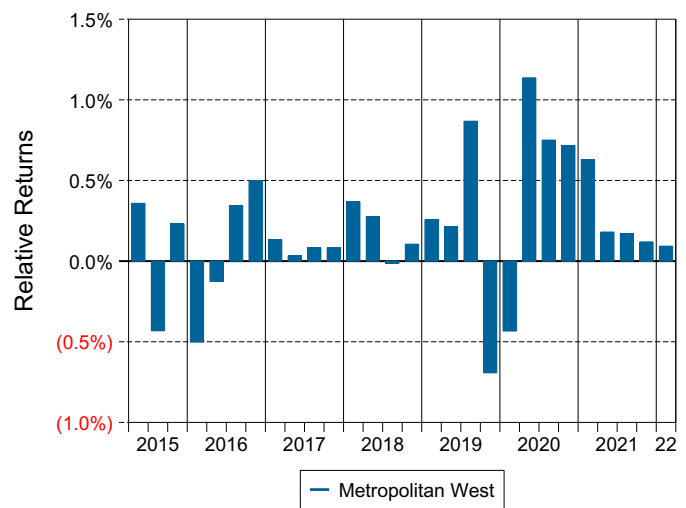
Beginning Market Value	\$94,810,736
Net New Investment	\$0
Investment Gains/(Losses)	\$-5,543,911
Ending Market Value	\$89,266,825

Performance vs Callan Core Plus Fixed Income (Gross)

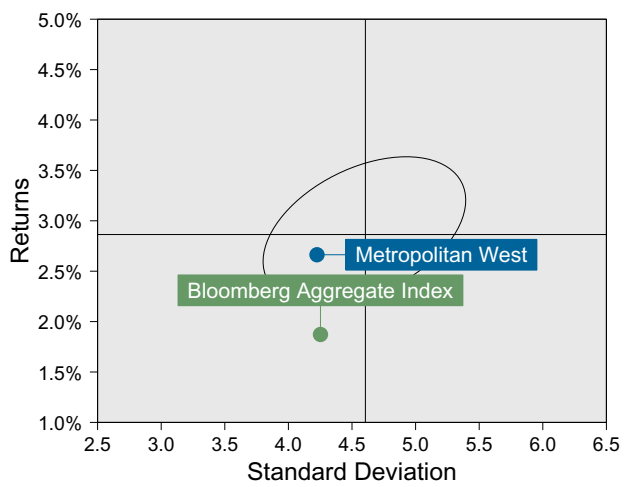


10th Percentile	(4.75)	(2.60)	3.74	3.77	3.55	4.17	6.01
25th Percentile	(5.35)	(3.05)	3.26	3.40	3.20	3.74	5.46
Median	(5.83)	(3.29)	2.83	3.11	2.86	3.42	5.17
75th Percentile	(6.13)	(3.74)	2.51	2.86	2.61	3.12	4.82
90th Percentile	(6.43)	(4.17)	2.24	2.63	2.38	2.85	4.65
Metropolitan West ●	(5.85)	(3.61)	2.96	3.15	2.66	3.20	5.10
Bloomberg Aggregate Index ▲	(5.93)	(4.15)	1.69	2.14	1.87	2.24	4.09

Relative Returns vs Bloomberg Aggregate Index



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

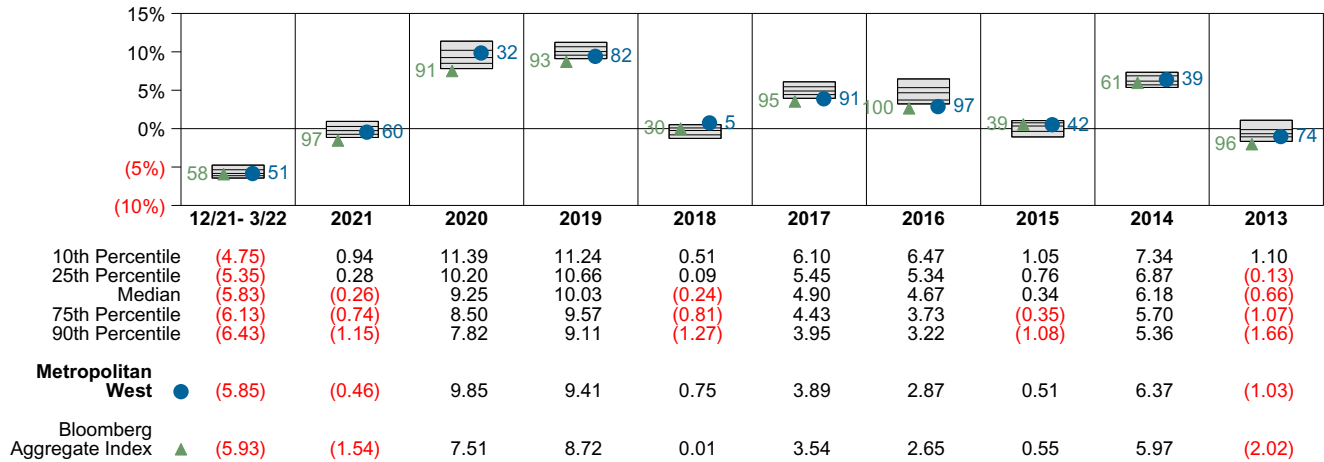


Metropolitan West Return Analysis Summary

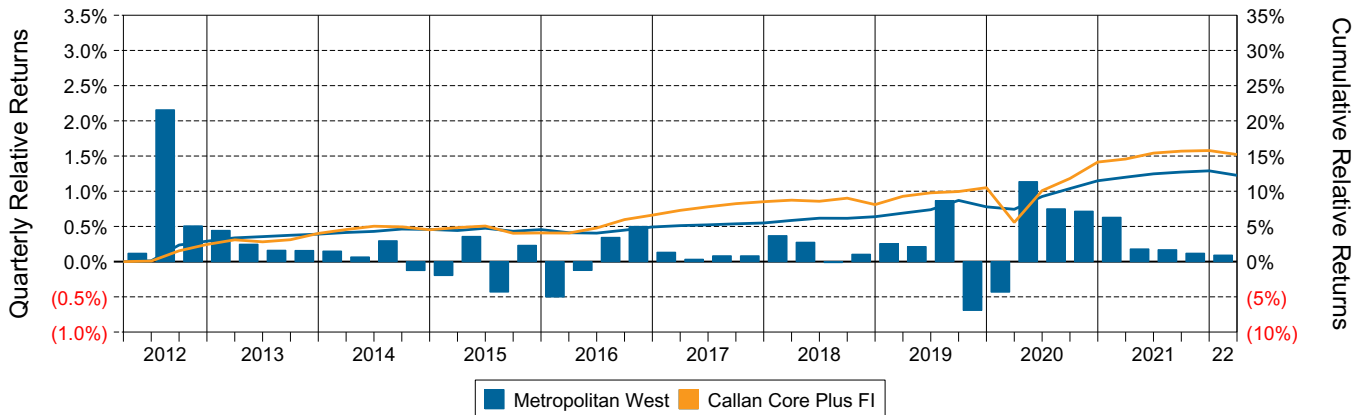
Return Analysis

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.

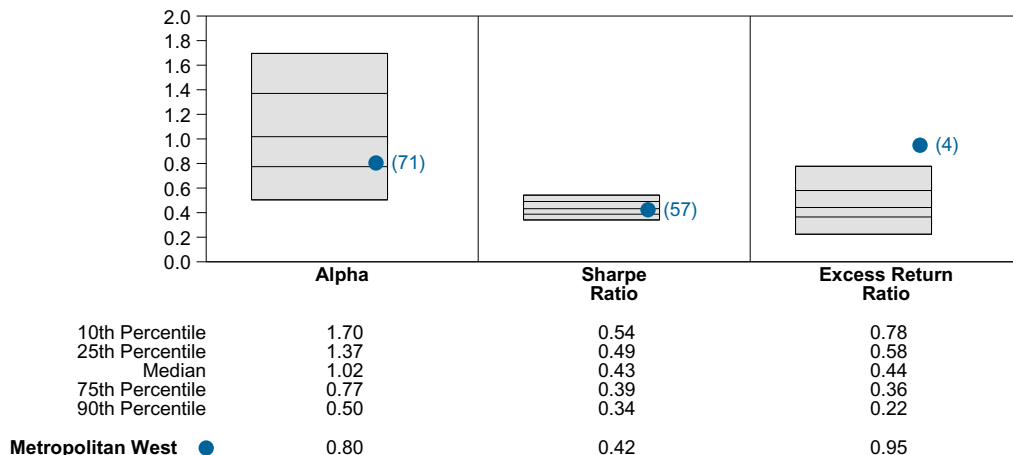
Performance vs Callan Core Plus Fixed Income (Gross)



Cumulative and Quarterly Relative Returns vs Bloomberg Aggregate Index



Risk Adjusted Return Measures vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2022

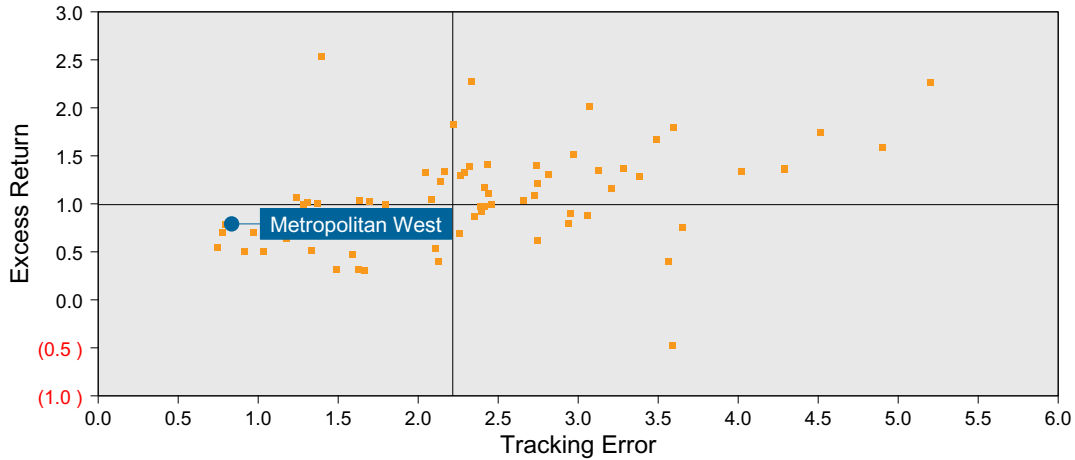


Metropolitan West Risk Analysis Summary

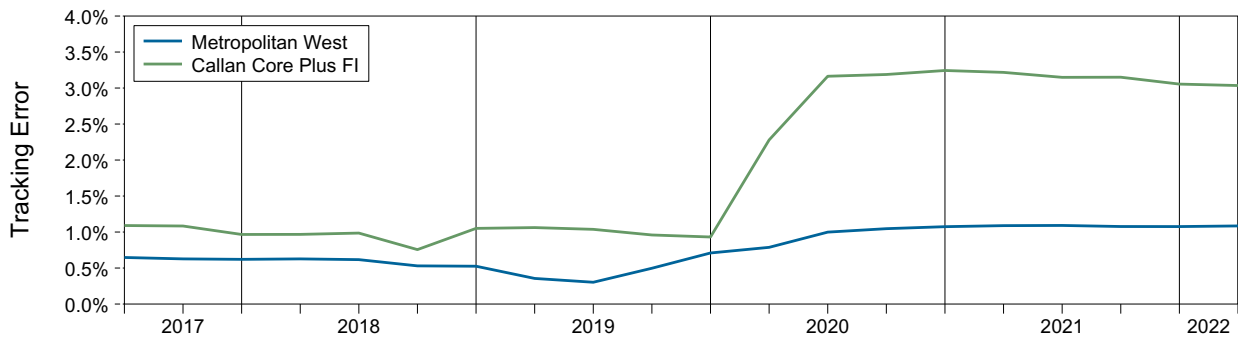
Risk Analysis

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.

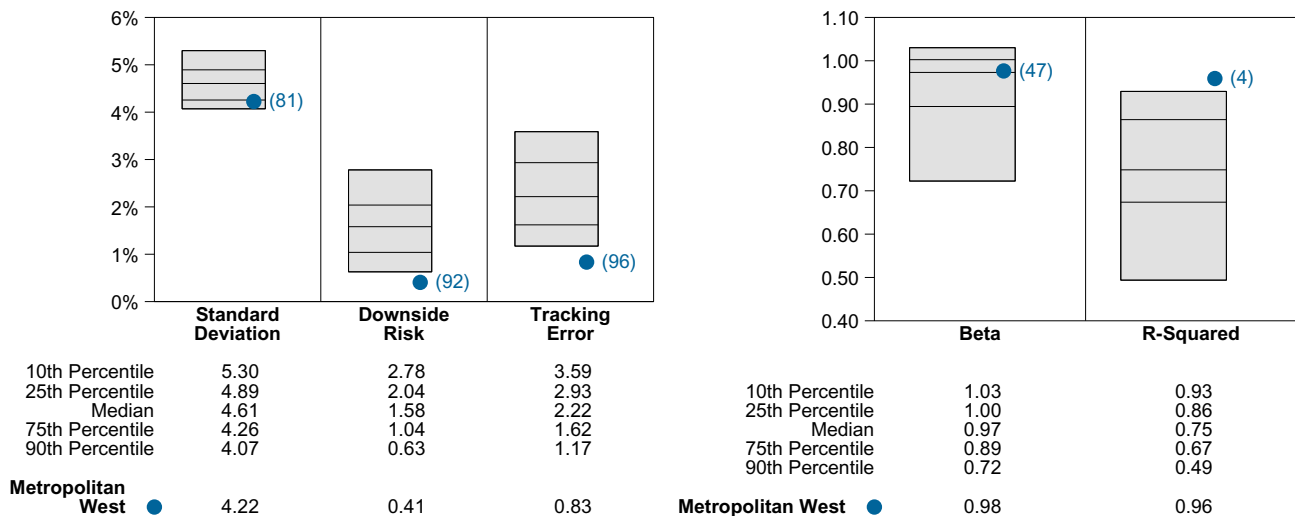
Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2022



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 March 31, 2022

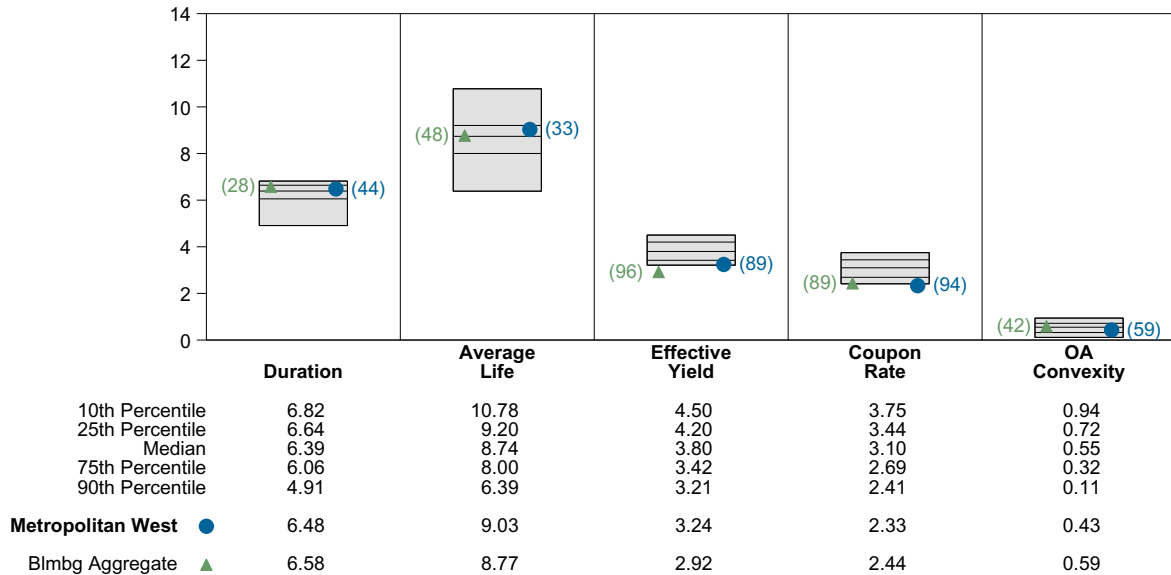


Metropolitan West Bond Characteristics Analysis Summary

Portfolio Characteristics

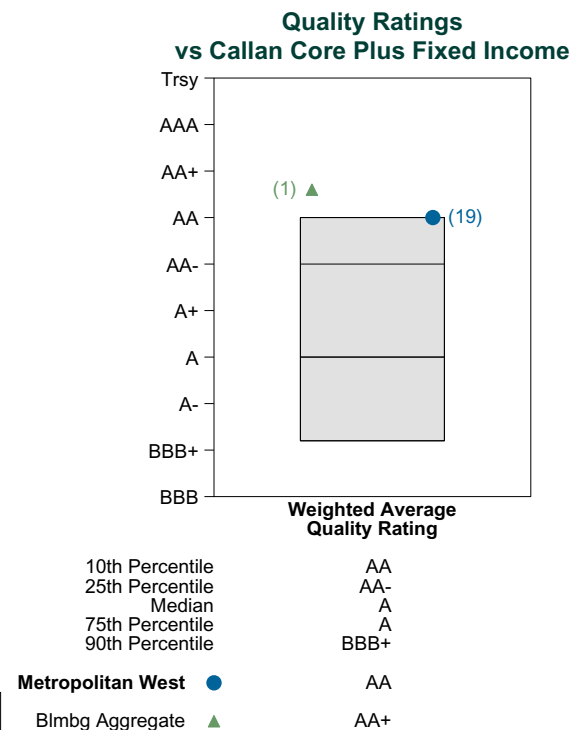
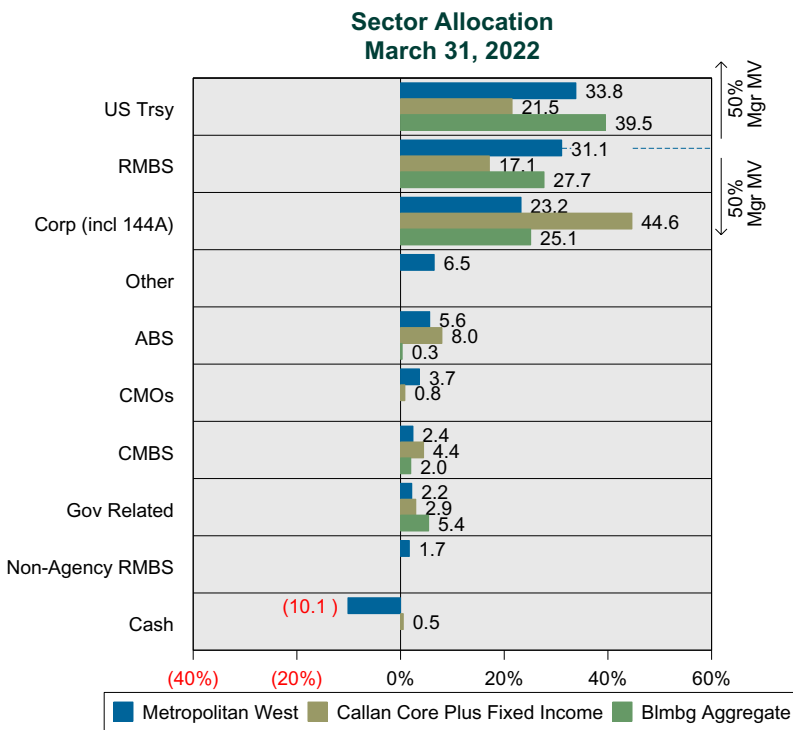
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of March 31, 2022



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.

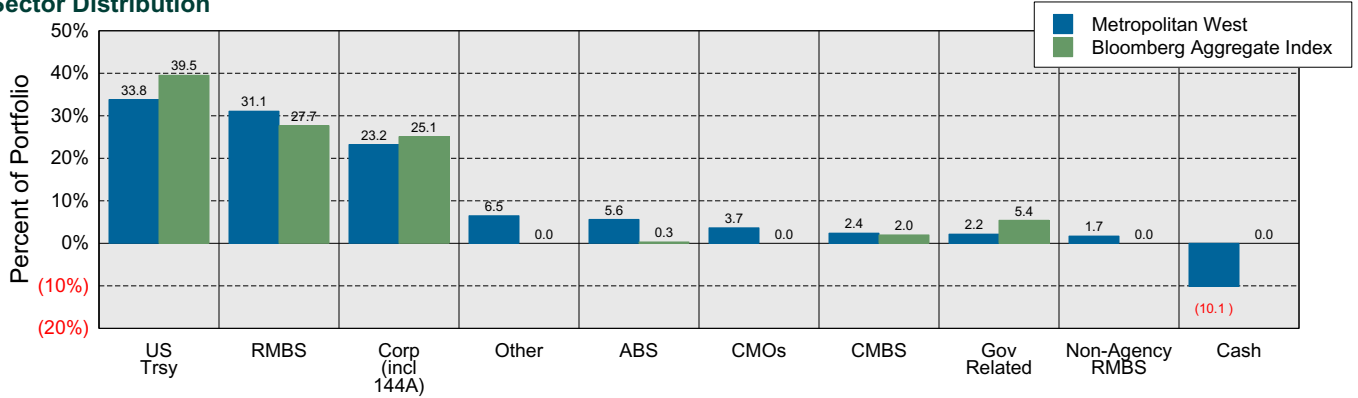


Metropolitan West Portfolio Characteristics Summary As of March 31, 2022

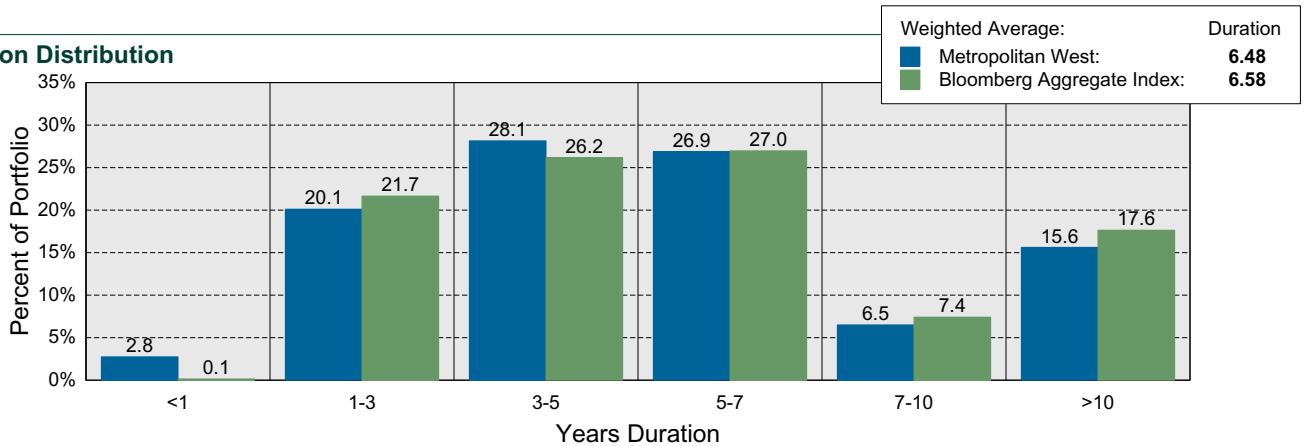
Portfolio Structure Comparison

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.

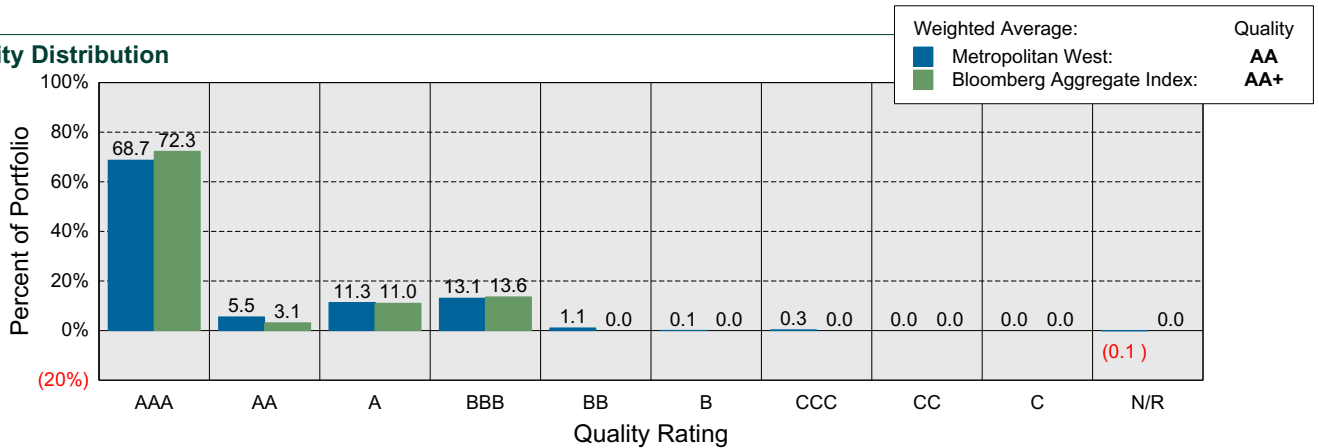
Sector Distribution



Duration Distribution



Quality Distribution



Real Estate Period Ended March 31, 2022

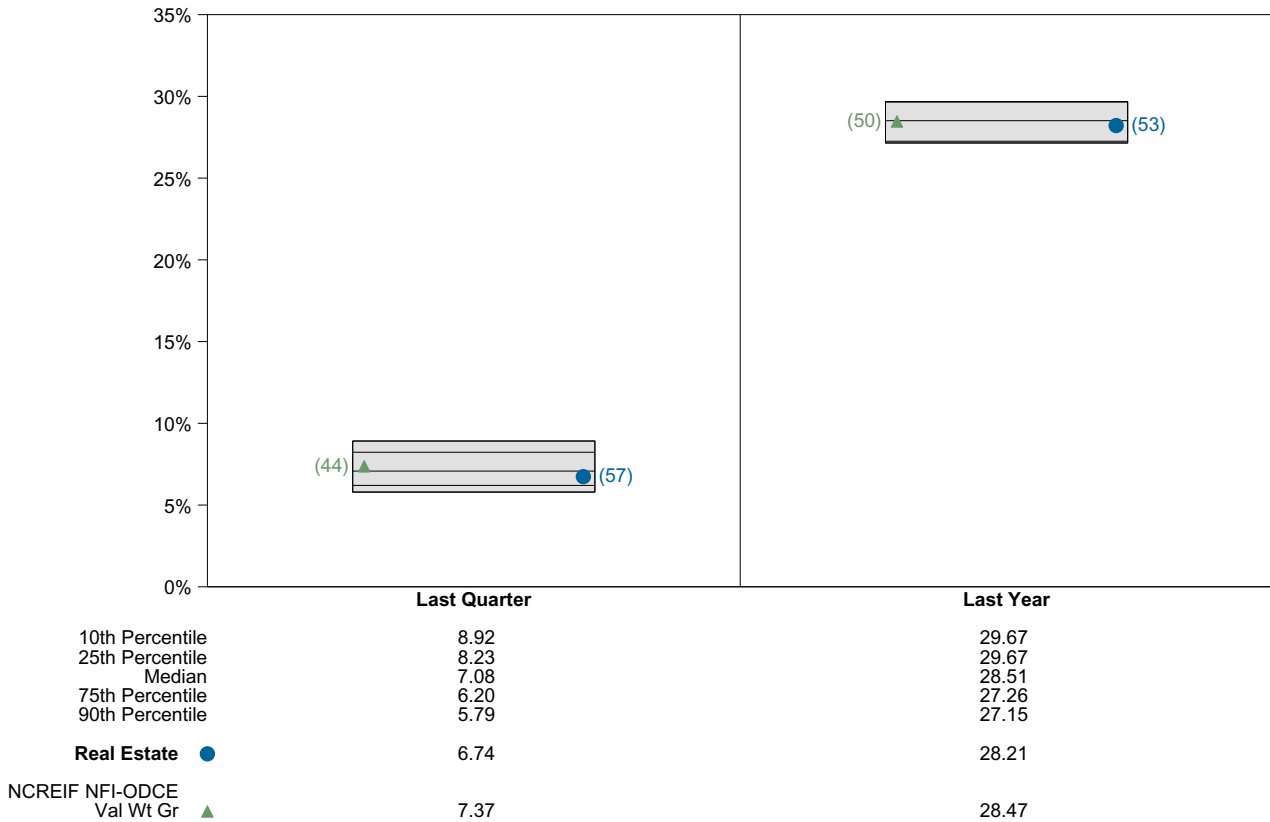
Quarterly Summary and Highlights

- Real Estate's portfolio posted a 6.74% return for the quarter placing it in the 57 percentile of the Callan Real Estate ODCE group for the quarter and in the 53 percentile for the last year.
- Real Estate's portfolio underperformed the NCREIF NFI-ODCE Val Wt Gr by 0.64% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 0.25%.

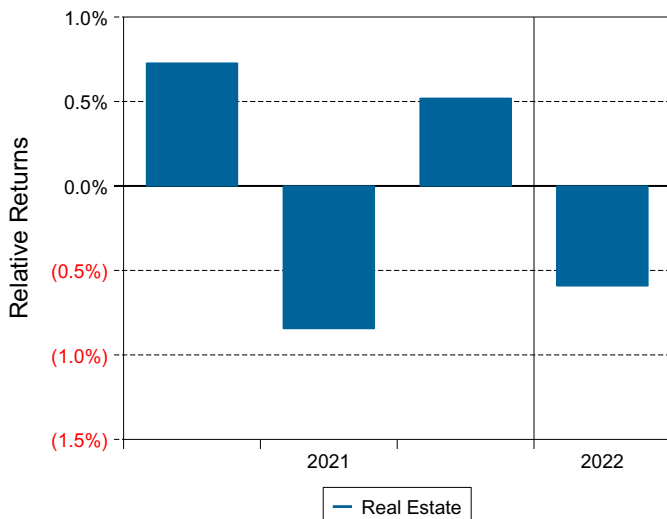
Quarterly Asset Growth

Beginning Market Value	\$34,831,293
Net New Investment	\$0
Investment Gains/(Losses)	\$2,397,696
Ending Market Value	\$37,228,989

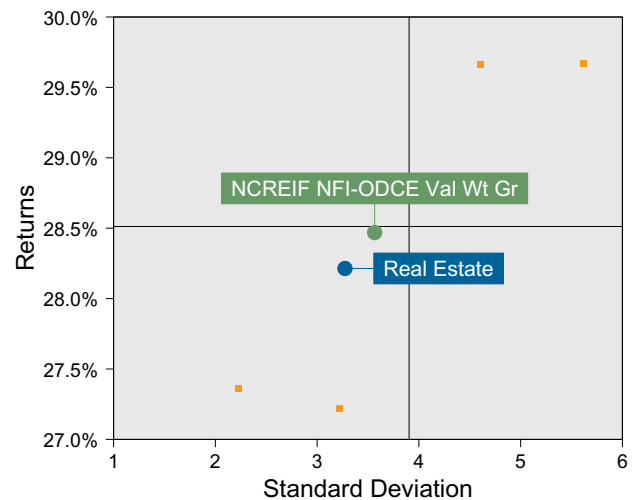
Performance vs Callan Real Estate ODCE (Gross)



Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



Callan Real Estate ODCE (Gross) One Year Risk vs Return

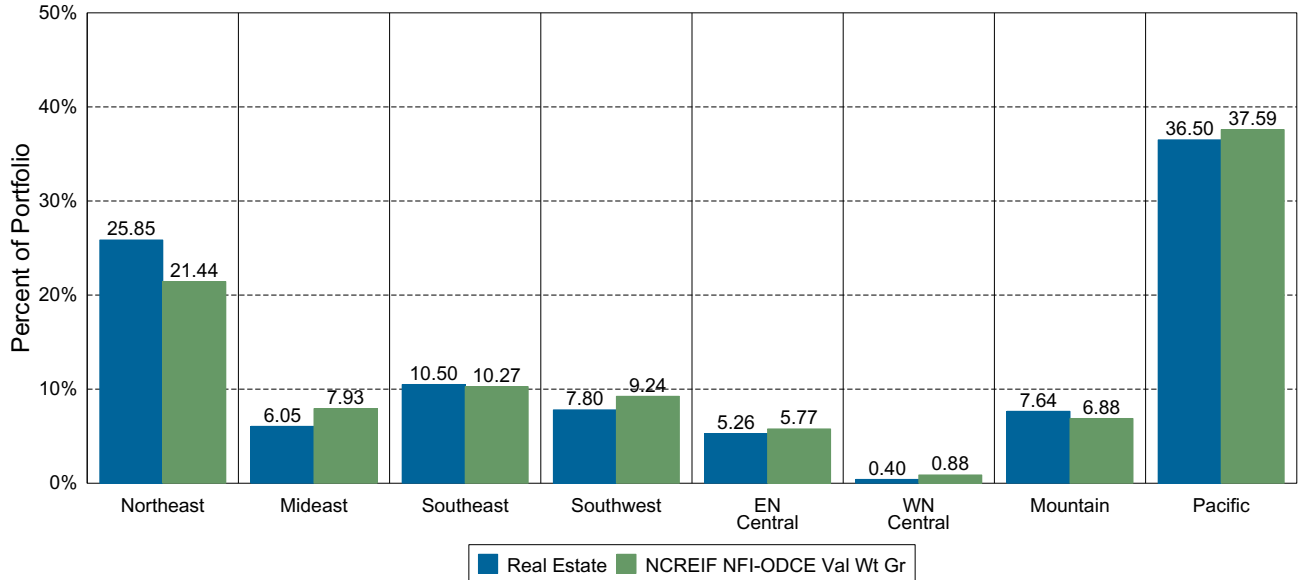


Real Estate Diversification Analysis as of March 31, 2022

Diversification Analysis

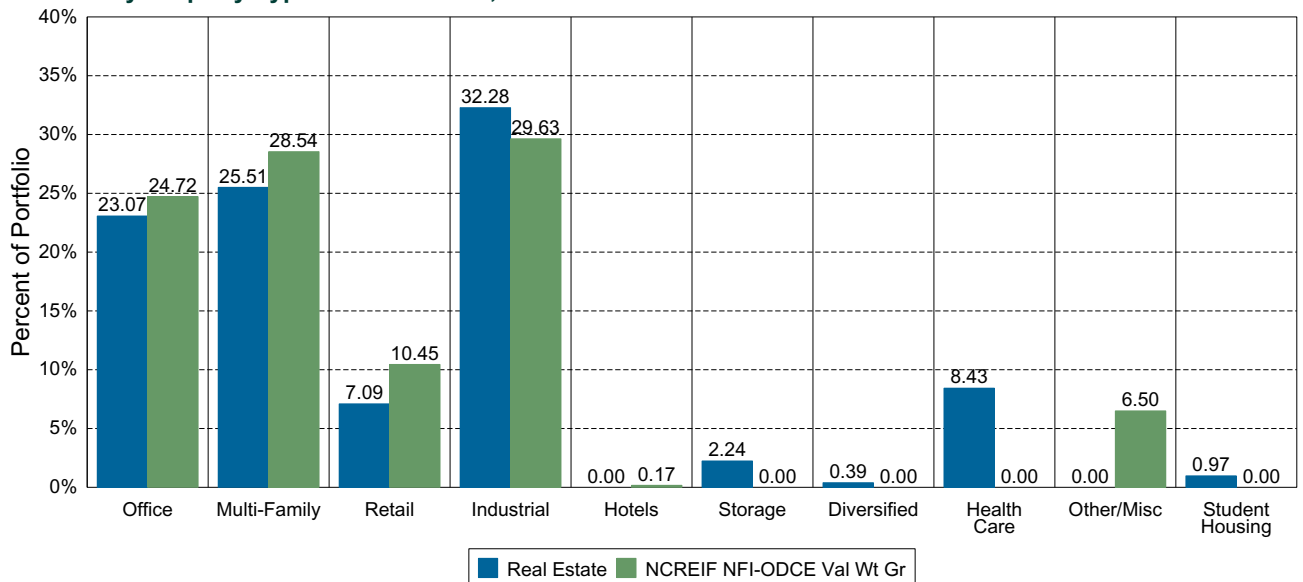
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

Diversification by Geographic Region as of March 31, 2022



Real Estate	25.85%	6.05%	10.50%	7.80%	5.26%	0.40%	7.64%	36.50%
NCREIF NFI-ODCE Val Wt Gr	21.44%	7.93%	10.27%	9.24%	5.77%	0.88%	6.88%	37.59%

Diversification by Property Type as of March 31, 2022



Real Estate	23.07%	25.51%	7.09%	32.28%	0.00%	2.24%	0.39%	8.43%	0.00%	0.97%
NCREIF NFI-ODCE Val Wt Gr	24.72%	28.54%	10.45%	29.63%	0.17%	0.00%	0.00%	0.00%	6.50%	0.00%

Clarion Lion Fund Period Ended March 31, 2022

Investment Philosophy

The Lion Properties Fund is an income oriented, core, diversified fund with a research driven strategy comprising three primary elements: Returns prior to 3/31/2021 are linked to the fund's history.

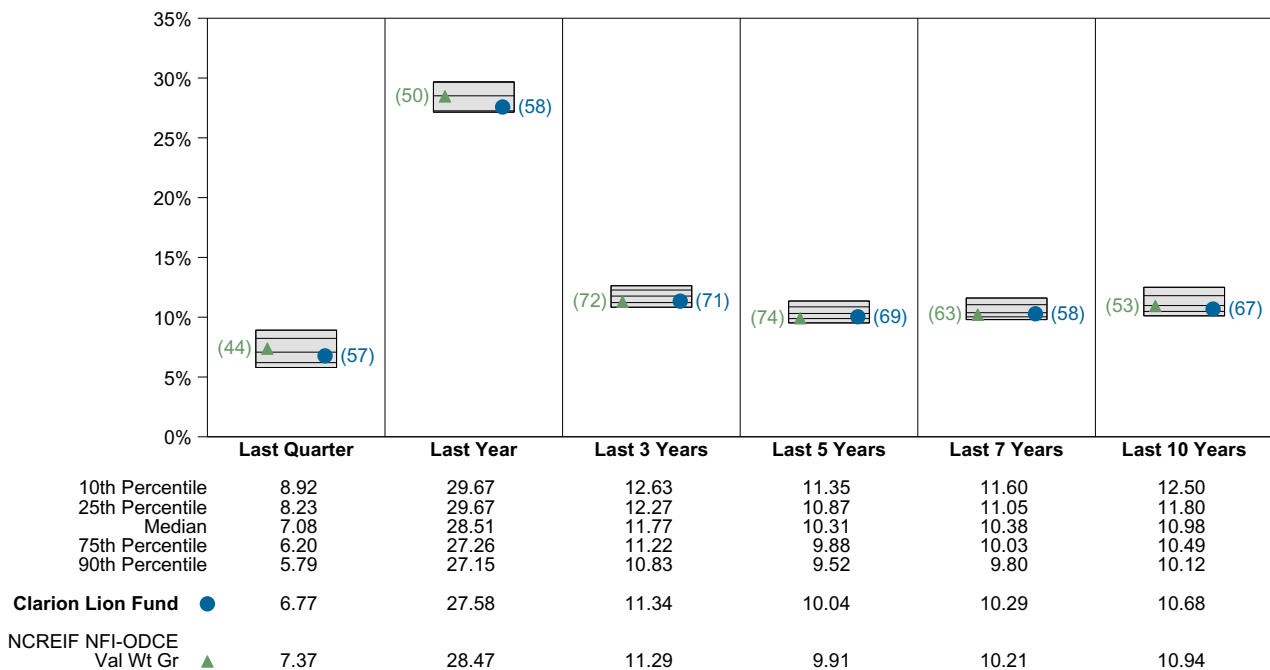
Quarterly Summary and Highlights

- Clarion Lion Fund's portfolio posted a 6.77% return for the quarter placing it in the 57 percentile of the Callan Real Estate ODCE group for the quarter and in the 58 percentile for the last year.
- Clarion Lion Fund's portfolio underperformed the NCREIF NFI-ODCE Val Wt Gr by 0.61% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 0.89%.

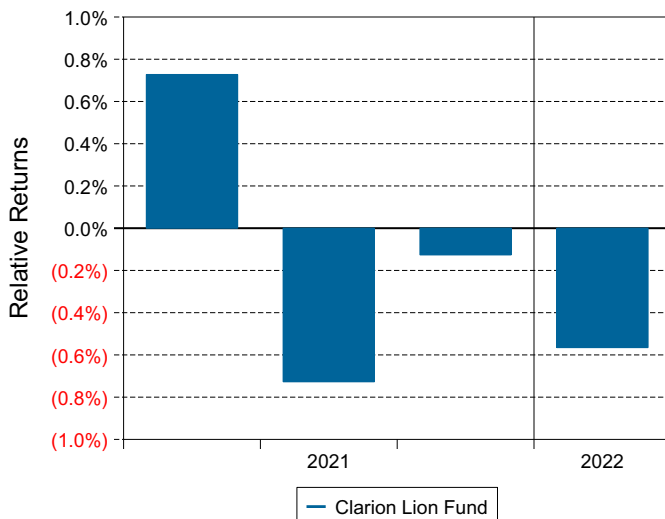
Quarterly Asset Growth

Beginning Market Value	\$17,912,410
Net New Investment	\$0
Investment Gains/(Losses)	\$1,211,866
Ending Market Value	\$19,124,276

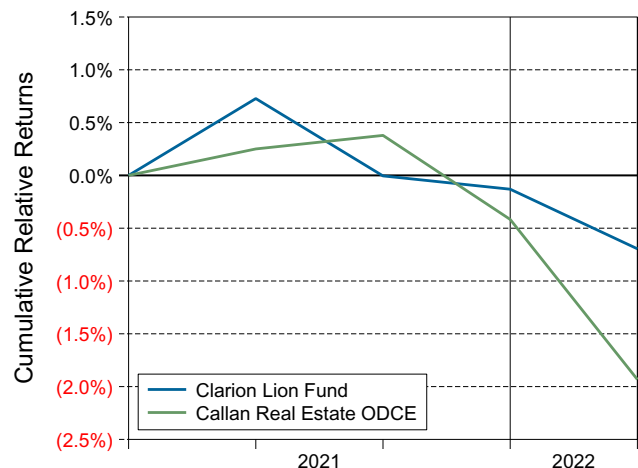
Performance vs Callan Real Estate ODCE (Gross)



Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

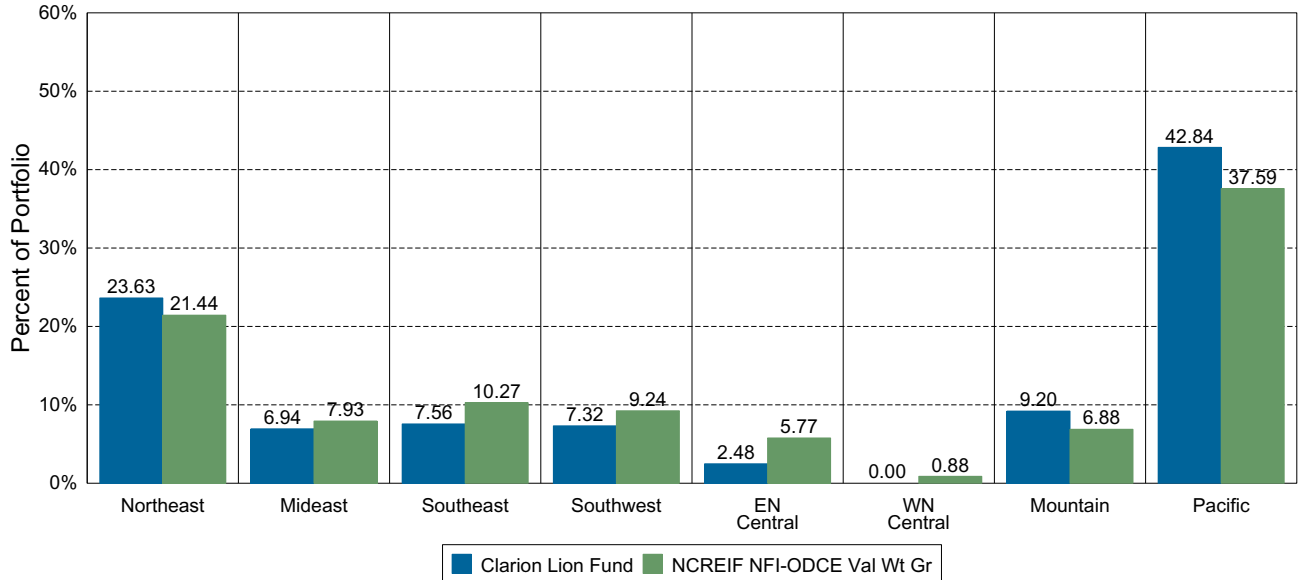


Clarion Lion Fund Diversification Analysis as of March 31, 2022

Diversification Analysis

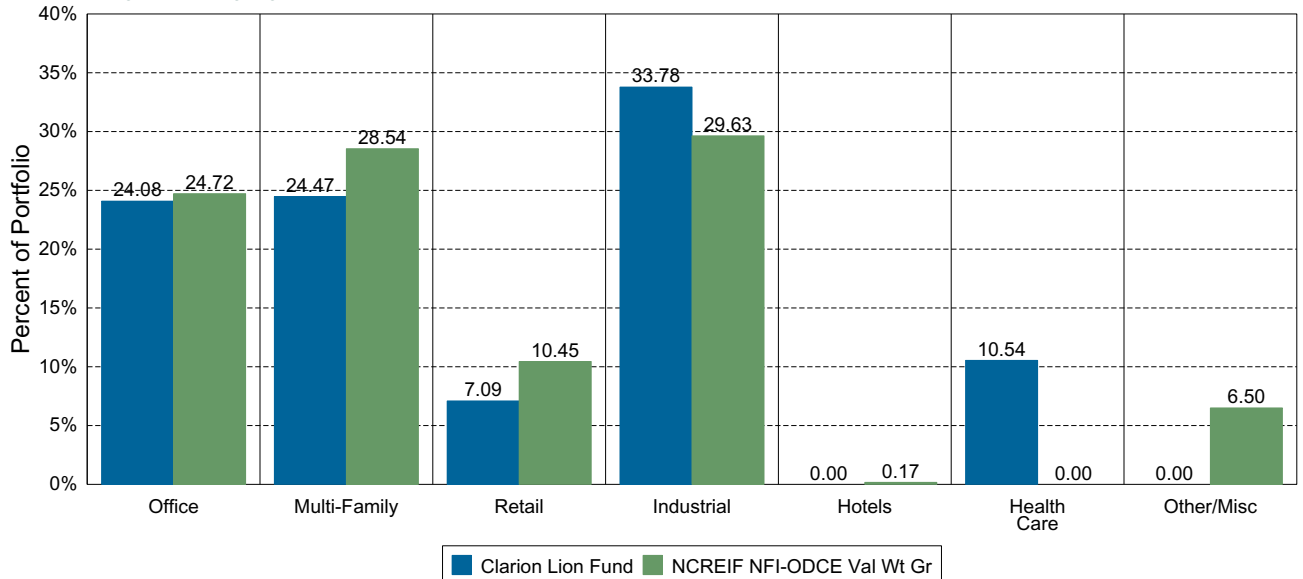
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

Diversification by Geographic Region as of March 31, 2022



Clarion Lion Fund	23.63%	6.94%	7.56%	7.32%	2.48%	0.00%	9.20%	42.84%
NCREIF NFI-ODCE Val Wt Gr	21.44%	7.93%	10.27%	9.24%	5.77%	0.88%	6.88%	37.59%

Diversification by Property Type as of March 31, 2022



Clarion Lion Fund	24.08%	24.47%	7.09%	33.78%	0.00%	10.54%	0.00%
NCREIF NFI-ODCE Val Wt Gr	24.72%	28.54%	10.45%	29.63%	0.17%	0.00%	6.50%

Morgan Stanley Period Ended March 31, 2022

Investment Philosophy

The overall strategy of Prime Property Fund is to acquire and own well located, high quality, income-producing commercial real estate in markets with proven investor demand on resale. The Fund is diversified across property types and geographic regions and targets properties with high occupancy levels to provide a relatively stable income component. Returns prior to 6/30/2021 are linked to the fund's history.

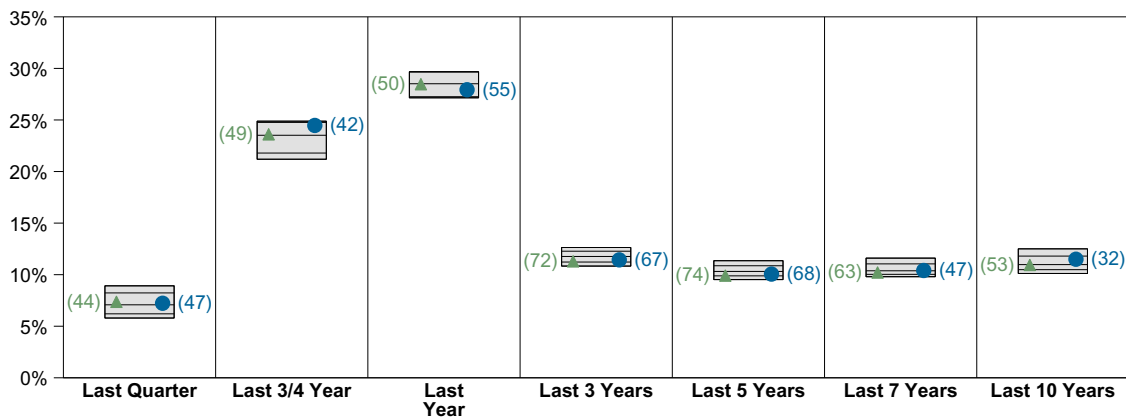
Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a 7.23% return for the quarter placing it in the 47 percentile of the Callan Real Estate ODCE group for the quarter and in the 55 percentile for the last year.
- Morgan Stanley's portfolio underperformed the NCREIF NFI-ODCE Val Wt Gr by 0.14% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 0.54%.

Quarterly Asset Growth

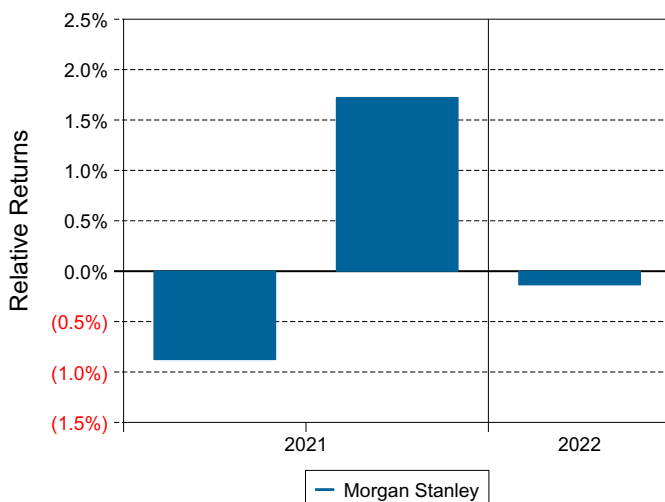
Beginning Market Value	\$16,918,883
Net New Investment	\$0
Investment Gains/(Losses)	\$1,185,830
Ending Market Value	\$18,104,713

Performance vs Callan Real Estate ODCE (Gross)

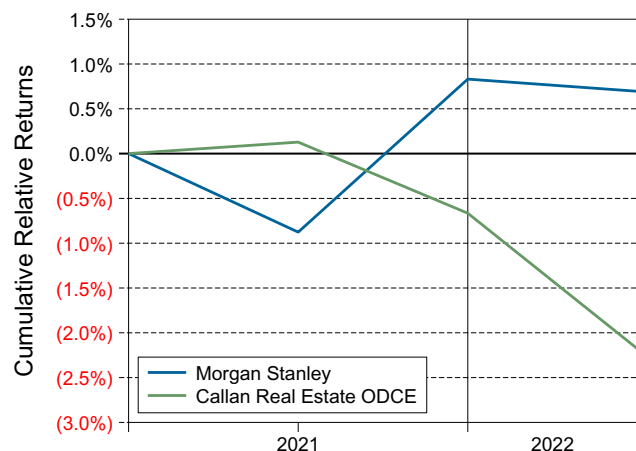


10th Percentile	8.92	24.88	29.67	12.63	11.35	11.60	12.50
25th Percentile	8.23	24.76	29.67	12.27	10.87	11.05	11.80
Median	7.08	23.52	28.51	11.77	10.31	10.38	10.98
75th Percentile	6.20	21.79	27.26	11.22	9.88	10.03	10.49
90th Percentile	5.79	21.19	27.15	10.83	9.52	9.80	10.12
Morgan Stanley ●	7.23	24.47	27.93	11.43	10.06	10.41	11.49
NCREIF NFI-ODCE Val Wt Gr ▲	7.37	23.61	28.47	11.29	9.91	10.21	10.94

Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

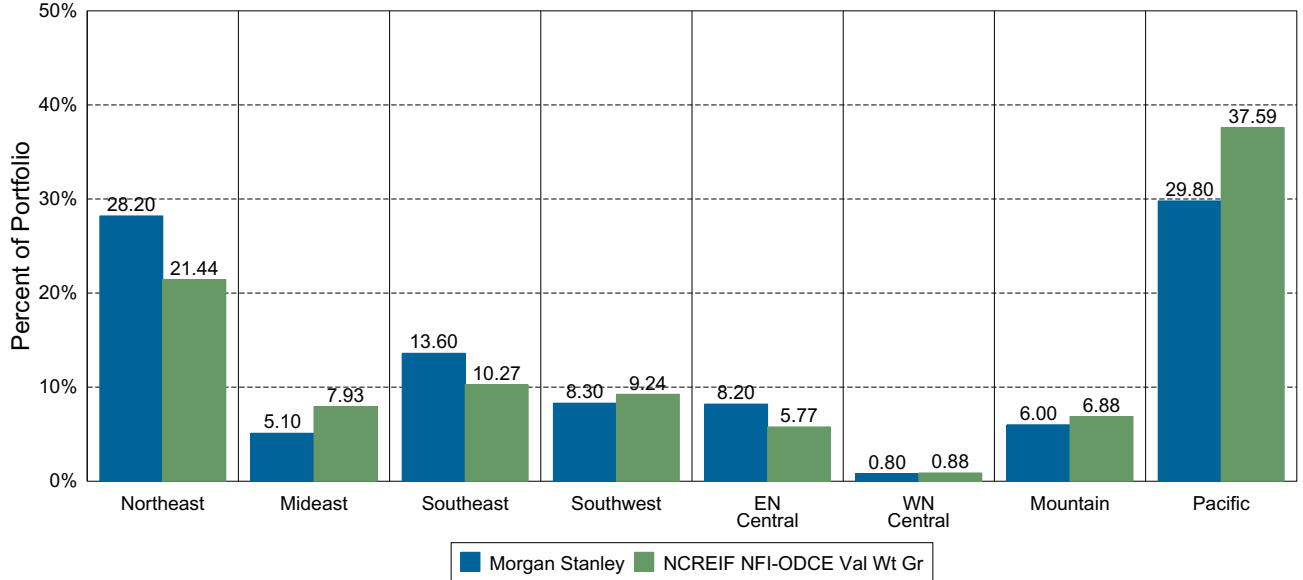


Morgan Stanley Diversification Analysis as of March 31, 2022

Diversification Analysis

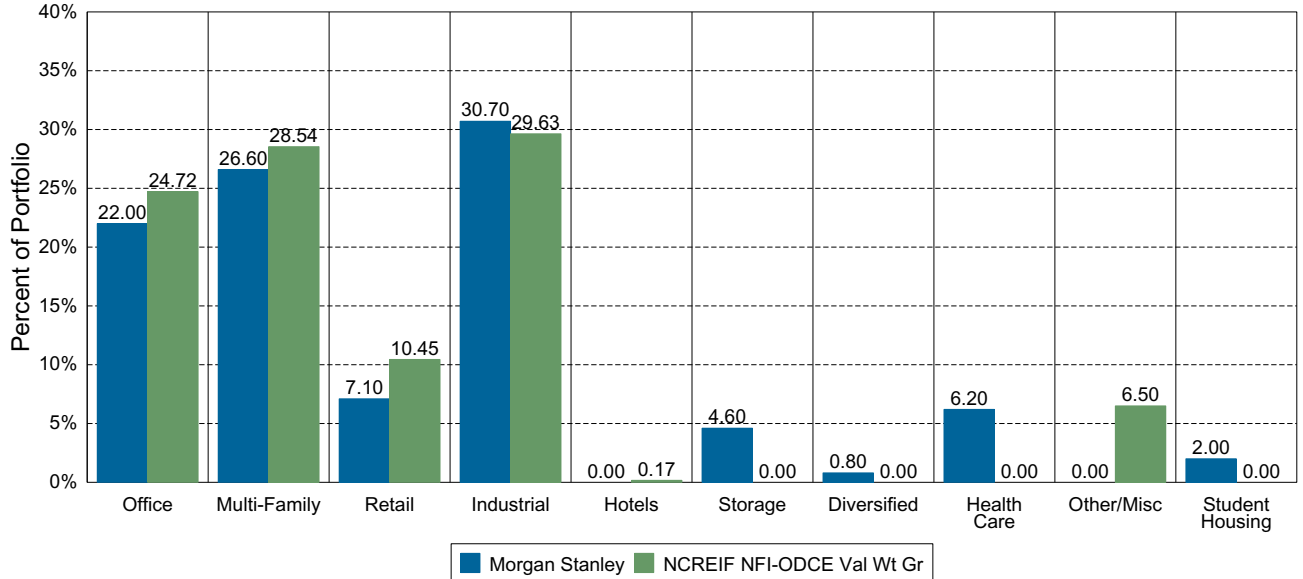
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

Diversification by Geographic Region as of March 31, 2022



Morgan Stanley	28.20%	5.10%	13.60%	8.30%	8.20%	0.80%	6.00%	29.80%
NCREIF NFI-ODCE Val Wt Gr	21.44%	7.93%	10.27%	9.24%	5.77%	0.88%	6.88%	37.59%

Diversification by Property Type as of March 31, 2022



Morgan Stanley	22.00%	26.60%	7.10%	30.70%	0.00%	4.60%	0.80%	6.20%	0.00%	2.00%
NCREIF NFI-ODCE Val Wt Gr	24.72%	28.54%	10.45%	29.63%	0.17%	0.00%	0.00%	0.00%	6.50%	0.00%

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.

Quarterly Highlights

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/research-library to see all of our publications, and www.callan.com/blog to view our blog. For more information contact Barb Gerraty at 415-274-3093 / institute@callan.com.

New Research from Callan's Experts

[Alternatives Focus: Outlook for Hedge Funds](#) | Joe McGuane analyzes hedge fund performance in 2021 and provides his outlook for the asset class in 2022.

[2022-2031 Capital Markets Assumptions](#) | A white paper detailing the process involved in creating our 2022-2031 Capital Markets Assumptions and the reasoning behind them. You can also view our interactive webpage and charticle featuring this year's assumptions.

[2022 Defined Contribution Trends Survey](#) | This survey provides extensive information for DC plan sponsors to use in improving and benchmarking their plans.

[Callan Periodic Table of Investment Returns & Collection](#) | The Periodic Table of Investment Returns depicts annual returns for key asset classes, ranked from best to worst performance for each calendar year. Expanding upon our Classic Periodic Table, the Collection offers additional versions focused on equity, fixed income, institutional investors, and alternatives such as real estate, private equity, and hedge funds. Other tables compare the performance of key indices to zero and to inflation.

Blog Highlights

[DOL Weighs in on Cryptocurrencies in DC Plans](#) | The U.S. Department of Labor issued a compliance assistance bulletin, which does not carry the force of law, regarding offering cryptocurrency investments in a defined contribution plan, with a number of stern warnings about the potential fiduciary challenges.

[Hedge Funds and Ukraine: A Guide for Institutional Investors](#) | This post provides an analysis of the performance of hedge funds through the end of February, categorized by strategy type, and how they have been grappling with the Ukraine crisis.

[Why It Was a Tough 4Q21 for Large Cap Growth Managers](#) |

With rising case counts stemming from the Omicron variant, and concerns about interest rates and inflation, volatility in the markets spiked in 4Q21. For large cap growth investment managers, pro-cyclical positioning generally hurt portfolios given those fears. More than 90% of large cap growth managers underperformed the benchmark for the quarter.

[Risky Business Update: Rising Inflation and Continued Uncertainty Challenge Investors](#) |

Using our proprietary Capital Markets Assumptions, we found that investors in 2022 needed to take on over five times as much risk as they did 30 years ago to earn the same nominal return.

Quarterly Periodicals

[Private Equity Trends, 4Q21](#) | A high-level summary of private equity activity in the quarter through all the investment stages

[Active vs. Passive Charts, 4Q21](#) | A comparison of active managers alongside relevant benchmarks over the long term

[Market Pulse Flipbook, 4Q21](#) | A quarterly market reference guide covering trends in the U.S. economy, developments for institutional investors, and the latest data on the capital markets

[Capital Markets Review, 4Q21](#) | 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, 4Q21](#) | Commentary on developments for hedge funds and multi-asset class (MAC) strategies

[Real Assets Reporter, 4Q21](#) | A summary of market activity for real assets and private real estate during the quarter

Events

A complete list of all upcoming events can be found on our website: callan.com/events-education.

Please mark your calendar and look forward to upcoming invitations:

Research Café: How to Navigate Private Equity Fees and Terms (webinar)

May 11, 2022 at 9:30am PT

June Regional Workshop

June 7, 2022 – Atlanta

June 9, 2022 – Portland

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

Education

Founded in 1994, the "Callan College" offers educational sessions for industry professionals involved in the investment decision-making process.

Introduction to Investments

July 26-27, 2022 – San Francisco

September 20-22 – Virtual

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. Our virtual session is held over three days with virtual modules of 2.5-3 hours, while the in-person session lasts one-and-a-half days. This course is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities. Virtual tuition is \$950 per person and includes instruction and digital materials. In-person 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.

Additional information including registration can be found at: callan.com/events/



"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

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 ongoing 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

abrdrn (Aberdeen Standard Investments)
Acadian Asset Management LLC
Adams Street Partners, LLC
AEGON USA Investment Management Inc.
AllianceBernstein
Allianz
Allspring Global Investments
American Century Investments
Amundi US, Inc.
Antares Capital LP
AQR Capital Management
Ares Management LLC
Ariel Investments, LLC
Aristotle Capital Management, LLC
Atlanta Capital Management Co., LLC
AXA Investment Managers
Baillie Gifford International, LLC
Baird Advisors

Manager Name

Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
BentallGreenOak
BlackRock
Blackstone Group (The)
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC
Brookfield Asset Management
Brown Brothers Harriman & Company
Burgundy Asset Management
Capital Group
Carillon Tower Advisers
CastleArk Management, LLC
Chartwell Investment Partners
ClearBridge Investments, LLC

Manager Name

Cohen & Steers Capital Management, Inc.

Columbia Threadneedle Investments North America

Comgest

Credit Suisse Asset Management, LLC

Crescent Capital Group LP

DePrince, Race & Zollo, Inc.

Dimensional Fund Advisors L.P.

Doubleline

Duff & Phelps Investment Management Co.

DWS

EARNEST Partners, LLC

Epoch Investment Partners, Inc.

Fayez Sarofim & Company

Federated Hermes, Inc.

Fidelity Institutional Asset Management

Fiera Capital Corporation

First Hawaiian Bank Wealth Management Division

First Sentier Investors

Fisher Investments

Franklin Templeton

Fred Alger Management, LLC

GAM (USA) Inc.

Garrett Investment Advisors, LLC

GlobeFlex Capital, L.P.

GoldenTree Asset Management, LP

Goldman Sachs

Golub Capital

Guggenheim Investments

GW&K Investment Management

Harbor Capital Group Trust

Hardman Johnston Global Advisors LLC

Heitman LLC

Hotchkis & Wiley Capital Management, LLC

Impax Asset Management LLC

Income Research + Management Inc.

Insight Investment

Intech Investment Management LLC

Intercontinental Real Estate Corporation

Invesco

J O Hambro Capital Management Limited

Manager Name

J.P. Morgan

Janus

Jennison Associates LLC

Jobs Peak Advisors

Jupiter Asset Management

KeyCorp

Lazard Asset Management

LGIM America

Lincoln National Corporation

Longview Partners

Loomis, Sayles & Company, L.P.

Lord Abbett & Company

LSV Asset Management

MacKay Shields LLC

Macquarie Asset Management

Manning & Napier Advisors, LLC

Manulife Investment Management

Marathon Asset Management, L.P.

McKinley Capital Management, LLC

Mellon

MetLife Investment Management

MFS Investment Management

MidFirst Bank

MLC Asset Management

Mondrian Investment Partners Limited

Montag & Caldwell, LLC

Morgan Stanley Investment Management

MUFG Union Bank, N.A.

Natixis Investment Managers

Neuberger Berman

Newton Investment Management

Ninety One North America, Inc.

Northern Trust Asset Management

Nuveen

P/E Investments

Pacific Investment Management Company

Pantheon Ventures

Parametric Portfolio Associates LLC

Partners Group (USA) Inc.

Pathway Capital Management, LP

Manager Name

Peregrine Capital Management, LLC

PFM Asset Management LLC

PGIM Fixed Income

PGIM Quantitative Solutions LLC

Pictet Asset Management

PineBridge Investments

Polen Capital Management, LLC

Principal Global Investors

Putnam Investments, LLC

RBC Global Asset Management

Regions Financial Corporation

Richard Bernstein Advisors LLC

Robeco Institutional Asset Management, US Inc.

Rothschild & Co. Asset Management US

S&P Dow Jones Indices

Schroder Investment Management North America Inc.

Segall Bryant & Hamill

SLC Management

Smith Graham & Co. Investment Advisors, L.P.

State Street Global Advisors

Strategic Global Advisors, LLC

Manager Name

T. Rowe Price Associates, Inc.

The TCW Group, Inc.

Thompson, Siegel & Walmsley LLC

Thornburg Investment Management, Inc.

Timberland Investment Resources, LLC

Tri-Star Trust Bank

UBS Asset Management

VanEck

Versus Capital Group

Victory Capital Management Inc.

Virtus Investment Partners, Inc.

Vontobel Asset Management

Voya

Vulcan Value Partners, LLC

Walter Scott & Partners Limited

WCM Investment Management

Wellington Management Company, LLP

Western Asset Management Company LLC

Westfield Capital Management Company, LP

William Blair & Company LLC



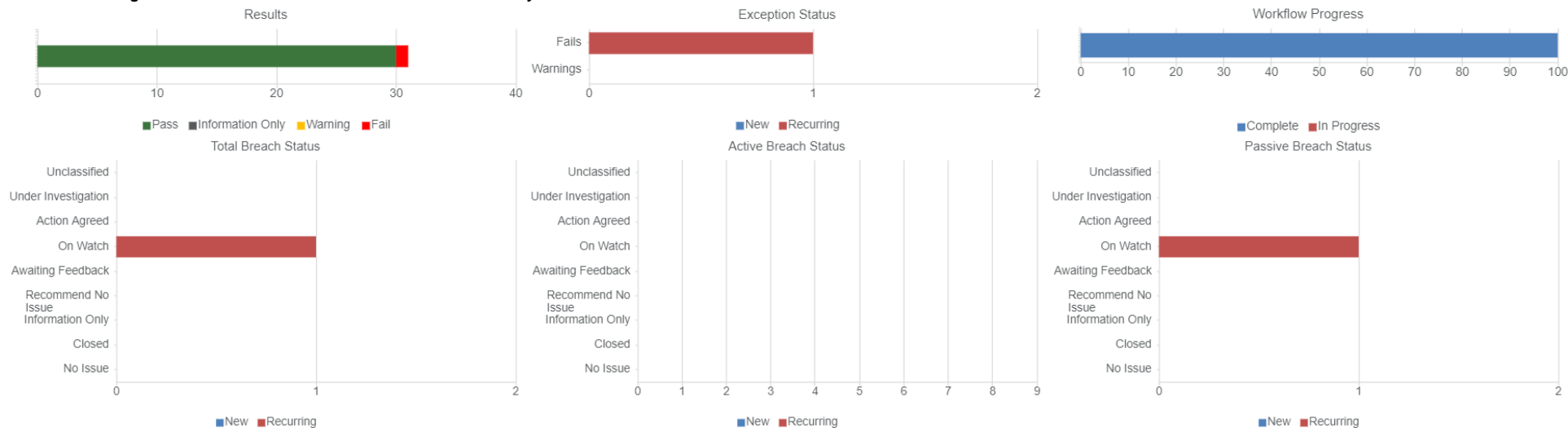
Compliance Summary

Sponsor Code:SACRT
Count Of Warning:0

ReferenceDate:31-Mar-2022
Count Of Info Only:0

Count Of Passes:30

Count Of Fail:1



Note: The compliance breach was caused by a restructuring of Intelsat, a global provider of satellite communications services (original holdings Intelsat Jackson CUSIPs 45824TAY1 and 45824TBA2 and current holdings CUSIPs L5217E120, L5137X109, L5137X117, 458ESCAB6 and 458ESCAC4); which are part of MetWest/TCW's portfolio holdings. As a result of the restructuring, there will be an equity line item in the portfolio for some period as MetWest/TCW seeks an opportunistic disposition to maximize the realized value. In time, execution on Intelsat's business plan should improve the liquidity and value of Intelsat common shares, leading to a full liquidation from the portfolio. Northern Trust's compliance monitoring settings were set to flag equity common stock, equity rights and other sundry assets as compliance breaches. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock, equity rights and other sundry assets will continue to be monitored until MetWest/TCW disposes of the securities.

Filters Applied: All, Fail, Information Only, Warning

Breach ID	Rule Processing Frequency	Account / Consolidation Name	Rule Name	Rule Category	Result Type	Valuation Date	Run Date	Age	Link	Active Passive Marker	Breach Cause	Breach Status	Workflow Status
SACR03.R1.68	DAILY	SACRT - METWEST	PA44271 - SACRT SACR03 Permitted Investments	Permitted Assets	Fail	31-Mar-2022	31-Mar-2022	32	Link	Passive	Corporate Action	On Watch	Reviewed

Compliance Results

Breach Result Numerator: 65,086.63 Denominator: 86,203,009.58

Account ID	Account Name	Total Market Value	Securities Triggered	% Results
SACR03	SACRT - METWEST	65,086.63	5	0.08

Reference Date:24-May-2022

Sponsor:SACRT

Compliance Breach Result:Fail - Permitted Assets

Valuation Date:24-May-2022

Rule Name:PA44271 - SACRT SACR03 Permitted Investments

Rule Run Date:24-May-2022

Rule Narrative:Flags Prohibited Investments only. Please refer to IMA Language for more details.

Breach Id:SACR03.R1.106

Benchmark:

Active/Passive:Passive

Breach Status:On Watch

Breach Cause:Corporate Action

Commentary:Incident Description - The compliance breach was caused by a restructuring of Intelsat, a global provider of satellite communications services (original holdings Intelsat Jackson CUSIPs 45824TAY1 and 45824TBA2 and current holdings CUSIPs L5217E120, L5137X109, L5137X117, 458ESCAB6 and 458ESCAC4); which are part of MetWest/TCW's portfolio holdings. As a result of the restructuring, there will be an equity line item in the portfolio for some period as MetWest/TCW seeks an opportunistic disposition to maximize the realized value. In time, execution on Intelsat's business plan should improve the liquidity and value of Intelsat common shares, leading to a full liquidation from the portfolio. Northern Trust's compliance monitoring settings were set to flag equity common stock, equity rights and other sundry assets as compliance breaches. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock, equity rights and other sundry assets will continue to be monitored until MetWest/TCW disposes of the securities. by Lynda Volk from 25-MAY-22 at 12:27;

Asset Category/Name	Country of Risk	Security Identifier	Id Type	Shares/Par Value	Market Value Base	Security Weight %
Equities						
Common Stock						
Common Stock						
INTELSAT S.A.	Luxembourg	LU2445093128	ISIN	2,120.00	63,070.00	0.07
Rights/Warrants						
Rights						
INTELSAT JACKSON HOLDINGS S A BEF+ RTS 12-05-2025	United States	LU2445092583	ISIN	221.00	966.88	0.00
INTELSAT JACKSON HOLDINGS S A RTS BEF+ 12-05-2025	United States	LU2445091858	ISIN	221.00	1,049.75	0.00
Other Assets						
Miscellaneous						
Sundry Asset						
ESC CB144A INTELSAT JA D07/05/17 9.75% JJ25 ESCROW	United States	458ESCAC4	CUSIP	145,000.00	0.00	0.00

All data is offered on the basis of the best available information, and is subject to the limitand constraints set forth in the Northern Trust Terms for Compliance Analyst Service.

We offer the Compliance Analyst service based on Northern Trust's definition of security classifications and prices, which are obtained through internal processes and vended information.

Reference Date:24-May-2022

Sponsor:SACRT

Compliance Breach Result:Fail - Permitted Assets

Valuation Date:24-May-2022

Rule Name:PA44271 - SACRT SACR03 Permitted Investments

Rule Run Date:24-May-2022

Rule Narrative:Flags Prohibited Investments only. Please refer to IMA Language for more details.

Breach Id:SACR03.R1.106

Benchmark:

Active/Passive:Passive

Breach Status:On Watch

Breach Cause:Corporate Action

Commentary:Incident Description - The compliance breach was caused by a restructuring of Intelsat, a global provider of satellite communications services (original holdings Intelsat Jackson CUSIPs 45824TAY1 and 45824TBA2 and current holdings CUSIPs L5217E120, L5137X109, L5137X117, 458ESCAB6 and 458ESCAC4); which are part of MetWest/TCW's portfolio holdings. As a result of the restructuring, there will be an equity line item in the portfolio for some period as MetWest/TCW seeks an opportunistic disposition to maximize the realized value. In time, execution on Intelsat's business plan should improve the liquidity and value of Intelsat common shares, leading to a full liquidation from the portfolio. Northern Trust's compliance monitoring settings were set to flag equity common stock, equity rights and other sundry assets as compliance breaches. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock, equity rights and other sundry assets will continue to be monitored until MetWest/TCW disposes of the securities. by Lynda Volk from 25-MAY-22 at 12:27;

Asset Category/Name	Country of Risk	Security Identifier	Id Type	Shares/Par Value	Market Value Base	Security Weight %
ESC CB144A INTELSAT JA D09/19/18 8.5% AO24 ESCROW	United States	458ESCAB6	CUSIP	77,000.00	0.00	0.00



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 16
TO: Sacramento Regional Transit Retirement Boards – ALL
FROM: Jamie Adelman, Acting, VP, Finance/CFO
SUBJ: Receive and File Asset Allocation Study, and Review Statement of Investment Objectives and Policy Guidelines (ALL). (Adelman)

RECOMMENDATION

Motion to Approve

RESULT OF RECOMMENDED ACTION

Motion: Receive and File Asset Allocation Study, and Review Statement of Investment Objectives and Policy Guidelines for the ATU, IBEW, and Salaried Employees' Retirement Plans (ALL). (Adelman)

FISCAL IMPACT

None.

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). Per the Retirement Plans' Statement of Investment Objectives and Policy Guidelines (Investment Policy), the Retirement Boards review and approve the annual Asset Allocation Study, and annually review the Investment Policy. The Investment Policy was last revised and approved by the Boards on June 10, 2020. The last annual Asset Allocation Study and annual review was approved by the Boards on June 9, 2021.

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.

Callan has completed the Plans' annual Asset Allocation Study, and will be presenting the Study (see Attachment 1) and answering any questions. The Investment Policy is also attached for the Boards' review (see Attachment 2).

Staff recommends that the Boards receive and file the Asset Allocation Study and Review Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans.

Callan



June 8, 2022

**Sacramento Regional
Transit District**

2022 Asset Allocation Review

Anne Heaphy

Fund Sponsor Consulting

Uvan Tseng, CFA

Fund Sponsor Consulting

Gary Chang, CFA

Capital Markets Research

Jay Kloepfer

Capital Markets Research

Agenda and Objectives

Agenda

- Asset Allocation Study Overview
- Current Conditions, Financial Position, and Assumptions
- Liquidity and Appropriate Level of Alternatives
- Examine Range of Alternative Asset Mixes
 - Simulated Monte Carlo Forecasts

Objective

- Select an Appropriate Asset Allocation

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Asset Allocation Study Overview

The Importance of Asset Allocation

Asset allocation is the primary determinant of investment return and asset volatility

Asset allocation is the process of determining the optimal allocation of a portfolio among broad asset classes based upon, among other factors:

- Investment goals
- Time horizon
- Liquidity needs
- Capital market expectations
- Liability characteristics
- Risk tolerance

Elements of an appropriate target asset allocation include:

- Identifying asset classes for inclusion
- Special considerations such as fees, size or capacity constraints, liquidity requirements
- Rebalancing discipline

Three Key Strategic Policies

Evaluating the interaction of the three key policies that govern a defined benefit plan with the goal of establishing the best investment policy

Investment Policy

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



Funding Policy

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

Benefits Policy

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

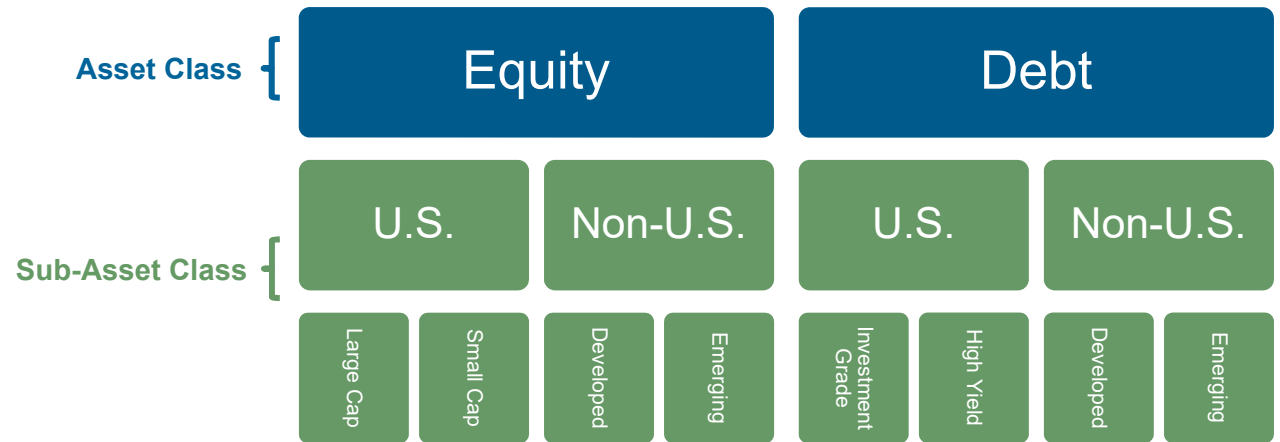
Importance of Asset Allocation

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
- Private Equity
- Absolute Return
- Cash



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**Sacramento Regional Transit
Asset Allocation Review**

Sacramento Regional Transit Asset Allocation

Target Policy

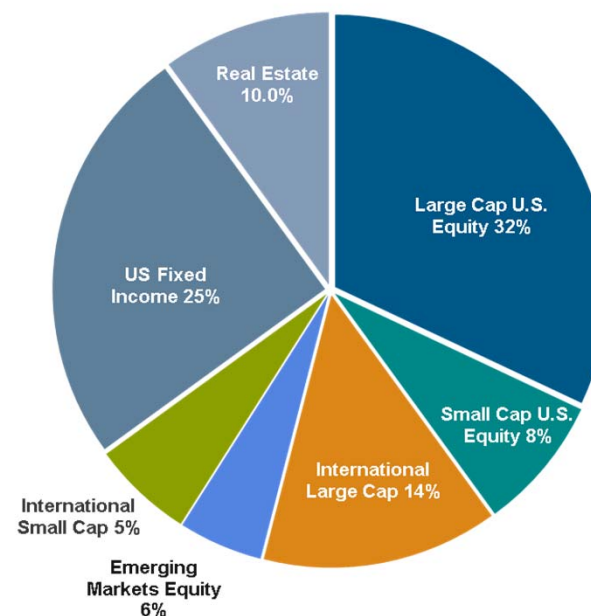
The current target asset allocation is a diversified structure, with alternative investments in private real estate

In broad terms:

65% Public Equity

25% Fixed Income

10% Real Estate



Expected Return* = 5.8%

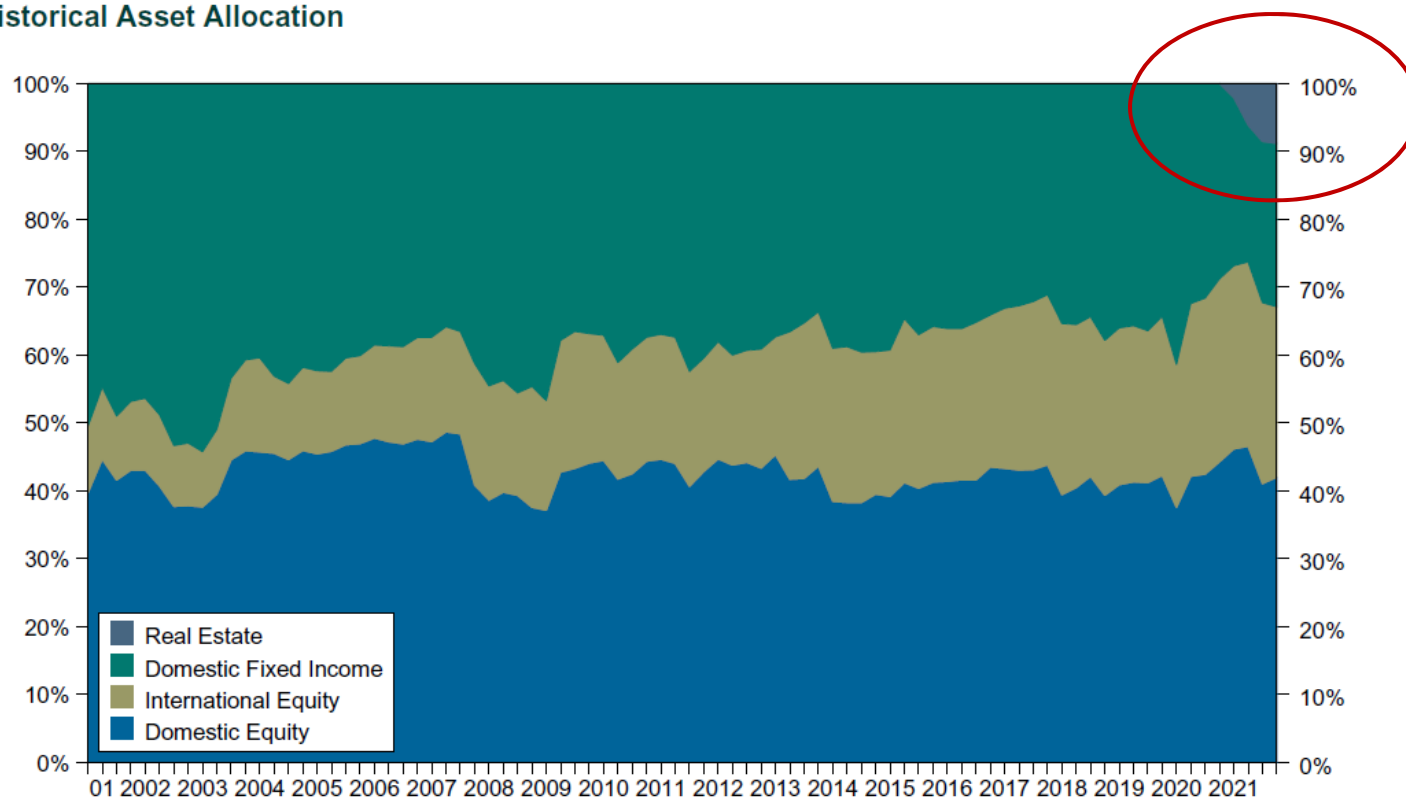
Expected Risk = 12.7%

*10 year geometric return

2021 Asset Allocation Changes Improved Diversification

- The Plan added exposure to Core Real Estate after the last Asset Liability study to improve diversification and increase risk-adjusted returns

Actual Historical Asset Allocation



Sacramento Regional Transit Current Conditions

Factor	Description
Return Objective	<ul style="list-style-type: none"> Assumed net investment return is 6.75% including a 2.5% price inflation assumption
Time Horizon	<ul style="list-style-type: none"> The time horizon is long as the Fund is open and ongoing
Liquidity Needs	<ul style="list-style-type: none"> Benefit payments are moderate relative to assets at 8-10%/year Adding in expected contributions of ~7-9%/year results in net outflow of 1-2%/year Portfolio currently has a small allocation to illiquid investments (10% private real estate)
Actuarial Methodology	<ul style="list-style-type: none"> The actuarial value of assets is smoothed over five-year periods Actuarial Cost Method is Entry Age Normal
Contributions	<ul style="list-style-type: none"> Contribution Policy is normal cost plus financing of unfunded actuarial liability (UAL) UAL rate is based on 11-year level percentage of payroll amortization of the UAL at 7/1/19; Effective 7/1/20, changes in UAL are amortized over closed 20-year schedules (layered); Payment for the UAL layer associated with the assumption changes within the July 1, 2020 actuarial valuation is being phased-in over a three-year period
Liability Growth	<ul style="list-style-type: none"> Plan is open, and the active population represents roughly half of total membership (1,027 actives out of 2,323) Retirees with annuity payments can stretch for many years
Funded Status	<ul style="list-style-type: none"> Actuarial Value of Assets / Actuarial Liability = 70.9% Market Assets / Actuarial Liability = 79.0%

Based on July 1, 2021 actuarial valuation

Summary of Financial Position and Actuarial Assumptions

Combined Plans (ATU, IBEW, Salaried)

Data is based on the 7/1/2021 actuarial valuation report from Cheiron

Demographics:

- Plan is open to new entrants
- 2,323 members: 1,027 active members, 1,296 inactive members (retirees, beneficiaries, inactive vested)

Key actuarial assumptions:

- 6.75% investment return assumption
- 2.5% price inflation
- 2.75% to 16.1% wage growth, based on service for ATU and IBEW; 5.3% for Salaried

2021 Funded Ratio is 79.0% (on a Market Value of Assets basis)

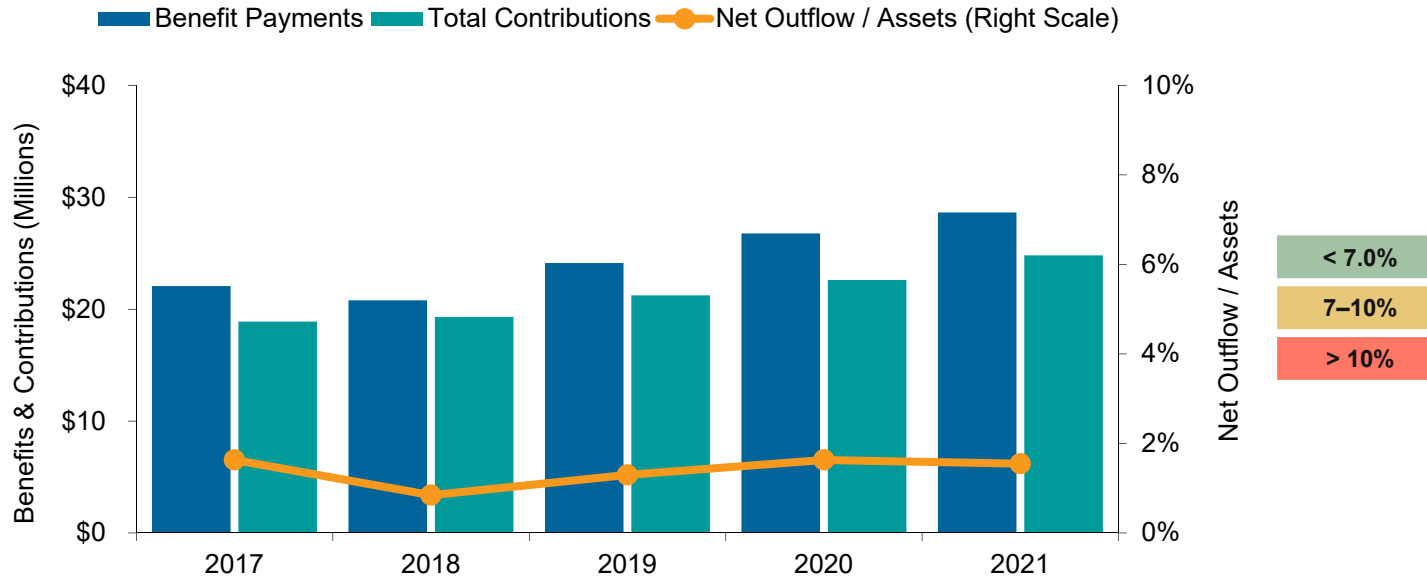
July 1, 2021 Actuarial Valuation	ATU, IBEW, Salaried Combined Plans
Actuarial Liability	\$477 M
Market Value of Assets	\$377 M
Actuarial Value of Assets	\$338 M
Market Funded Status (MVA/AL)	79%
Actuarial Funded Status (AVA/AL)	71%
Employer Contribution (\$)	\$23 M
Employer Contribution (%)	31.5%
Normal Cost (\$)	\$13 M

Key Assumptions	Actuarial Assumption	Callan 10-year Expectation
Investment Return	6.75%	5.8%*
Price Inflation	2.5%	2.25%

*Based on Callan's 10-year capital market assumptions applied to the Fund's target asset allocation

Liquidity Needs

Net Cash Outflow: (Benefits - Contributions) / Assets



Plan has historically had low and manageable net outflows

- Based on the 2019 Asset Liability Study, projected net outflows in years 2022-2028 are also expected to be low and on an order of 1-2% of assets per year
- The current cash flow profile can support the current 10% illiquid allocation and potentially more based on the current funding policy

Callan's Long-Term Capital Market Assumptions (2022-2031)

Asset Class	Index	Projected Return*	Projected Risk
Equities			
Broad U.S. Equity	Russell 3000	6.60%	17.95%
Large Cap U.S. Equity	S&P 500	6.50%	17.70%
Small/Mid Cap U.S. Equity	Russell 2500	6.70%	21.30%
Global ex-U.S. Equity	MSCI ACWI ex USA	6.80%	20.70%
Developed ex-U.S. Equity	MSCI World ex USA	6.50%	19.90%
Emerging Market Equity	MSCI Emerging Markets	6.90%	25.15%
Fixed Income			
Short Duration Gov't/Credit	Bloomberg Barclays 1-3 Yr G/C	1.50%	2.00%
Core U.S. Fixed	Bloomberg Barclays Aggregate	1.75%	3.75%
Long Government/Credit	Bloomberg Barclays Long G/C	1.80%	10.40%
TIPS	Bloomberg Barclays TIPS	1.25%	5.05%
High Yield	Bloomberg Barclays High Yield	3.90%	10.75%
Global ex-U.S. Fixed	Bloomberg Barclays Gbl Agg xUSD	0.80%	9.20%
Emerging Market Sovereign Debt	EMBI Global Diversified	3.60%	9.50%
Alternatives			
Core Real Estate	NCREIF ODCE	5.75%	14.20%
Private Infrastructure	MSCI Gbl Infra/FTSE Dev Core 50/50	6.10%	15.45%
Private Equity	Cambridge Private Equity	8.00%	27.60%
Private Credit	N/A	5.50%	14.60%
Hedge Funds	Callan Hedge FoF Database	4.10%	8.20%
Commodities	Bloomberg Commodity	2.50%	18.00%
Cash Equivalents			
	90-Day T-Bill	1.20%	0.90%
Inflation			
	CPI-U	2.25%	1.60%

* 10-Year annualized return

Asset classes in blue are part of the Plan's current target investment allocation

Most capital market expectations represent passive exposure (beta only); however, return expectations for private real estate, private infrastructure, and private equity reflect active management because no effective market proxies exist

All return expectations are net of fees

Range of Alternative Asset Mixes

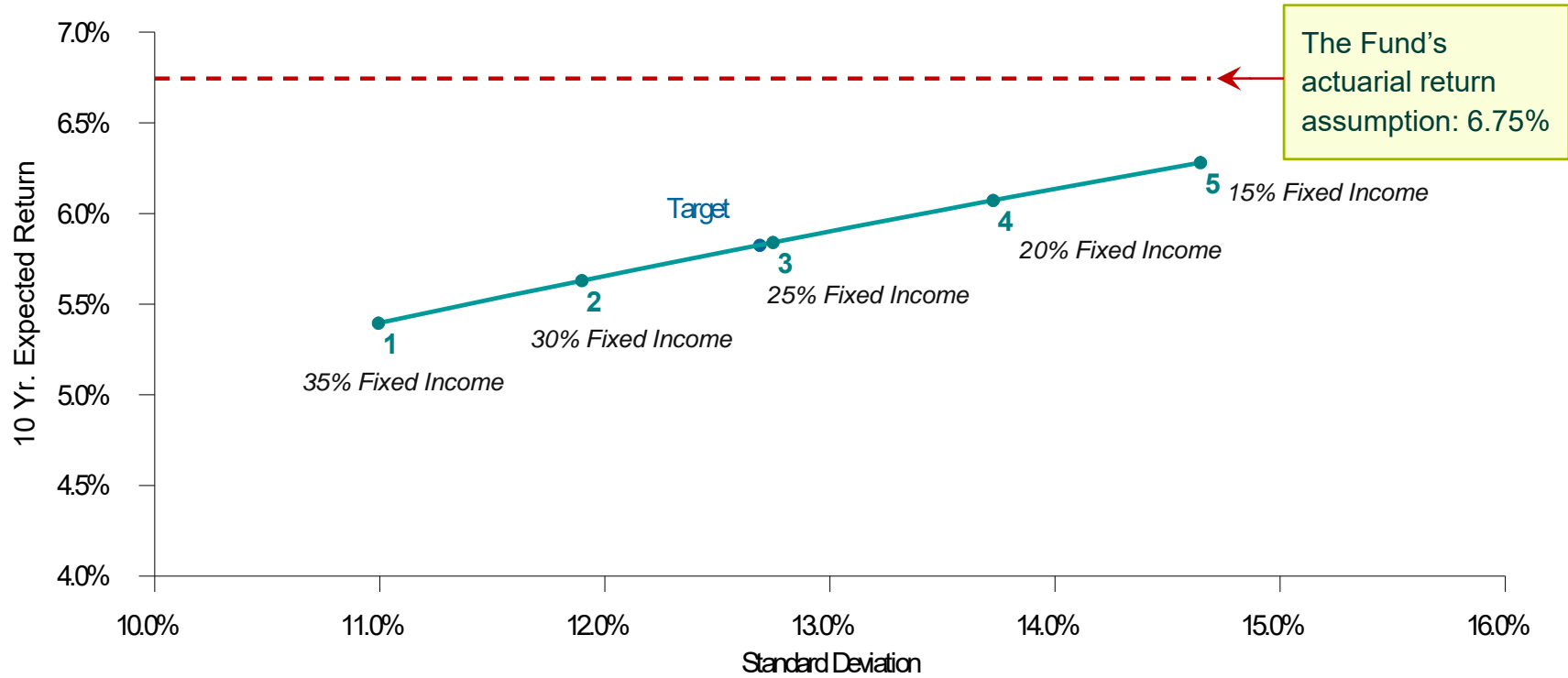
Current Asset Classes Only

Asset Class	Current Target	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Public Equity	65%	55%	60%	65%	70%	75%
US Large Cap Equity	32%	27%	29%	31%	34%	36%
US Small Cap Equity	8%	6%	7%	8%	8%	9%
International Large Cap	14%	11%	12%	13%	14%	15%
International Small Cap	5%	4%	4%	5%	5%	5%
Emerging Markets Equity	6%	8%	8%	9%	9%	10%
Fixed Income	25%	35%	30%	25%	20%	15%
US Fixed Income	25%	35%	30%	25%	20%	15%
Alternatives	10%	10%	10%	10%	10%	10%
Real Estate	10%	10%	10%	10%	10%	10%
Expected Geometric Return	5.8%	5.4%	5.6%	5.8%	6.1%	6.3%
Expected Standard Deviation	12.7%	11.0%	11.9%	12.7%	13.7%	14.6%

- The optimal mixes are constructed with decreasing allocations to fixed income (from 35% to 15%)
- As fixed income decreases, the expected return increases and annual portfolio risk reaches over 14%

Efficient Frontier

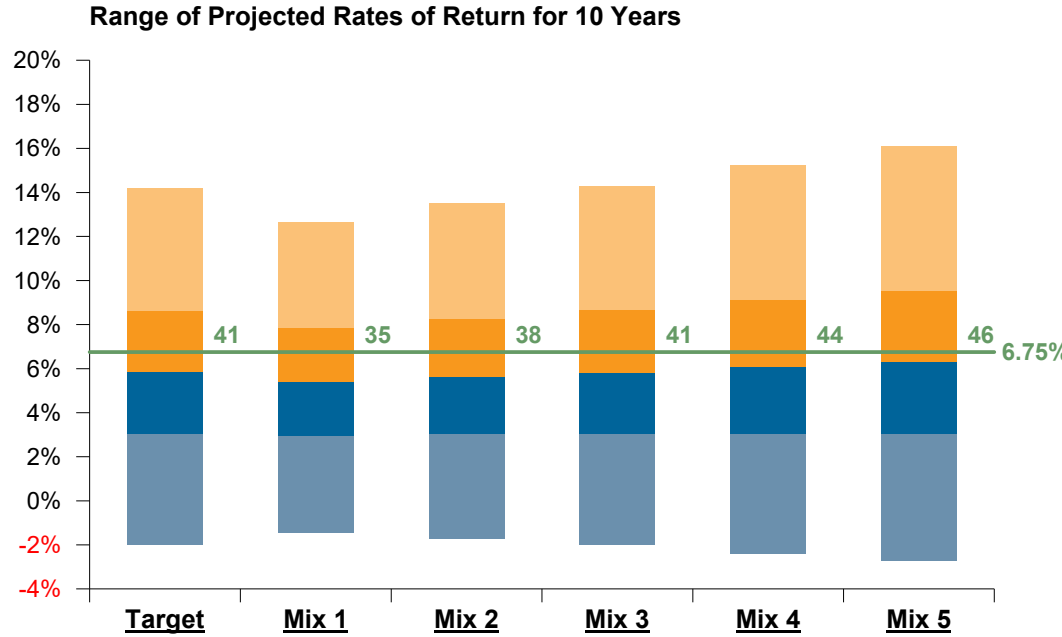
Current Asset Classes Only



- Efficient frontier represents mixes which optimally trade off between expected return and expected risk
- The current target lies next to Mix 3

Projected Range of Return (10-Years)

Current Asset Classes Only

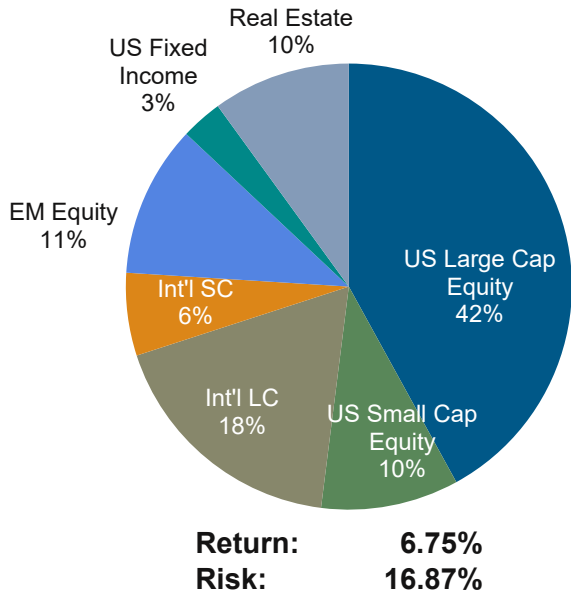


The Fund's actuarial return assumption

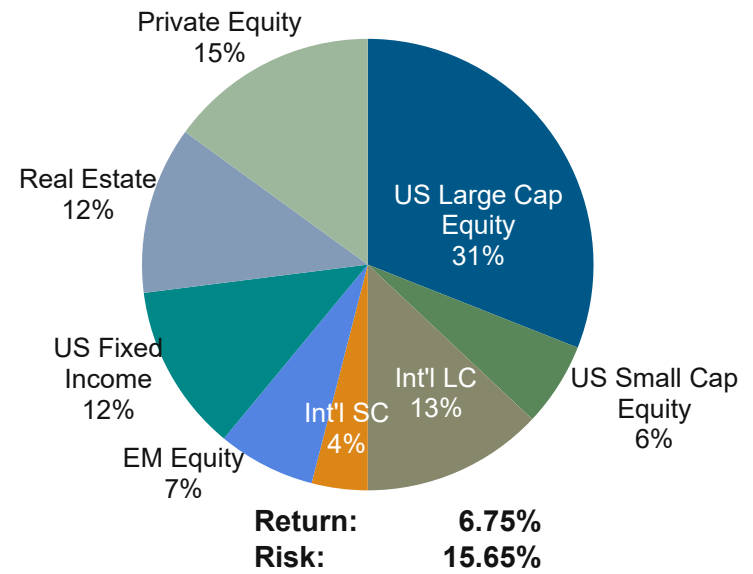
- Chart reflects annualized return distribution over the next ten years
- Bar heights proportional to return volatility
 - Higher expected (median) returns associated with higher volatilities
 - Increased volatility leads to lower worse-case (95th percentile) returns
- The target has approximately a 41% chance of earning 6.75% or better over the next 10 years

	Target	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
2.5th Percentile	14.2%	12.7%	13.5%	14.3%	15.2%	16.1%
25th Percentile	8.6%	7.8%	8.2%	8.6%	9.1%	9.5%
Median	5.8%	5.4%	5.6%	5.8%	6.1%	6.3%
75th Percentile	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
97.5th Percentile	-2.0%	-1.4%	-1.7%	-2.0%	-2.4%	-2.7%
Prob > 6.75%	41.1%	35.2%	38.3%	41.3%	43.7%	45.8%

Portfolios expected to achieve 6.75%



To achieve a 6.75% expected return with the current 10% level of illiquid investments would require a 3% allocation to fixed income and result in an overall portfolio risk of ~17%



To achieve a 6.75% expected return without a constraint on illiquid alternatives and the addition of private equity would result in 27% allocated to real estate and private equity, 12% fixed income, and an overall portfolio risk of ~16%

Summary and Observations

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

- Plan is open and accruing benefits

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

Liquidity needs are manageable and low

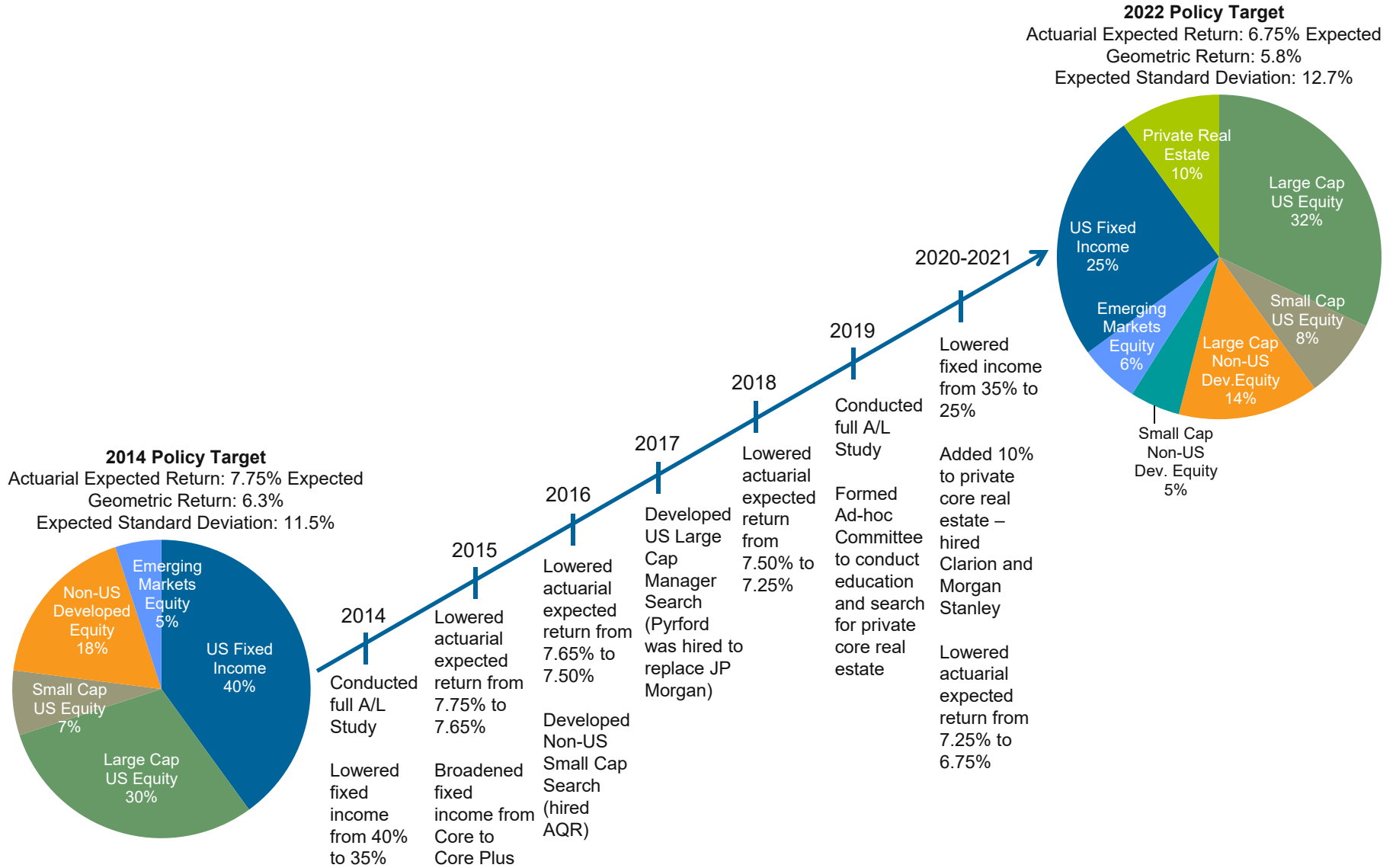
- Net outflows have been less than 5% over the past several years and are expected to remain low
- 10% allocation to illiquid asset classes (real estate) in the current target

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

Over the next ten years, the investments will be challenged to generate a return that meets the 6.75% assumed rate of return

- Increasing Public Equities and/or adding 5% to Private Equity is still not expected to meet the 6.75% return threshold, and would increase portfolio risk

What RT Has Accomplished Since the 2014 Asset/Liability Study



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New Asset Class Considered

New Asset Classes Considered

Incorporating new asset classes into the portfolio can increase the portfolio's efficiency resulting in a higher expected return without increasing market-related risk. This would reduce the portfolio's dependence on public equity as the primary return generator.

One asset class: Private Equity (Fund of Funds) is examined for potential inclusion

Pros:

- Provides an additional source of growth with a return stream that can help diversify public equities

Cons:

- Can increase the complexity and reduce liquidity of the portfolio, requiring long-term commitment and higher fees
- Can potentially increase staff oversight

Private Equity

Background

The private equity market in aggregate is driven by many of the same economic factors as public equity markets. Buyout valuations appear reasonable while venture/growth equity valuations are high.

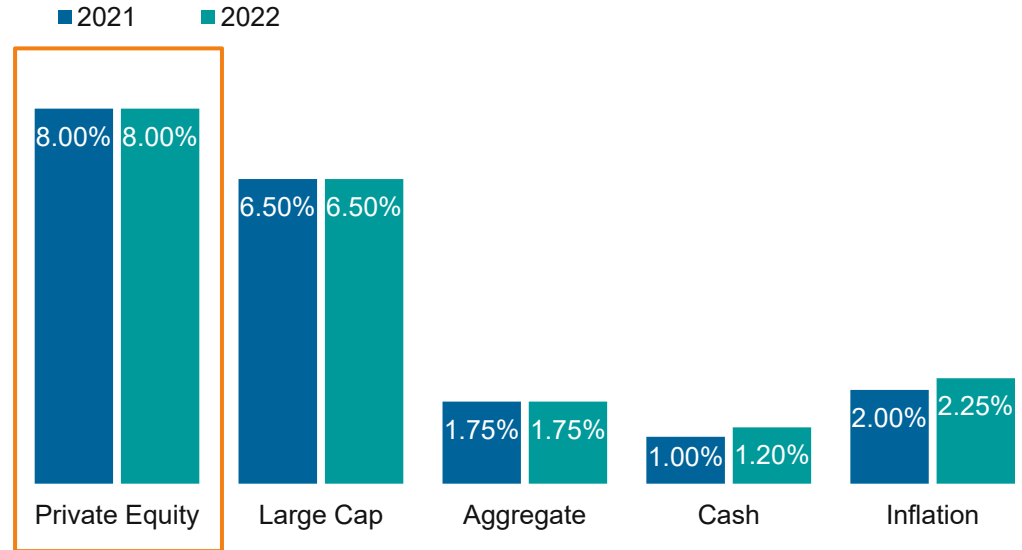
Consequently, the private equity performance expectations did not change relative to where they were last year.

We see tremendous disparity between the best- and worst-performing private equity managers.

The ability to select skillful managers could result in realized returns significantly greater than projected here.

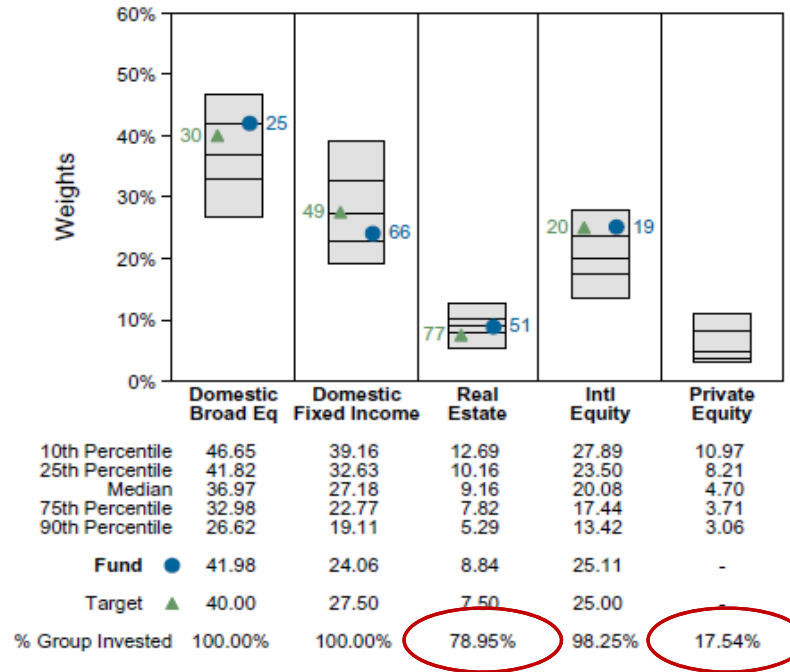
2022 private equity return projection: 8.00% (unchanged)

Return Projections



Peer Group Comparisons (as of 12/31/2021)

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



SacRT is like most public funds and has a moderate allocation to real estate

Roughly 1 in 6 public funds of similar size invest in Private Equity, which can potentially provide an additional source of growth with a return stream that can help diversify public equities

SacRT’s liquidity profile may be supportive of such an allocation to Private Equity, but comes at potentially higher cost, complexity, and increase staff oversight

Range of Alternative Asset Mixes

Addition of 5% Private Equity

Asset Class	Current Target	Mix 1P	Mix 2P	Mix 3P	Mix 4P	Mix 5P
Public Equity	65%	49%	54%	58%	64%	69%
US Large Cap Equity	32%	24%	25%	27%	30%	33%
US Small Cap Equity	8%	5%	7%	7%	8%	8%
International Large Cap	14%	10%	11%	12%	13%	14%
International Small Cap	5%	4%	3%	4%	4%	4%
Emerging Markets Equity	6%	6%	8%	8%	9%	10%
Fixed Income	25%	36%	31%	27%	21%	16%
US Fixed Income	25%	36%	31%	27%	21%	16%
Alternatives	10%	15%	15%	15%	15%	15%
Real Estate	10%	10%	10%	10%	10%	10%
Private Equity	0%	5%	5%	5%	5%	5%
Expected Geometric Return	5.8%	5.5%	5.7%	5.9%	6.2%	6.4%
Expected Standard Deviation	12.7%	11.0%	11.9%	12.7%	13.7%	14.7%

- Adding private equity improves expected return at the same level of risk (~8 to 9 basis points)
- Private Equity constrained to 5% of the total portfolio

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Appendix

Interest Rate Movement in the Last Year + First Quarter of 2022

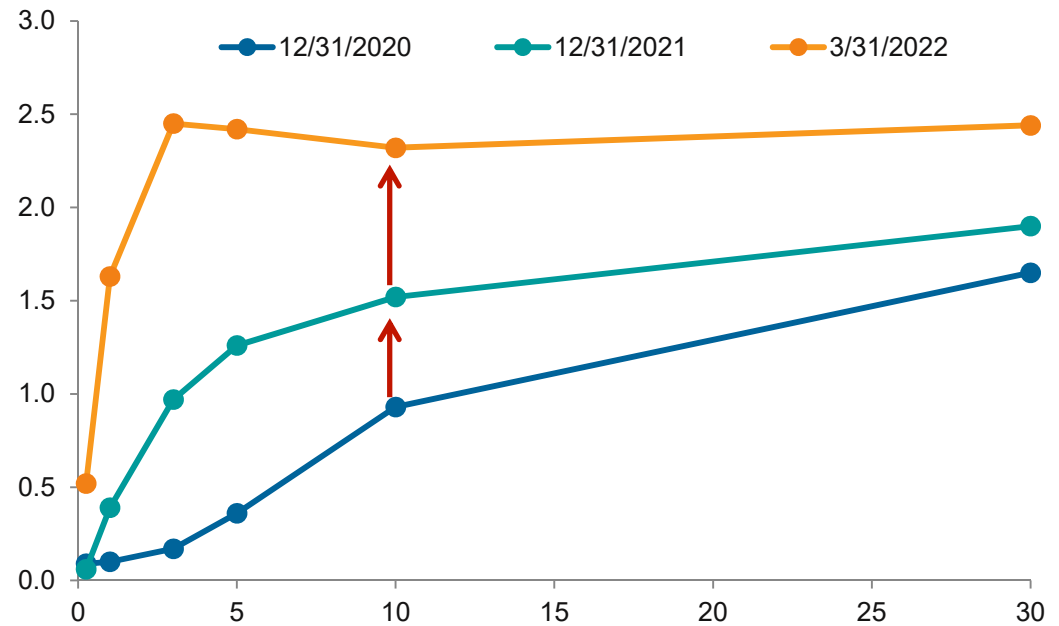
The Treasury yield curve rose during 2021

- Because of potential volatility in yields at any given point such as 12/31/21, we use the average of recent yields as the anchor to develop Callan’s 2022 capital markets assumptions

Yield curve shifted sharply higher in 1Q22, especially on the short end

- Steep losses for bonds in first four months
- For 10-year forecast, losses up front will be offset by higher yields in the following periods; 10-year forecast can be meaningfully higher if yield increases are early and high enough, AND yields are maintained.

Treasury Yield Curve Change



Sources: Bloomberg, Federal Reserve

Impact of Inflation and Interest Rates on Assets and Liabilities

Inflation is an underlying component of the following economic assumptions:

Salary increase rates (affects projected benefits and liabilities for active members only)

No direct impact on inactive liabilities

Inflation is 8% now but the bond market does not anticipate inflation above 3% over 10 years

- Based on 10-year breakeven rate

The question to investors is whether they should restructure their portfolio because inflation is 2.50% - 2.75% rather than 2.25%?

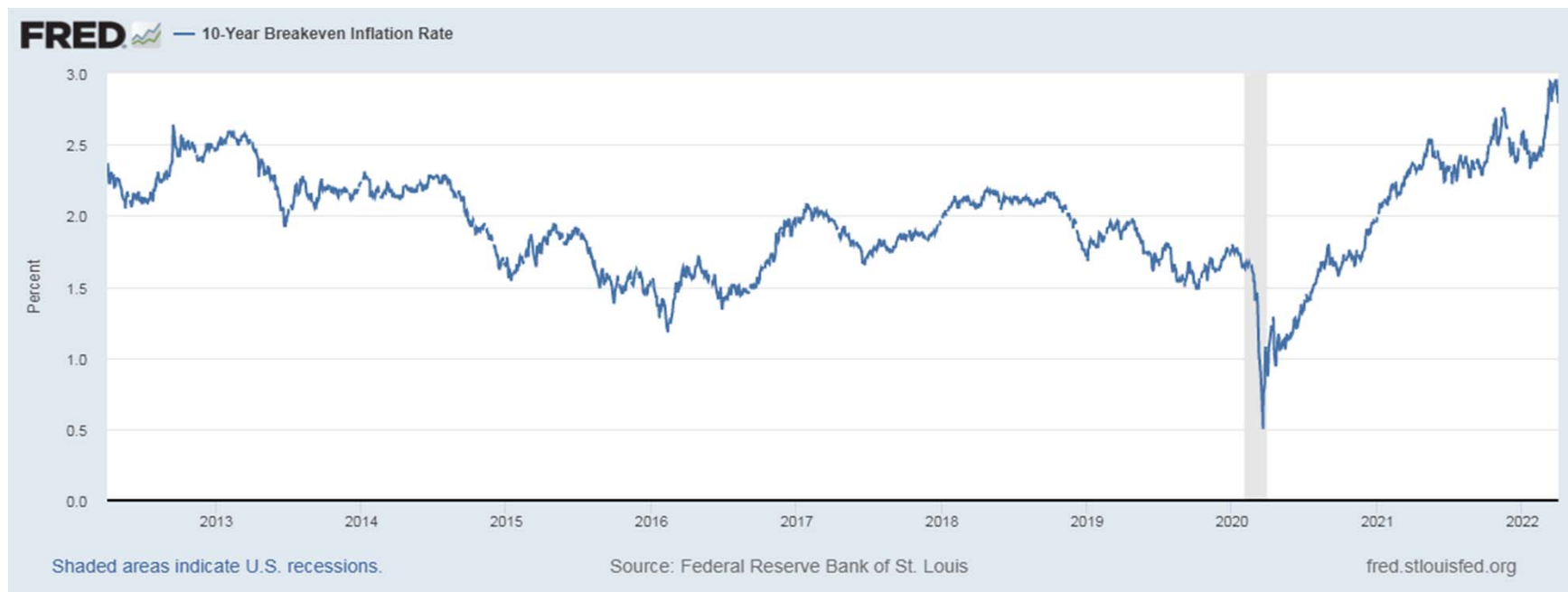
Fixed income: there are consequences in higher yields

- The 2 to 10 year spread is about 35 bps. Not inverted but not the longer term average of about 90 to 100 bps
- Fed is demonstrably more hawkish on inflation and has begun raising rates quickly
- Consequently we can see the yield on the Aggregate pause at or near current levels and potentially retrace in a recession or even in a flat growth scenario before starting to move higher again

If we raised the fixed income return to the current yield, the impact on the total portfolio is likely to be limited:

- Low fixed income allocations
- Higher yields are likely to have a negative impact on the equity market
- Portfolios will still be challenged to make a 6.75% - 7.25% discount rate
- Unlikely to spur a change to the asset allocation

10-Year Breakeven Rate – Bond Market Forecast of Inflation



- 10-year breakeven inflation rate is the difference in yield between the nominal 10-year Treasury and the 10-year Treasury Inflation Protected Security (TIPS)
 - Extra yield nominal Treasury would have to earn to maintain the same purchasing power as a TIPS investment
- Current values of implied inflation are approaching 3%
 - Includes current high levels of inflation

Source: Federal Reserve Bank of St. Louis

2022 Correlations

U.S. Large Cap	1.00																				
U.S. Smid Cap	0.90	1.00																			
Dev ex-U.S. Equity	0.77	0.77	1.00																		
Em Market Equity	0.79	0.76	0.84	1.00																	
Short Dur Gov/Credit	-0.06	-0.08	-0.06	-0.10	1.00																
Core U.S. Fixed	-0.10	-0.12	-0.11	-0.14	0.78	1.00															
Long Government	-0.15	-0.16	-0.13	-0.16	0.67	0.84	1.00														
Long Credit	0.28	0.25	0.26	0.24	0.64	0.80	0.69	1.00													
TIPS	-0.08	-0.08	-0.09	-0.10	0.56	0.70	0.53	0.52	1.00												
High Yield	0.71	0.68	0.69	0.69	-0.01	0.00	-0.08	0.40	0.06	1.00											
Global ex-U.S. Fixed	0.01	0.00	0.05	0.08	0.48	0.50	0.42	0.49	0.45	0.12	1.00										
EM Sovereign Debt	0.56	0.54	0.55	0.61	0.08	0.14	0.05	0.35	0.18	0.60	0.15	1.00									
Core Real Estate	0.64	0.60	0.60	0.56	-0.01	-0.04	-0.09	0.24	-0.02	0.53	-0.02	0.33	1.00								
Private Infrastructure	0.65	0.60	0.61	0.58	0.00	0.01	-0.03	0.27	-0.02	0.50	0.03	0.35	0.76	1.00							
Private Equity	0.77	0.73	0.73	0.72	-0.10	-0.19	-0.21	0.15	-0.14	0.59	0.06	0.40	0.50	0.62	1.00						
Private Credit	0.68	0.65	0.65	0.64	0.00	-0.06	-0.10	0.28	-0.09	0.63	0.06	0.48	0.47	0.52	0.65	1.00					
Hedge Funds	0.79	0.74	0.75	0.74	0.10	0.13	0.07	0.39	0.09	0.64	0.05	0.53	0.45	0.47	0.57	0.61	1.00				
Commodities	0.28	0.27	0.27	0.27	-0.10	-0.10	-0.10	0.01	0.10	0.15	0.15	0.19	0.21	0.18	0.23	0.17	0.23	1.00			
Cash Equivalents	-0.06	-0.08	-0.10	-0.10	0.30	0.15	0.08	-0.05	0.12	-0.11	0.00	-0.07	0.00	-0.07	0.00	-0.06	-0.04	-0.02	1.00		
Inflation	-0.02	0.02	0.00	0.03	-0.21	-0.25	-0.23	-0.25	0.08	0.05	-0.10	0.00	0.10	0.06	0.06	0.06	0.15	0.29	0.05	1.00	
	Lg Cap	Smid Cap	Dev	Em Markets	Short Duration	Core Fixed	Long Gov	Long Credit	TIPS	High Yield	GI ex-US Fixed	EM	Core Real Est	Private Infra	Private Equity	Private Credit	Hedge Funds	Comm	Cash Equiv	Inflation	

Disclaimers

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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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Sacramento Regional Transit District

**Statement of Investment Objectives
and Policy Guidelines
For the Sacramento Regional Transit District
Retirement Plans**

Restated Effective June 10, 2020

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**Sacramento Regional Transit District
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For the Sacramento Regional Transit District Retirement Plans**

I. Purpose

The Sacramento Regional Transit District (SacRT) sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association ("AEA"), the Management and Confidential Employees Group ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME Plan. Each Board must operate and administer its respective Plan in accordance with such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the registered investment adviser(s) retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment manager(s); and
- Serves as a review document to guide the Boards' ongoing supervision of the investment of Plans' assets.

II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of SacRT to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select qualified investment managers, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the Plans' asset allocation policy, the Plans' investment objectives, these Investment Policies and Guidelines, and the Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment to this Statement of Investment Objectives and Policy Guidelines.

Review of Investment Managers

The Boards will meet at least every eighteen (18) months with each investment manager and quarterly with its investment consultant (with or without the presence of the investment managers) to review the performance of its investment managers. The quarterly performance reviews will focus on:

- The investment manager's adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager's results against funds using similar investment styles;

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- Comparison of the investment manager’s performance as measured against the applicable index;
- Material changes in the investment manager’s organization, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

III. Asset Allocation Policy

On an annual basis, the Boards' investment consultant will complete an asset allocation study, and the Boards will review and approve the study. An asset allocation study is an evaluation of the Plans' investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans' asset allocation policy.

The Boards have determined that the long-range asset allocation policy for the Plans is as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Domestic Equity	35%	40%	45%
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
International Equity	20%	25%	30%
Developed Large Cap Equity	10%	14%	18%
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
Domestic Fixed-Income	20%	25%	30%
Real Estate	6%	10%	14%

The asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions and projections are reviewed annually. If significant changes in projections occur, the Boards' intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment manager(s).

IV. Asset Rebalancing Policy

The Boards established the aforementioned asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

When it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the highest percent funded managers and reallocated to the underfunded managers, with the goal of rebalancing the asset allocation percentages as close to the targets as possible.

The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to the AVP, Finance and Treasury to manage pension plan assets in accordance with the approved rebalancing policy. The AVP, Finance and Treasury shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

V. Pension Plan Cost Reimbursements

It is understood that the Plans are required to pay benefits and reasonable administrative expenses. In an effort to minimize transactional banking and investment fees, all Plan expenses are initially paid for by SacRT and subsequently reimbursed by the Plans. Reimbursement for monthly Pension Plan Costs include benefit payments to retirees; compensation to fund managers, fund custodian, investment consultant, Plan legal counsel, and for actuarial services; expenses for fiduciary insurance, pension staff labor, and all other administrative expenses incurred by the Plans during the normal course of business.

Distributions for reimbursements of these costs that are equal to or less than 0.5% of total Plan assets will be transferred from the Domestic Equity or Domestic Fixed Income asset classes, specifically the fund manager with the highest percent of funding over the target percentage, established in section III Asset Allocation Policy.

Utilizing only the Domestic Equity and Domestic Fixed Income asset classes to fund reimbursements will reduce the cash flow burden on SacRT, given that Domestic Equity and Domestic Fixed Income fund managers are able to liquidate holdings more quickly than non-Domestic managers, and will ensure timely and regular cash flow out of the Plans to reimburse expenses being incurred.

For any distribution greater than 0.5% of Plan assets, staff will consider Domestic and International Equity and Domestic Fixed Income asset class weights when making a transfer to reimburse SacRT.

VI. Manager Search and Due Diligence Process

To implement the asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria; analysis and due diligence review of potential managers; and interviews when appropriate. Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;
- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fund manager searches to replace or augment the Plans' existing fund managers.

VII. Investment Manager Discretion, Requirements, and Co-Fiduciary Status

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with the investment objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with SacRT.

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Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to ensure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

VIII. Investment Objectives, Policies, Guidelines, and Restrictions

Evaluation Time Periods

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular manager as determined by the Board.

While it is the Boards intention to maintain long standing relationships with their managers, the Boards reserve the right at any time to terminate a relationship with any manager for any reason including, but not limited to, changes to the Asset Allocation Policy and manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

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All Asset Class Objectives

The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the consultant.

- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Domestic Equity Benchmark¹ and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees²;
- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;

¹ The Custom Domestic Equity Benchmark currently consists of 80% S&P 500 Index and 20% Russell 2000 Index

² Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed the Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers - The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio, and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.
- Active Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;

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- Active Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
- Active Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.
- Passive Managers - Securities shall be diversified by industry and in number in accordance with their stated indices;

International Equity Investments

Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the Custom International Equity Benchmark³ and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees⁴;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top

³ The Custom International Equity Benchmark currently consists of 56% MSCI EAFE Index, 20% MSCI EAFE Small Cap Index and 24% MSCI Emerging Markets Index.

⁴ Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;

- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Managers - Unless specifically authorized by the Boards, International Equity managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Managers - International Equity managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- Active Developed and Emerging Markets Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs 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. Refer to Appendix A for definition of the term "non-U.S.";

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- Active Developed and Emerging Markets Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
- Active Developed and Emerging Markets Managers - Defensive currency hedging is permitted;
- Active Developed Managers - No more than 15% of the fund market value will be invested in emerging market countries;
- Emerging Markets Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
- Passive Managers – The International Equity index manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

Domestic Fixed-Income Investments

Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the Bloomberg Barclays U.S. Aggregate Bond Index and ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and
- For Core Plus Bond Fixed-Income Managers, achieve net of fee returns greater than the Bloomberg Barclays U.S. Aggregate Bond Index and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

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Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the Bloomberg Barclays U.S. Aggregate Bond Index;

The investment managers shall maintain a minimum overall portfolio quality rating of “A” equivalent or better at all times (based on a market-weighted portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- The applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody’s Investors Service Inc. (Moody’s), Standard and Poor’s Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund’s governing documents;
- The following instruments are acceptable at purchase:
 - Cash
 - U.S. Treasury Bills
 - Agency Discount Notes
 - Certificates of Deposit (CDs) and Bankers’ Acceptances (BAs)
 - Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
 - Asset-Backed Commercial Paper – Minimum Quality of A2/P2
 - Money Market Funds and Bank Short-Term Investment Funds (STIF)
 - Repurchase Agreements (Repo)

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- U.S. Government and Agency Securities
- Credit Securities/Corporate Debt (both U.S. and Foreign issuers)
 - Debentures
 - Medium-Term Notes
 - Capital Securities
 - Trust Preferred Securities
 - Yankee Bonds
 - Eurodollar Securities
 - Floating Rate Notes and Perpetual Floaters
 - Structured Notes (with fixed income characteristics)
 - Municipal Bonds
 - Preferred Stock
 - Private Placements
 - Bank Loans
 - 144(a) Securities
 - EETCs
- Securitized Investments
 - Agency and Non-Agency Mortgage-Backed Securities (MBS)
 - Asset-Backed Securities (ABS)
 - 144(a) Securities
 - Commercial Mortgage-Backed Securities (CMBS)
- Emerging Markets Securities
- International Fixed Income Securities (including non-dollar denominated securities)
- Other
 - Fixed Income Commingled and Mutual Funds
 - Futures and Options (for duration/yield curve management or hedging purposes only)
 - Swap Agreements (for duration/yield curve management or hedging purposes only)
 - Reverse Repurchase Agreements (Reverse Repo)

Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

Real Estate

Objectives:

- For the Total Domestic Core Real Estate Component, achieve a positive real return through a combination of income and appreciation. The Total Domestic Real Estate Component will be evaluated against the NFI-ODCE Value Weighted Index (Gross) and be compared to broad comparative universe of domestic core real estate managers, gross of fees;
- For the Domestic Core Real Estate managers, achieve a positive real return greater than the NFI-ODCE Value Weighted Index (Gross) through a combination of income and appreciation and rank in the top half of a broad comparative universe of domestic core real estate managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Managers - The real estate managers will invest predominantly in income producing properties diversified by both geographical region and property type.
- All Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All managers – The real estate managers will invest primarily in properties located in the United States. Investments will be diversified by region (West, East, South, and Midwest).
- All managers – The real estate managers will invest primarily in the four main property types (office, apartment, industrial, and retail).
- All managers - The maximum amount of leverage permissible will be 50% of the real estate fund's gross asset value under normal market conditions.
- All managers – The real estate managers will predominantly invest in developed, well-leased properties, but may invest up to 15% of the fund's

gross asset value in properties requiring significant enhancement or development.

IX. Manager “Watch List” or Termination “Guidelines”

The Boards may maintain a "Watch List" for managers that are not meeting prescribed objectives. If the Boards place a manager on the “Watch List”, the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years, unless the manager is terminated sooner. Notwithstanding the “Watch List” guidelines described herein, the Boards can choose to terminate a manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing a manager on a “Watch List” or terminating a manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

X. Proxy Voting Policy

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with SacRT. In determining the Boards’ vote, the investment manager should not subordinate the economic interests of SacRT or the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

XI. Investment Manager Reporting Requirements

Investment managers are expected to communicate with the Boards in writing at the end of each quarter or more frequently if requested. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, oral presentations shall be made to the Boards on a regular basis.

Written quarterly reports should include:

- Current investment strategy;
- Recent investment performance;
- Demonstration of compliance with these guidelines;
- List of holdings in the portfolio, including at cost and at market values;
- Personnel changes;
- New/Lost accounts; and
- Pending litigation.

The Boards are interested in fostering healthy working relationships with its managers through a discipline of effective two-way communication. The information outlined above is intended to provide the Boards with an effective means of understanding their managers' specific management styles and strategies, and to effectively evaluate the results.

XII. Investment Consultant Responsibilities

The Boards' investment consultant will have the responsibilities set forth in its agreement with SacRT and will also be expected to take the actions set forth below or otherwise stated in this policy.

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The investment consultant is responsible for providing to the Boards timely and accurate quarterly performance measurement reports for each individual investment manager and for the Plans. The investment consultant shall present the performance reports to the Boards at its quarterly meetings.

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

APPENDIX A **Definitions**

Bloomberg Barclays U.S. Aggregate Bond Index - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.

Commingled Fund – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

Emerging Markets – a financial market of a developing country, usually a small market with a short operating history. The Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

Fitch Ratings - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

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

Market Cycles - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

Moody's Investors Rating Service - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

Morgan Stanley Capital International (MSCI) EAFE Index - is comprised of stocks traded in the developed markets of Europe, Asia, and the Far East. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) Emerging Markets Index – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

Morgan Stanley Capital International (MSCI) EAFE Small Cap Index – is an equity index which captures small cap representation across developed markets in countries around the world, excluding the U.S. and Canada.

Russell 2000 Index – is comprised of the 2000 smallest stocks in the Russell 3000 Index.

NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) Index – is an index comprised of investment returns of core, open-end diversified real estate funds.

The Russell 3000 Index is comprised of the largest 3000 U.S. companies by market capitalization.

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Standard & Poor's 500 Index - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Standard & Poor's Rating Service - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.



RETIREMENT BOARD STAFF REPORT

DATE: June 8, 2022 Agenda Item: 17
TO: Sacramento Regional Transit Retirement Board - All
FROM: John Gobel - Manager, Pension and Retirement Services
SUBJ: ADOPT REVISED POLICY FOR CORRECTING RETIREMENT PLAN OVERPAYMENTS AND UNDERPAYMENTS

RECOMMENDATION

Adopt the attached Resolutions and Revised Policy for Correcting Retirement Plan Overpayments and Underpayments.

RESULT OF RECOMMENDED ACTION

Adoption of the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments would update the corrective practices employed for the Retirement Plans when errors are discovered in benefit payments made to retired members and their survivors. The updated practices would align with recent updates to the Employee Plans Compliance Resolution System (EPCRS) published by the Internal Revenue Service (IRS) for correcting errors under tax-qualified plans.

FISCAL IMPACT

None.

DISCUSSION

As plan administrators and fiduciaries of the tax-qualified defined benefit plans sponsored by the Sacramento Regional Transit District (SacRT), the Retirement Boards are responsible for operating all three Retirement Plans in accordance with the written terms of the Retirement Plan documents, including paying benefits only as provided for under the Plan documents. As a best practice, pension plan administrators are encouraged to adopt policies that provide further specificity regarding key processes and promote operational consistency with respect to correcting benefit payment errors.

Based on the recommendation of Staff and Legal Counsel to the Retirement Boards, the Boards adopted the current Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015, incorporating then-current EPCRS guidance for correcting benefit payment errors. Since 2015, the IRS has published new versions of

EPCRS that include changes affecting correction of overpayments and underpayments by defined benefit plans. The proposed Policy update (attached as Exhibit A in redline form to show the proposed revisions) incorporates the latest publication of EPCRS, as found in Revenue Procedure 2021-30, and would automatically update certain dollar thresholds to reflect future changes in EPCRS.

The Revised Policy incorporates the most recent IRS guidance with respect to the correction of overpayments resulting from administrative errors, including that, depending on the facts and circumstances, recoupment of overpayment from retirees may be inappropriate. As with the prior version, the Revised Policy requires that (1) Staff confer with Legal Counsel to the Retirement Boards prior to taking any actions to correct overpayments or underpayments and (2) Staff report overpayment and underpayment occurrences at subsequent Quarterly Retirement Board Meetings.

RESOLUTION NO. 2022-06-346

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of ATU Local Union 256 on this date:

June 8, 2022

**Adopting Revised Policy for Correcting Retirement Plan
Overpayments and Underpayments**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF ATU LOCAL 256 AS FOLLOWS:

THAT, the Board of Directors (Retirement Board) of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the ATU Local 256 (Plan) adopted a Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015 to provide the Retirement Board and Staff with appropriate procedures for correcting benefit payment errors in accordance with the Plan and applicable Internal Revenue Service (IRS) guidance; and

THAT, applicable IRS guidance has been revised since the Retirement Board adopted the original Policy; and

THAT, the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A) incorporates the latest IRS guidance on correcting benefit payment errors by tax-qualified defined benefit plans, including the Plan; and

THAT, the Retirement Board hereby adopts the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A).

Ralph Niz, Chair

ATTEST:
Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-231

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of IBEW Union Local 1245 on this date:

June 8, 2022

**Adopting Revised Policy for Correcting Retirement Plan
Overpayments and Underpayments**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF IBEW LOCAL 1245 AS FOLLOWS:

THAT, the Board of Directors (Retirement Board) of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of IBEW Local 1245 (Plan) adopted a Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015 to provide the Retirement Board and Staff with appropriate procedures for correcting benefit payment errors in accordance with the Plan and applicable Internal Revenue Service (IRS) guidance; and

THAT, applicable IRS guidance has been revised since the Retirement Board adopted the original Policy; and

THAT, the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A) incorporates the latest IRS guidance on correcting benefit payment errors by tax-qualified defined benefit plans, including the Plan; and

THAT, the Retirement Board hereby adopts the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A).

Constance Bibbs, Chair

ATTEST:
Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-228

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AEA on this date:

June 8, 2022

**Adopting Revised Policy for Correcting Retirement Plan
Overpayments and Underpayments**

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

THAT, the Board of Directors (Retirement Board) of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AEA (Plan) adopted a Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015 to provide the Retirement Board and Staff with appropriate procedures for correcting benefit payment errors in accordance with the Plan and applicable Internal Revenue Service (IRS) guidance; and

THAT, applicable IRS guidance has been revised since the Retirement Board adopted the original Policy; and

THAT, the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A) incorporates the latest IRS guidance on correcting benefit payment errors by tax-qualified defined benefit plans, including the Plan; and

THAT, the Retirement Board hereby adopts the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A).

Russel Devorak, Chair

ATTEST:
Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-195

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of AFSCME Local Union 146 on this date:

June 8, 2022

**Adopting Revised Policy for Correcting Retirement Plan
Overpayments and Underpayments**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR THE SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME LOCAL 146 AS FOLLOWS:

THAT, the Board of Directors (Retirement Board) of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AFSCME Local 146 (Plan) adopted a Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015 to provide the Retirement Board and Staff with appropriate procedures for correcting benefit payment errors in accordance with the Plan and applicable Internal Revenue Service (IRS) guidance; and

THAT, applicable IRS guidance has been revised since the Retirement Board adopted the original Policy; and

THAT, the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A) incorporates the latest IRS guidance on correcting benefit payment errors by tax-qualified defined benefit plans, including the Plan; and

THAT, the Retirement Board hereby adopts the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A).

Peter Guimond, Chair

ATTEST:
Henry Li, Secretary

By:

John Gobel, Assistant Secretary

RESOLUTION NO. 2022-06-232

SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION

Adopted by the Board of Directors for the Retirement Plan for the Sacramento Regional Transit District Employees who are Members of MCEG on this date:

June 8, 2022

**Adopting Revised Policy for Correcting Retirement Plan
Overpayments and Underpayments**

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

THAT, the Board of Directors (Retirement Board) of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of MCEG (Plan) adopted a Policy for Correcting Retirement Plan Overpayments and Underpayments (Policy) in 2015 to provide the Retirement Board and Staff with appropriate procedures for correcting benefit payment errors in accordance with the Plan and applicable Internal Revenue Service (IRS) guidance; and

THAT, applicable IRS guidance has been revised since the Retirement Board adopted the original Policy; and

THAT, the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A) incorporates the latest IRS guidance on correcting benefit payment errors by tax-qualified defined benefit plans, including the Plan; and

THAT, the Retirement Board hereby adopts the Revised Policy for Correcting Retirement Plan Overpayments and Underpayments (Exhibit A).

Sandra Bobek, Chair

ATTEST:
Henry Li, Secretary

By:

John Gobel, Assistant Secretary

Sacramento Regional Transit District Retirement Boards

Policy for Correcting Retirement Plan Overpayments and Underpayments

Effective March 25, 2015

Proposed for Amendment June 8, 2022

I. PURPOSE

The Sacramento Regional Transportation District maintains three retirement plans for its retirees and their beneficiaries (individually each a "Plan," and collectively the "Plans"). The Plans' Retirement Boards (individually each a "Board," and collectively the "Boards") have a fiduciary obligation to conserve fund assets and protect the integrity of Plan funds. This includes maintaining the tax-qualified status of the Plans.

Therefore, the Boards, acting through its delegated administrative staff ("Staff"), have a duty to investigate any plan overpayments or underpayments promptly and diligently, and to recover overpayments and make underpayments of retirement plan benefits, unless circumstances exist that make it unreasonable or inappropriate to do so. Accordingly, when the Boards or Staff discover that a benefit calculation or payment error has occurred that affects a retiree's or beneficiary's retirement benefits, these policies and procedures provide the procedures for correcting those errors.

II. POLICY

Retirees and beneficiaries have a right to accurate retirement benefit payments in accordance with the Plans' terms. No retiree or beneficiary has the right to receive or retain retirement benefit payments that exceed the amounts to which a retiree or beneficiary is entitled, and no retiree or beneficiary should be deprived of any benefit payments that he or she is entitled to receive. When errors are discovered, the Boards acting through its Staff will make every reasonable effort to ~~recover the amount of any benefit overpayment, and pay a retiree or beneficiary the amount of any benefit underpayment~~correct the error, as established in this policy.

These policies and procedures take into consideration the correction principles that the IRS has set forth in the Employee Plans Compliance Resolution System (EPCRS) for tax-qualified plans. In the event of any inconsistency between ~~applicable law~~the correction principles set forth in the EPCRS and these policies and procedures, the ~~law~~EPCRS will take precedence. Staff will consult the Boards' legal counsel prior to taking any corrective action under this Policy to ensure that the correction qualifies for self-correction under EPCRS, and does not require IRS approval under the Voluntary Correction Program (VCP). If legal counsel determines that correction through the VCP may be required, Staff and legal counsel will notify and seek direction from the appropriate Board(s) as soon as administratively possible and before taking any corrective action.

III. PROCEDURES

A. Overpayments

1. Overpayments of \$~~100~~250 or less

The EPCRS does not require plan sponsors to recover small overpayments when the total overpayment is \$~~100~~250 or less. Therefore, if the total overpayment to a ~~member retiree~~ or beneficiary is \$~~100~~250 or less, the Board authorizes the Staff to forego seeking the return of the overpayment ~~in those cases in which Staff determines it is not cost effective for the Plans to pursue such a recovery. This threshold amount will automatically update as needed for consistency with the EPCRS.~~

2. Overpayments greater than \$~~100~~250

Staff will take all reasonable steps to recover the full amount of all overpayments greater than \$~~100~~250, plus interest ~~as required under~~ in accordance with the EPCRS and subject to this Policy procedures. As provided in the EPCRS, depending on the facts and circumstances, correcting an overpayment may not need to include requesting that an overpayment be returned to the Plan by the retiree or beneficiary. In the case of an overpayment to participant or beneficiary due to an administrative error, Staff, on the advice of the Board's legal counsel, will have the authority not to request repayment from the retiree or beneficiary, in accordance with the EPCRS and this Policy.

3. Method of Repayment

Staff will recover overpayments either by a lump sum payment from the retiree or beneficiary, if he or she so agrees, or by offsetting the amount to be recovered against future benefits over a period of time as set forth in this Policy, unless the Board determines that another method of repayment is warranted based on legal or practical considerations, including but not limited to repayment through an installment agreement. If the overpayment is recovered through offsetting against future retirement benefits, collections or garnishments mandated by statute may take precedence, including, but not limited to, payments pursuant to tax withholding orders, child support orders, court orders, and domestic relations orders.

4. Authority to Negotiate

Staff, on the advice of the Board's legal counsel, will have authority to negotiate recovery of overpayments when the amount of the overpayment, not including interest, is \$5,000 or less. The Board must approve any negotiated recovery in which the amount of overpayment, without interest, is greater than \$5,000. Negotiated claims may include a different period of repayment than provided in this Policy and/or a partial forgiveness of the amounts overpaid.

When determining whether to negotiate a claim, the Staff and/or the Board, as applicable, will consider all relevant information, including but not limited to: the likelihood of collection, the cost of collection, the amount of possible recovery, and hardship to the retiree or beneficiary. In situations where a retiree or beneficiary claims a hardship, the retiree or beneficiary will be required to explain, in detail, the nature of

the financial hardship, and provide documentation sufficient to support the hardship request in the type and manner that the Board or Staff reasonably requires.

In cases where there is evidence in the Board's sole discretion that the overpayment resulted from fraud or dishonest conduct by the retiree or beneficiary, the Board reserves all rights to seek all amounts overpaid, plus the maximum amount of required interest .

5. Overpayment Procedures

Upon discovery of an overpayment, unless Staff, on the advice of the Boards' legal counsel, determines it is inappropriate given the facts and circumstances to attempt to collect the overpayment from the retiree or beneficiary, Staff will send a letter by certified or overnight mail ~~or other form of traceable mail~~ to the retiree, joint annuitant, or beneficiary advising the individual about the overpayment, detailing the reason for and calculation of the overpayment and outlining ~~possible~~-repayment options and schedules, as described below. If the amount of the overpayment, without interest, is \$5,000 or more, Staff will attempt to contact the retiree or beneficiary by phone to schedule a meeting to discuss the contents of the letter before ~~it send~~sing the letter.

- a) The letter will request payment to the Plan of the amount overpaid, subject to the provisions of this Policy.
- b) The letter will include an Agreement to Repay Excess Benefits Form for the recipient to complete, sign and return to SacRT Retirement Services.
- c) The Agreement to Repay Excess Benefits Form will provide the following options:
 - i. Option 1 - equal offsets against future benefits over the same length of time that the overpayments occurred, with appropriate interest applied during the overpayment period and during the repayment period.
 - ii. Option 2 - lump sum payment to the Plan by check for the full amount or a single offset to the retiree or beneficiary's current benefit, with appropriate interest applied during the overpayment period.
 - iii. Option 3 - reduction of monthly benefit to zero until the overpayment is paid in full, with appropriate interest applied during the overpayment period and during the repayment period.
 - iv. Option 4 - reduction of monthly benefit by 25% until the overpayment is paid in full with appropriate interest applied during the overpayment period and during the repayment period.
 - iv.v. Option 5 – actuarial equivalent reduction of monthly benefit amount in accordance with the EPCRS.
- d) The letter and Agreement to Repay Excess Benefits Form will provide that Option 45 will ~~go into~~take effect by default if a written response from the retiree or beneficiary is not received within thirty (30) days following the date the letter was ~~post-marked~~sent.

- e) The Boards may pursue all legal remedies to collect overpayments, including making a claim on an estate or trust, if appropriate.

Staff will maintain a record of all overpayments and the related repayments to the Plans. Staff will report the number of overpayment occurrences and their amounts at each quarterly Board meeting.

B. Underpayments

1. Underpayments, Generally

When it has been determined that the Plan has underpaid benefits, the retiree or beneficiary will be entitled to a prospective adjustment to his or her retirement benefits necessary to pay the correct benefit amount, as well as a lump sum payment for all past underpayments, with interest at the rate the Board has established in accordance with the EPCRS throughout the applicable period of underpayment. Interest will accrue on each underpayment amount from the date of the underpayment to the date of the lump sum corrective payment.

Staff will obtain approval of any lump sum corrective payment in accordance with the usual approval process for service retirements. If, however, the total underpayment for any retiree or beneficiary exceeds \$5,000, without interest, Staff will obtain the Board's approval. Once approved, Staff will pay the corrective payment as soon as administratively practicable.

No payment of "small benefits" (as defined in the EPCRS) will be made, if Staff determines that the reasonable direct costs of processing and delivering the payment to the retiree or beneficiary would exceed the amount of the payment. The definition of "small benefits" in the EPCRS is an underpayment of \$75 or less. This "small benefits" amount will automatically update as needed for consistency with the EPCRS.

2. Underpayments – Deceased Retiree or Beneficiary

If a retiree or beneficiary who was underpaid benefits has died prior to payment of ~~the a~~ corrective lump sum amount ~~due~~, the following additional procedures will be followed:

a) Retiree or Beneficiary with a Designated Beneficiary

- i. If the retiree or beneficiary has sd named a designated beneficiary, the payment will be made directly to the designated beneficiary.

b) Retiree or Beneficiary without a Designated Beneficiary

~~i. In cases where there is no designated beneficiary and the amount of underpayment is \$50 or less, without interest, Staff need not take proactive measures to locate any person(s) entitled to such funds.~~

~~ii.i. In cases where there is no designated beneficiary and the amount of underpayment is more than \$50, without interest, Staff will take reasonable measures to determine if there is an open estate and, if so, will make payment to the estate.~~

~~iii.ii. If final distribution of the estate has already been made, Staff will obtain and review the order of final distribution to determine how assets that were~~

unknown at the time of final distribution are to be distributed under the order. Payment will then be made in compliance with the order for final distribution, if possible.

~~iv~~.iii. If an estate was not established, the Plan will hold the funds on behalf of the deceased retiree or beneficiary. If an individual later makes claims to the funds, the Board will consider the claim on a case-by-case basis.

Staff will maintain a record of all underpayments. Staff will report the number of underpayment occurrences and their amounts at each quarterly Board meeting.