



# Sacramento Regional Transit District Agenda

**COMBINED QUARTERLY MEETING OF THE RETIREMENT BOARDS FOR THE  
EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT  
WEDNESDAY, MARCH 8, 2023 AT 9:00 A.M.  
REGIONAL TRANSIT AUDITORIUM  
1400 29<sup>TH</sup> STREET, SACRAMENTO, CALIFORNIA  
Website Address: [www.sacrt.com](http://www.sacrt.com)  
(29th St. Light Rail Station/Bus 38, 67, 68)**

**MEETING NOTE:** *This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.*

- ROLL CALL**
- ATU Retirement Board: Directors: Li, Kennedy, McGee Lee, Scott  
Alternates: Valenton
  - 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 Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

**CONSENT CALENDAR**

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Motion:	Approving the Minutes for the February 15, 2023 Special Retirement Board Meeting (ATU). (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the February 15, 2023 Special Retirement Board Meeting (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Approving the Minutes for the February 15, 2023 Special Retirement Board Meeting (AEA). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Motion:	Approving the Minutes for the February 15, 2023 Special Retirement Board Meeting (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Motion:	Approving the Minutes for the February 15, 2023 Special Retirement Board Meeting (MCEG). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2022 for the ATU Pension Plan (ATU). (Johnson)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2022 for the IBEW Pension Plan (IBEW). (Johnson)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Motion:	Receive and File Administrative Reports for the Quarter Ended December 31, 2022 for the Salaried Pension Plan (AEA/AFSCME /MCEG). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Motion:	Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2022 (ALL). (Johnson)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
10. Motion:	Receive and File the Fiscal Year 2022 State Controller's Report for the ATU Pension Plan (ATU). (Johnson)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Motion:	Receive and File the Fiscal Year 2022 State Controller's Report for the IBEW Pension Plan (IBEW). (Johnson)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Motion:	Receive and File the Fiscal Year 2022 State Controller's Report for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
13. 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>
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 December 31, 2022 (ALL). (Johnson)	<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 December 31, 2022 (ALL). (Johnson)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
16. Motion:	Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024. (ATU) (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Motion:	Accept Actuarial Valuation and Approve Actuarially Determined	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Contribution Rates for Fiscal Year 2024. (IBEW) (Gobel)

18. Motion: Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024. (AEA/AFSCME/MCEG) (Gobel)

**REPORTS, IDEAS AND COMMUNICATION**

- |  | <u>ATU</u>                          | <u>IBEW</u>                         | <u>AEA</u>                          | <u>AFSCME</u>                       | <u>MCEG</u>                         |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 19. 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"/> |
| 20. Information AB 2449/Brown Act - Verbal Update (ALL). (Shayna van Hoften)                   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

**ADJOURN**

**NOTICE TO THE PUBLIC**

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

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29<sup>th</sup> Street and posted to SacRT's website at [www.sacrt.com](http://www.sacrt.com).

Any person(s) requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Human Resources Pension and Retiree Services Administrator at 916-556-0296 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the 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 29<sup>th</sup> Street, Sacramento, CA. Any person who has questions concerning any agenda item may call the Retirement Services Analyst of the Sacramento Regional Transit District to make inquiry.

**Sacramento Regional Transit District  
Special Retirement Board Meeting (MCEG)  
Wednesday, February 15, 2023  
MEETING MINUTES**

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (ATU, IBEW, AEA, AFSCME, 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 9:03 a.m. A quorum was present and comprised as follows: Directors Kennedy, Li, Bobek, and Hinz. Alternates Valenton and Flores also attended the meeting but had no formal role.

Director Kennedy presided over this meeting as Common Chair of the Retirement Boards.

Prior to presenting or requesting votes for any items on the Retirement Board agenda, John Gobel, Manager of Pension and Retirement Services, introduced ATU Director Lee Scott and explained that Director Scott has been appointed to complete the remainder of the term of former Director Ralph Niz, who retired from SacRT effective January 1, 2023 and resigned from the Retirement Board.

Mr. Gobel also reported the recent departure from SacRT of Lawrence Chiu, who served as Vice President, Finance/CFO, and introduced Jason Johnson as Acting Vice President, Finance/CFO.

**RESOLUTION TO MEET VIA TELECONFERENCE**

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).

Mr. Gobel presented a brief overview of Assembly Bill 361 (AB 361), which authorizes local legislative bodies to continue to meet remotely during the COVID-19 pandemic when certain conditions are met. Mr. Gobel explained that, under AB 361, the Retirement Boards must determine that the circumstances of the COVID-19 state of emergency continue to directly impact the ability of the Boards to meet safely in person in order to continue to meet via special teleconference rules. Mr. Gobel also explained that the Retirement Boards will resume in-person meetings with their next Quarterly Retirement Board Meeting scheduled for March 8, 2023 as a result of the Governor's October 2022

## **February 15, 2023 Meeting Minutes – Continued**

announcement that he intends to end the COVID-19 State of Emergency as of February 28, 2023.

There were no questions from the Board.

Director Kennedy moved to Adopt Agenda Item 1. The motion was seconded by Director Li. Agenda Item 1 was carried unanimously by roll call vote. Ayes – Bobek, Hinz, Kennedy, and Li; Noes – None.

### **CONSENT CALENDAR**

7. Motion: Approving the Minutes for the December 14, 2022, Quarterly Retirement Board Meeting (MCEG). (Gobel)

Director Kennedy moved to adopt Agenda Item 7. The motion was seconded by Director Li. Agenda Item 7 was carried unanimously by roll call vote: Ayes – Bobek, Hinz, Kennedy, and Li; Noes – None.

### **NEW BUSINESS**

8. Information: Receive Preliminary Results of Valuation Studies for Retirement Plans (All). (Gobel)

Mr. Gobel introduced consulting actuary Graham Schmidt of Cheiron and indicated that Mr. Schmidt would be discussing the preliminary results of the actuarial valuation reports (AVRs) for all three Retirements Plans, i.e., the ATU Plan, the IBEW Plan, and the Salaried Plan. Mr. Gobel also indicated that today's presentation was informational and did not require action by the Retirement Boards, since final AVRs for the July 1, 2022 valuation date and the corresponding contribution rates would be submitted for adoption at the Quarterly Retirement Board Meeting on March 8<sup>th</sup>.

In discussing aggregate activity, Mr. Schmidt noted that the Retirement Plans cover 2,300 members, nearly half of whom are active and working. Among the three plans, the ATU Plan is the largest and the IBEW Plan is the smallest, at about half the size of the Salaried Plan. Presently, more than half of the Retirement Plans' active population consists of PEPRA members, who contribute one-half of the normal cost of their benefits, are subject to a lower limit on pension-eligible compensation, and accrue service under a statutory retirement formula. Despite the preponderance of PEPRA members in the active workforce, Mr. Schmidt noted that most of the Retirement Plans' actuarial liability is associated with Classic member benefits, as those tiers have existed longer and cover much of the service accrued by pension participants.

## February 15, 2023 Meeting Minutes – Continued

With regard to funding, Mr. Schmidt referenced the Retirement Plans' aggregate actuarial liability of \$493 million, provided plan-specific subtotals, and compared actuarial liabilities to the actuarial value of assets (AVA), which are \$359 million in total. Mr. Schmidt also reminded the Retirement Boards that the AVA is a smoothed value that distributes the impact of each year's investment gains or losses over a five-year period. Due in part to the recognition of some investment gains associated with the fiscal year ended June 30, 2021 and the deferral of some investment losses associated with the fiscal year ended June 30, 2022, Mr. Schmidt indicated that the AVA reported for the upcoming valuations would be \$12 million higher than the market value of assets (which does not smooth the allocation of annual gains or losses over a five-year period). Consistent with the higher AVA, Mr. Schmidt indicated that the funded ratios reported for the July 1, 2022 valuation date would be higher than the prior year and offered the following estimates for each plan: ATU Plan 76.8%, IBEW Plan 73.7%, and Salaried Plan 67.9%.

After the discussion of funded ratios, Mr. Schmidt addressed contribution rates, which would be finalized with the AVRs and reflect the normal cost of benefits for the next year and the amortization of the unfunded actuarial liability (UAL) for past years. For the fiscal year beginning July 1, 2023, Mr. Schmidt estimated the average or blended employer contribution rate for each plan as follows: ATU Plan 26.9%, IBEW Plan 31.2%, and Salaried Plan 37.3%.

With regard to employee contributions, Mr. Schmidt noted that the rates for PEPRA members in the IBEW Plan and the Salaried Plan were not expected to change. However, the employee contribution rate for PEPRA members in the ATU Plan would be increasing from 7.25% to 7.75% effective July 1<sup>st</sup>. While discussing these rates, Mr. Schmidt reminded the Retirement Boards that the employee contributions for PEPRA members are determined by rounding the plan's normal cost of benefits to a quarter percentage point and dividing the result by two. [Unless the normal cost determined for PEPRA members differs from a prior computation by more than one percentage point, however, the employee contribution does not re-set.] Mr. Schmidt also reminded the Retirement Boards that employee contributions rates for PEPRA members in the IBEW Plan and the Salaried Plan had increased with the fiscal year beginning July 1, 2021, whereas the employee contribution rates for PEPRA members in the ATU Plan had remained unchanged.

During Mr. Schmidt's discussion of funding progress, he noted that the funded ratios for all three plans are projected to approach 100% by 2033 if the Retirement Plans meet their actuarial assumptions for all applicable years. In response to Director Li's question about the feasibility of full funding and whether that goal was reflective of best actuarial practices, Mr. Schmidt confirmed that plan sponsors should endeavor to pay off the UAL in accordance with their funding policy. Mr. Schmidt provided further information regarding the latest standard of practice in this area. Consistent with the longstanding

## February 15, 2023 Meeting Minutes – Continued

approach for the Retirement Plans, Mr. Schmidt also indicated that paying the actuarially determined contribution (ADC) each year was a straightforward way for sponsors to approach full funding over time.

In response to a question from AEA Director McGoldrick regarding the potential for future assumption changes to affect the projected funding progress, Mr. Schmidt noted that the Retirement Boards effected a significant change three years ago by reducing the Retirement Plans' long-term assumption for investment returns or the "discount rate" from 7.25% to 6.75%. and Mr. Schmidt indicated that he did not anticipate recommending significant changes to other actuarial assumptions. Although Mr. Schmidt deferred the possibility of future changes in the discount rate to the Retirement Board's investment consultant, he noted that some professionals are forecasting higher returns for many asset classes over the next few years and indicated the Retirement Plans are not expected to conduct an experience study for at least a few more years.

In response to a question from AEA Director Devorak regarding the risk of persistent inflation, Mr. Schmidt noted that higher inflation may not affect the funding for SacRT's retired employee population because the Retirement Plans do not offer a COLA or increase pension payments during periods of high inflation. With regard to funding for SacRT's active employee population, Mr. Schmidt indicated that persistent inflation could create pressure for higher wages, but noted that allocating a fixed contribution amount over a larger payroll base could also have the effect of *reducing* the contribution rate for the employer.

Jason Johnson, Acting Vice President, Finance/CFO, reminded the Retirement Boards that staff uses the preliminary actuarial results to generate employer contribution estimates for the next fiscal year and assist with SacRT's budgeting process. Mr. Johnson noted that, as in prior years, the current estimates were preliminary. Based on early payroll projections, Mr. Johnson noted that staff was anticipating employer contribution increases of between 5% and 12% for each plan and an estimated, aggregate increase of 8.16% or \$2.2 million in employer contributions for fiscal year 2023-24. Mr. Johnson indicated that staff would be refining the preliminary estimates for presentation and approval at the next Retirement Board meeting.

At the request of IBEW Director Bibbs, Mr. Johnson indicated that staff would distribute a copy of the early contribution estimates reviewed during the meeting to all Directors after the meeting.

**February 15, 2023 Meeting Minutes – Continued**

**ADJOURN**

With no further business to discuss, the Retirement Board meeting was adjourned at 10:01 a.m.

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Sandra Bobek, Board Chair

ATTEST:

Henry Li, Secretary

By: \_\_\_\_\_

John Gobel, Assistant Secretary





# RETIREMENT BOARD STAFF REPORT

**DATE:** March 8, 2023 Agenda Item: 8  
**TO:** Sacramento Regional Transit Retirement Boards – AEA/AFSCME/MCEG  
**FROM:** Jason Johnson, Acting, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED DECEMBER 31, 2022 FOR THE SALARIED PENSION PLAN (AEA/AFSCME/MCEG). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2022 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

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

Table 1

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

	<b>ATU</b>	<b>IBEW</b>	<b>Salary</b>
	Contribution Rate	Contribution Rate	Contribution Rate
Classic	30.23%	34.11%	43.28%
Classic w/Contribution*	28.45%		
PEPRA**	22.39%	25.68%	30.30%

\*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 December 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 December 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. The District no longer has an AVP of Finance and Treasury, accordingly the activity is currently being done by the VP, Finance/CFO with assistance from the Accountant II.

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

Attached hereto as Attachment 4 is the Salaried Plan's Schedule of Cash Activities for the three months ended December 31, 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 December 31, 2022. The Salaried Plan reimbursed \$106 988.41 to

the District as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the Salaried Plan's Asset Allocation as of December 31, 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 December 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 December 31, 2022.

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

Accrual Basis

As of December 31, 2022

	Dec 31, 22
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Long-Term Investments	
100000 · Custodial Assets	122,619,588.61
Total Long-Term Investments	122,619,588.61
Total Checking/Savings	122,619,588.61
Accounts Receivable	
1110104 · Other Rec - Due from RT	44,561.62
1110109 · Distributions Receivable	51,489.59
Total Accounts Receivable	96,051.21
Other Current Assets	
1110120 · Prepaids	5,076.74
Total Other Current Assets	5,076.74
Total Current Assets	122,720,716.56
<b>TOTAL ASSETS</b>	<b>122,720,716.56</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
3110102 · Administrative Expense Payable	24,033.03
3110122 · MetWest	19,692.76
3110124 · Boston Partners	26,388.11
3110125 · Callan	7,973.05
3110128 · Atlanta Capital	20,883.51
3110129 · S&P Index - SSgA	949.23
3110130 · EAFE - SSgA	537.52
3110132 · Pyrford	18,579.82
3110133 · Northern Trust	8,380.78
3110134 · Clarion	17,695.98
Total Accounts Payable	145,113.79
Total Current Liabilities	145,113.79
Total Liabilities	145,113.79
Equity	
3340101 · Retained Earnings	120,583,102.37
Net Income	1,992,500.40
Total Equity	122,575,602.77
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>122,720,716.56</b>

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

Accrual Basis

October through December 2022

	Oct - Dec 22	% of Inco...
<b>Income</b>		
RT Required Contribution		
6630101 · Employer Contributions	2,792,803.40	23.6%
6630110 · Employee Contribution	192,770.81	1.6%
<b>Total RT Required Contribution</b>	<b>2,985,574.21</b>	<b>25.3%</b>
<b>Total Investment Earnings</b>		
Interest, Dividend, & Other Inc		
6830101 · Dividend	276,098.94	2.3%
6830102 · Interest	250,478.04	2.1%
6830103 · Other Income	0.00	0.0%
6830104 · Dividend - Distributions	51,489.60	0.4%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>578,066.58</b>	<b>4.9%</b>
Investment Income		
6530900 · Gains/(Losses) - All	-168,707.73	-1.4%
6530915 · Increase(Decrease) in FV	8,427,475.18	71.3%
<b>Total Investment Income</b>	<b>8,258,767.45</b>	<b>69.9%</b>
<b>Total Total Investment Earnings</b>	<b>8,836,834.03</b>	<b>74.7%</b>
<b>Total Income</b>	<b>11,822,408.24</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531210 · AEA - Retirement Benefits Paid	842,457.01	7.1%
8531211 · AFSCME-Retirement Benefits Paid	1,007,076.72	8.5%
8531212 · MCEG - Retirement Benefits Paid	1,080,946.09	9.1%
8531213 · Employee Contribution Refunds	18,781.92	0.2%
8532004 · Invest Exp - MetropolitanWest	19,692.76	0.2%
8532013 · Invest Exp - Boston Partners	26,388.11	0.2%
8532020 · Invest Exp - Callan	11,969.18	0.1%
8532024 · Invest Exp - Atlanta Capital	20,883.51	0.2%
8532025 · Invest Exp - S&P Index SSgA	949.23	0.0%
8532026 · Invest Exp - EAFE SSgA	537.52	0.0%
8532027 · Invest Exp - AQR	11,685.46	0.1%
8532028 · Invest Exp - Pyrford	18,579.82	0.2%
8532029 · Invest Exp - Northern Trust	8,380.78	0.1%
8532030 · Invest Exp - Clarion	17,695.98	0.1%
8532031 · Invest Exp - Morgan Stanley	13,148.65	0.1%
<b>Total COGS</b>	<b>3,099,172.74</b>	<b>26.2%</b>
<b>Gross Profit</b>	<b>8,723,235.50</b>	<b>73.8%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	9,214.83	0.1%
8533007 · Admin Exp - CALPRS Dues/Courses	0.00	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,620.10	0.0%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533026 · Admin Exp - Legal Services	22,227.30	0.2%
8533029 · Admin Exp - Administrator	28,921.09	0.2%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
<b>Total Expense</b>	<b>63,983.32</b>	<b>0.5%</b>
<b>Net Income</b>	<b>8,659,252.18</b>	<b>73.2%</b>

**Sacto Regional Transit District Retirement Plan - Salaried**  
**Statement of Changes in Fiduciary Net Position**  
 July through December 2022

Accrual Basis

	Jul - Dec 22	% of In...
<b>Income</b>		
<b>RT Required Contribution</b>		
6630101 · Employer Contributions	5,629,262.56	68.6%
6630110 · Employee Contribution	395,623.03	4.8%
<b>Total RT Required Contribution</b>	<b>6,024,885.59</b>	<b>73.4%</b>
<b>Total Investment Earnings</b>		
<b>Interest, Dividend, &amp; Other Inc</b>		
6830101 · Dividend	634,772.55	7.7%
6830102 · Interest	472,349.31	5.8%
6830103 · Other Income	0.00	0.0%
6830104 · Dividend - Distributions	104,026.80	1.3%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>1,211,148.66</b>	<b>14.8%</b>
<b>Investment Income</b>		
6530900 · Gains/(Losses) - All	-121,207.94	-1.5%
6530915 · Increase(Decrease) in FV	1,094,151.78	13.3%
<b>Total Investment Income</b>	<b>972,943.84</b>	<b>11.9%</b>
<b>Total Total Investment Earnings</b>	<b>2,184,092.50</b>	<b>26.6%</b>
<b>Total Income</b>	<b>8,208,978.09</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531210 · AEA - Retirement Benefits Paid	1,676,787.30	20.4%
8531211 · AFSCME-Retirement Benefits Paid	1,904,309.37	23.2%
8531212 · MCEG - Retirement Benefits Paid	2,141,495.22	26.1%
8531213 · Employee Contribution Refunds	61,801.09	0.8%
8532004 · Invest Exp - MetropolitanWest	38,926.41	0.5%
8532013 · Invest Exp - Boston Partners	52,217.35	0.6%
8532020 · Invest Exp - Callan	23,886.07	0.3%
8532024 · Invest Exp - Atlanta Capital	39,954.11	0.5%
8532025 · Invest Exp - S&P Index SSgA	1,882.06	0.0%
8532026 · Invest Exp - EAFE SSgA	1,051.59	0.0%
8532027 · Invest Exp - AQR	24,036.91	0.3%
8532028 · Invest Exp - Pyrford	37,145.00	0.5%
8532029 · Invest Exp - Northern Trust	16,739.28	0.2%
8532030 · Invest Exp - Clarion	35,326.27	0.4%
8532031 · Invest Exp - Morgan Stanley	29,681.84	0.4%
<b>Total COGS</b>	<b>6,085,239.87</b>	<b>74.1%</b>
<b>Gross Profit</b>	<b>2,123,738.22</b>	<b>25.9%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	17,033.66	0.2%
8533003 · Admin Exp - Med Center	75.00	0.0%
8533007 · Admin Exp - CALPRS Dues/Courses	3,000.00	0.0%
8533010 · Admin Exp - Travel	0.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	7,240.20	0.1%
8533020 · Admin Exp - Procurement Costs	0.00	0.0%
8533025 · Admin Exp - Information Service	310.00	0.0%
8533026 · Admin Exp - Legal Services	44,454.60	0.5%
8533029 · Admin Exp - Administrator	59,124.36	0.7%
8533050 · Admin Exp - Misc Exp	0.00	0.0%
8533051 · Admin Exp - Audit	0.00	0.0%
<b>Total Expense</b>	<b>131,237.82</b>	<b>1.6%</b>
<b>Net Income</b>	<b>1,992,500.40</b>	<b>24.3%</b>

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

	October 2022	November 2022	December 2022	Quarter Totals
Beginning Balance:				
Due (from)/to District - September 30, 2022	(62,652.83)	61,106.06	169,641.24	(62,652.83)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 30.30% - 43.28%	907,776.04	905,239.81	979,787.55	2,792,803.40
Employee Pension Contributions	62,103.05	63,076.43	67,591.33	192,770.81
Total Deposits	<u>969,879.09</u>	<u>968,316.24</u>	<u>1,047,378.88</u>	<u>2,985,574.21</u>
<u>Expenses</u>				
Payout to Retirees:				
AEA	(279,160.91)	(278,588.57)	(284,707.53)	(842,457.01)
AFSCME	(318,012.99)	(343,160.91)	(345,902.82)	(1,007,076.72)
MCEG	(361,772.43)	(359,586.83)	(359,586.83)	(1,080,946.09)
Employee Contribution Refunds	(12,084.12)	(6,697.80)	-	(18,781.92)
Payout to Retirees Subtotal	<u>(971,030.45)</u>	<u>(988,034.11)</u>	<u>(990,197.18)</u>	<u>(2,949,261.74)</u>
Fund Investment Management Expenses:				
Atlanta Capital	(19,070.60)	-	-	(19,070.60)
Boston Partners	(25,829.24)	-	-	(25,829.24)
SSgA S&P 500 Index	(932.83)	-	-	(932.83)
SSgA EAFE MSCI	(514.07)	-	-	(514.07)
Metropolitan West	(19,233.65)	-	-	(19,233.65)
Pyrford	(18,565.18)	-	-	(18,565.18)
Northern Trust	(8,358.50)	-	-	(8,358.50)
Callan	(7,949.28)	-	(3,996.13)	(11,945.41)
Fund Invest. Mgmt Exp. Subtotal	<u>(100,453.35)</u>	<u>-</u>	<u>(3,996.13)</u>	<u>(104,449.48)</u>
Administrative Expenses				
Legal Services	(7,409.10)	(14,818.20)	-	(22,227.30)
Pension Administration	(11,673.47)	(8,623.67)	(8,623.95)	(28,921.09)
Actuarial Services	(3,071.61)	(2,722.61)	-	(5,794.22)
Administrative Exp. Subtotal	<u>(22,154.18)</u>	<u>(26,164.48)</u>	<u>(8,623.95)</u>	<u>(56,942.61)</u>
Total Expenses	<u>(1,093,637.98)</u>	<u>(1,014,198.59)</u>	<u>(1,002,817.26)</u>	<u>(3,110,653.83)</u>
Monthly Net Owed from/(to) District	(123,758.89)	(45,882.35)	44,561.62	(125,079.62)
Payment from/(to) the District	<u>-</u>	<u>62,652.83</u>	<u>(169,641.24)</u>	<u>(106,988.41)</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>61,106.06</u>	<u>169,641.24</u>	<u>(44,561.62)</u>	<u>(44,561.62)</u>

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

Asset Class	Net Asset Market Value 12/31/2022	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
<b>FUND MANAGERS:</b>						
<b>Domestic Equity:</b>						
Large Cap Value - Boston Partners - Z8	\$ 61,097,921	17.40%	16.00%	1.40%	\$ 4,914,724	
Large Cap Growth - SSgA S&P 500 Index - XH	53,192,841	15.15%	16.00%	-0.85%	(2,990,356)	
<b>Total Large Cap Domestic Equity</b>	<b>114,290,762</b>	<b>32.55%</b>	<b>32.00%</b>	<b>0.55%</b>	<b>1,924,368</b>	<b>\$ 112,366,393</b>
<b>Small Cap - Atlanta Capital - XB</b>	<b>29,905,305</b>	<b>8.52%</b>	<b>8.00%</b>	<b>0.52%</b>	<b>1,813,706</b>	<b>28,091,598</b>
<b>International Equity:</b>						
Large Cap Growth:						
Pyrford - ZD	32,968,217	9.39%	9.50%	-0.11%	(390,556)	
Large Cap Core:						
SSgA MSCI EAFE - XG	15,937,524	4.54%				
Total Core	15,937,524	4.54%	4.50%	0.04%	135,999	
Small Cap:						
AQR - ZB	18,296,838	5.21%	5.00%	0.21%	739,589	
Emerging Markets						
DFA - ZA	20,488,312	5.83%	6.00%	-0.17%	(580,386)	
<b>Total International Equity</b>	<b>87,690,891</b>	<b>24.97%</b>	<b>25.00%</b>	<b>-0.03%</b>	<b>(95,354)</b>	<b>87,786,245</b>
<b>Fixed Income:*</b>						
<b>Met West - XD</b>	<b>82,027,710</b>	<b>23.36%</b>	<b>25.00%</b>	<b>-1.64%</b>	<b>(5,758,535)</b>	<b>87,786,245</b>
<b>Real Estate:*</b>						
Clarion - Lion	19,273,396	5.49%	5.00%	0.49%	1,716,147	
Morgan Stanley	17,956,916	5.11%	5.00%	0.11%	399,667	
<b>Total Real Estate</b>	<b>37,230,313</b>	<b>10.60%</b>	<b>10.00%</b>	<b>0.60%</b>	<b>2,115,815</b>	<b>35,114,498</b>
<b>Total Combined Net Asset</b>	<b>\$ 351,144,980</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>\$ -</b>	<b>\$ 351,144,980</b>

Asset Allocation Policy Ranges*:	Minimum	Target	Maximum
<b>Domestic Equity</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>
Large Cap (50/50 value/growth)	28%	32%	36%
Small Cap	5%	8%	11%
<b>International Equity</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>
Large Cap Developed Markets	10%	14%	18%
Small Cap Developed Markets	3%	5%	7%
Emerging Markets	4%	6%	8%
<b>Domestic Fixed Income</b>	<b>20.0%</b>	<b>25.0%</b>	<b>30.0%</b>
<b>Real Estate</b>	<b>6.0%</b>	<b>10.0%</b>	<b>14.0%</b>

\* Per the Statement of Investment Objectives and Policy Guidelines as of 6/10/2020.



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

<b>Per Both Pension Fund Balance Sheets:</b>	
ATU Allocated Custodial Assets	157,993,675
ATU Accrued Clarion Distributions Receivable	77,679 **
IBEW Allocated Custodial Assets	70,531,716
IBEW Accrued Clarion Distributions Receivable	33,604 **
Salaried Allocated Custodial Assets	122,619,589
Salaried Accrued Clarion Distributions Receivable	51,490 **
	<u>351,307,752</u>
<b>Total Consolidated Net Asset</b>	<u>351,307,752</u>
<b>Per Callan Report:</b>	
Total Investments	<u>351,308,111</u>
<b>Net Difference</b>	<u>(359) *</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 December 31, 2022**

<b>Per Both Pension Fund Income Statements:</b>	
ATU - Investment Earnings	11,277,090
ATU - Management Fees	(60,781)
IBEW - Investment Earnings	5,009,327
IBEW - Management Fees	(26,522)
Salaried - Investment Earnings	8,836,834
Salaried - Management Fees	(42,464)
<b>Total Investment Income</b>	<u>24,993,484</u>
<b>Per Callan Report:</b>	
Investment Returns	<u>24,993,082</u>
<b>Net Difference</b>	<u>402 ***</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 December 31, 2022**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
<b>Payments from/(to) the District</b>				
Boston Partners - ATU	-	-	(462,364)	(462,364)
Boston Partners - IBEW	-	-	(173,850)	(173,850)
Boston Partners - Salaried	-	-	(169,641)	(169,641)
Atlanta Capital - ATU	-	(188,258)	-	(188,258)
Atlanta Capital - IBEW	-	(54,353)	-	(54,353)
Atlanta Capital - Salaried	-	62,653	-	62,653
<b>Total Payments from/(to) the District</b>	<u>-</u>	<u>(179,958)</u>	<u>(805,855)</u>	<u>(985,813)</u>
<b>Transfers In/(Out) of Investment Funds</b>				
Boston Partners	-	-	(805,855)	(805,855)
Atlanta Capital	-	(179,958)	-	(179,958)
<b>Total Transfers In/(Out) of Investment Funds</b>	<u>-</u>	<u>(179,958)</u>	<u>(805,855)</u>	<u>(985,813)</u>
<b>Variance between Payments and Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Per Callan Report:</b>				
Net New Investment/(Withdrawals)				<u>(985,813)</u>
<b>Net Difference</b>				<u><u>-</u></u>

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

	<u>1Q22</u>	<u>2Q22</u>	<u>3Q22</u>	<u>4Q22</u>	<u>Total</u>
<b>Payments from/(to) the District</b>					
Boston Partners - ATU	(454,899)	(744,223)	(500,172)	(462,364)	(2,161,659)
Boston Partners - IBEW	(133,774)	(323,030)	(209,734)	(173,850)	(840,388)
Boston Partners - Salaried	203,839	72,670	(29,752)	(169,641)	77,117
S&P 500 Index - ATU	-	(108,301)	-	-	(108,301)
S&P 500 Index - Salaried	-	108,301	-	-	108,301
Atlanta Capital - ATU	-	(56,187)	(232,288)	(188,258)	(476,734)
Atlanta Capital - IBEW	-	-	(103,462)	(54,353)	(157,815)
Atlanta Capital - Salaried	-	56,187	77,786	62,653	196,626
Pyrford - ATU	-	(60,404)	-	-	(60,404)
Pyrford - Salaried	-	60,404	-	-	60,404
EAFE - ATU	-	(30,535)	-	-	(30,535)
EAFE - Salaried	-	30,535	-	-	30,535
AQR - ATU	-	(34,400)	-	-	(34,400)
AQR - Salaried	-	34,400	-	-	34,400
DFA - ATU	-	(41,213)	-	-	(41,213)
DFA - Salaried	-	41,213	-	-	41,213
Metropolitan West - ATU	-	(156,008)	-	-	(156,008)
Metropolitan West - Salaried	-	156,008	-	-	156,008
Clarion - ATU	-	(33,152)	-	-	(33,152)
Clarion - Salaried	-	33,152	-	-	33,152
Morgan Stanley - ATU	-	(31,641)	-	-	(31,641)
Morgan Stanley - Salaried	-	31,641	-	-	31,641
<b>Total Payments from/(to) the District</b>	<u>(384,834)</u>	<u>(994,583)</u>	<u>(997,623)</u>	<u>(985,813)</u>	<u>(3,362,853)</u>

**Sacramento Regional Transit District  
ATU, IBEW and Salaried Retirement Plans  
Schedule of Fund Investment Returns and Expenses  
12/31/22**

	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	
<b>Boston Partners</b>										
Investment Returns	(2,221,231)	100.00%				18,807,537	100.00%			
Investment Expense	(313,432)	-14.11%				(902,996)	4.80%			
Net Gain/(Loss)	(2,534,663)	114.11%	-3.68%	-7.54%	386.00	17,904,541	95.20%	9.01%	5.96%	305.00
<b>S&amp;P 500</b>										
Investment Returns	(11,761,767)	100.00%				14,532,924	100.00%			
Investment Expense	(11,206)	-0.10%				(38,926)	0.27%			
Net Gain/(Loss)	(11,772,973)	100.10%	-18.14%	-18.11%	(3.00)	14,493,998	99.73%	7.60%	7.66%	(6.00)
<b>Atlanta Capital</b>										
Investment Returns	(3,862,287)	100.00%				5,852,784	100.00%			
Investment Expense	(237,376)	-6.15%				(718,378)	12.27%			
Net Gain/(Loss)	(4,099,663)	106.15%	-11.86%	-20.44%	858.00	5,134,406	87.73%	5.50%	3.10%	240.00
<b>Pyrford</b>										
Investment Returns	(2,289,706)	100.00%				1,843,330	100.00%			
Investment Expense	(231,503)	-10.11%				(650,435)	35.29%			
Net Gain/(Loss)	(2,521,209)	110.11%	-6.97%	-14.45%	748.00	1,192,895	64.71%	1.11%	0.87%	N/A
<b>EAFE</b>										
Investment Returns	(2,617,221)	100.00%				1,124,634	100.00%			
Investment Expense	(6,359)	-0.24%				(20,407)	1.81%			
Net Gain/(Loss)	(2,623,580)	100.24%	-14.17%	-14.45%	28.00	1,104,227	98.19%	1.13%	0.87%	26.00
<b>AQR</b>										
Investment Returns	(2,323,977)	100.00%				1,849,327	100.00%			
Investment Expense	(154,032)	-6.63%				(457,424)	24.73%			
Net Gain/(Loss)	(2,478,009)	106.63%	-11.65%	-21.39%	974.00	1,391,903	75.27%	1.92%	-0.93%	285.00
<b>DFA</b>										
Investment Returns	(4,017,591)	100.00%				1,454,815	100.00%			
Investment Expense	(82,140)	-2.04%				(344,577)	23.69%			
Net Gain/(Loss)	(4,099,731)	102.04%	-16.39%	-20.09%	370.00	1,110,238	76.31%	0.25%	-2.69%	294.00
<b>Metropolitan West</b>										
Investment Returns	(12,783,026)	100.00%				(3,573,053)	100.00%			
Investment Expense	(231,107)	-1.81%				(749,727)	-20.98%			
Net Gain/(Loss)	(13,014,133)	101.81%	-13.72%	-13.01%	(71.00)	(4,322,780)	120.98%	-2.10%	-2.71%	61.00
<b>Clarion</b>										
Investment Returns	1,524,118	100.00%				N/A	0.00%			
Investment Expense	(211,810)	13.90%				N/A	0.00%			
Net Gain/(Loss)	1,312,308	86.10%	8.51%	7.47%	N/A	-	-	N/A	N/A	N/A
<b>Morgan Stanley</b>										
Investment Returns	1,038,033	100.00%				N/A	0.00%			
Investment Expense	(215,245)	20.74%				N/A	0.00%			
Net Gain/(Loss)	822,788	79.26%	4.69%	7.47%	N/A	-	-	N/A	N/A	N/A
<b>Total Fund</b>										
Investment Returns	(39,314,655)	100.00%				41,892,298	100.00%			
Investment Expense	(1,694,210)	-4.31%				(3,882,870)	9.27%			
Net Gain/(Loss)	(41,008,865)	104.31%	-10.28%	-14.03%	375.00	38,009,428	90.73%	4.70%	3.35%	135.00

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

**Retirements:**

<b>Emp#</b>	<b>Previous Position</b>	<b>Pension Group</b>	<b>Retirement Date</b>
1026	VA Marketing and Comm	MCEG	10/01/22
760	CBS Dispatcher	AFSC	10/01/22
2779	Light Rail Admin Tech	AFST	10/01/22
616	Light Rail Supervisor	AFSC	10/01/22
720	Operator	ATU	10/13/22
1158	LR Trans. Supervisor	AFSC	11/01/22
373	Bus Trans. Supervisor	AFSC	12/01/22
1136	Marketing	AEA	12/01/22
2966	Bus Operator	ATU	12/01/22
3286	Light Rail Service Worker	IBEW	12/01/22
2607	Bus Operator	ATU	12/03/22
588	Transit Officer	ATU	12/15/22

**Deaths:**

<b>Emp#</b>	<b>Pension Group</b>	<b>Type</b>	<b>Date of Death</b>
133	ATU	50% J&S	10/03/22
1235	AFSC	50% J&S	12/11/22



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 8, 2023 Agenda Item: 9  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, Acting, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE THE FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT FOR THE TWELVE MONTH  
PERIOD ENDED JUNE 30, 2022 (ALL). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File the Financial Statements with Independent Auditor's Report, Auditor's Report to the Board of Directors, and the Report on Internal Control for the Twelve-Month Period Ended June 30, 2022 (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

In accordance with California Government Code Section 7504, the Retirement Plans for employees of the Sacramento Regional Transit District (District) are required to have an annual audit performed. Crowe LLC conducted the Plans' audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The standards require that the auditors plan and perform the audit to obtain reasonable assurance that the Plans' financial statements are free of material misstatements.

For the fiscal year ended June 30, 2022, the investment assets for the ATU, IBEW and Salaried Plans were combined into one commingled investment portfolio. The balance of investments owned by the ATU, IBEW and Salaried Plans are calculated based on a percentage of ownership as determined by the ATU, IBEW and Salaried Plans' custodian.

As noted in the report (Attachment 1), the combined net position held in trust for pension benefits decreased \$29,805,495 or -8.59% from the beginning-of-year balance of \$376,828,683 to the end-of-year balance of \$347,023,188. The audit confirmed that the District made 100% of its actuarially determined contribution of \$ 25,575,022.

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

### **Staff Recommendation**

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

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

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

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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

**TABLE OF CONTENTS**

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	<b><u>PAGE</u></b>
<b>MEMBERS OF THE RETIREMENT BOARD AND ADMINISTRATIVE STAFF</b>	i
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Plan Net Position	4
Statement of Changes in Plan Net Position	5
<b>Notes to the Financial Statements</b>	
Description of the Plans	6
Significant Accounting Policies	10
Contribution Requirements	11
Cash and Investments	12
Net Pension Liability	20
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	
Schedules of Changes in the Net Pension Liability and Related Ratios	25
Schedules of District Contributions	30
Schedule of Investment Returns	34
<b>SUPPLEMENTAL SCHEDULES</b>	
Schedules of Investment and Administrative Expenses	35
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	38



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

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**Amalgamated Transit Union Local 256**

Ralph Niz, Chairperson  
Crystal Lee, Member  
Gwen Land, Alternate

**International Brotherhood of Electrical Workers Local 1245**

Constance Bibbs, Chairperson  
Neal Pickering, Member  
David Thompson, Alternate

**Administrative Employees Association**

Russel Devorak, Chairperson  
Timothy McGoldrick, Member  
Jayanthi Santhanakrishnan, Alternate

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

Peter Guimond, Chairperson  
Lisa Thompson, Member  
Daniel Salva, Alternate

**Management and Confidential Employees**

Sandy Bobek, Chairperson  
Lisa Hinz, Member  
Christopher Flores, Alternate

**Sacramento Regional Transit District**

Patrick Kennedy, Common Chairperson  
Henry Li, Member  
Shelly Valenton, Alternate

**Assistant Secretary**

John Gobel, Manager, Pension & Retirement Services

**Legal Counsel**

Shayna M. van Hoften, Partner  
Liz Masson, Senior Counsel  
Hanson Bridgett

**Finance Department**

Lawrence Chiu, VP, Finance/CFO  
Jamie Adelman, VP, Procurement, Real Estate & Special Projects  
Lynda Volk, Accountant II

**Pension and Retirement Services**

Jessy Mathew, Retirement Services Analyst II  
Ro Matthews, Retirement Services Analyst I  
Jessica Cruz Mendoza, Administrative Assistant I

## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the financial statements of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the plan net position of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees, as of June 30, 2022, and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plans, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

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

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(Continued)

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The Schedules of Investment and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Investment and Administrative Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Members of the Retirement Board and Administrative Staff but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plans' internal control over financial reporting and compliance.

  
Crowe LLP

Sacramento, California  
November 18, 2022

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

**STATEMENT OF PLAN NET POSITION**

**JUNE 30, 2022**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
<b>Assets</b>				
<b>Investments:</b>				
Equity securities	\$ 98,005,587	\$ 44,079,624	\$ 79,141,858	\$ 221,227,069
Fixed income securities	43,364,902	19,020,151	30,436,954	92,822,007
Real estate	18,267,094	8,007,847	12,685,497	38,960,438
Total investments	<u>159,637,583</u>	<u>71,107,622</u>	<u>122,264,309</u>	<u>353,009,514</u>
<b>Cash and short-term investments</b>	5,497,964	2,439,037	4,053,487	11,990,488
<b>Receivables</b>				
Securities sold	4,933,062	2,163,946	3,464,477	10,561,485
Interest and dividends	291,546	128,007	205,687	625,240
Other receivables and prepaids	17,052	14,411	94,197	125,660
Total receivables	<u>5,241,660</u>	<u>2,306,364</u>	<u>3,764,361</u>	<u>11,312,385</u>
<b>Total assets</b>	<u>170,377,207</u>	<u>75,853,023</u>	<u>130,082,157</u>	<u>376,312,387</u>
<b>Liabilities</b>				
Securities purchased payable	13,333,448	5,848,144	9,358,479	28,540,071
Accounts payable	412,104	196,447	140,577	749,128
Total liabilities	<u>13,745,552</u>	<u>6,044,591</u>	<u>9,499,056</u>	<u>29,289,199</u>
<b>Net position restricted for pension benefits</b>	<u>\$ 156,631,655</u>	<u>\$ 69,808,432</u>	<u>\$ 120,583,101</u>	<u>\$ 347,023,188</u>

(Schedule of Changes in the Net Position Liability and Related Ratios for the Plans are presented on pages 25 through 29.)

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

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

**STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

	<u>ATU</u>	<u>IBEW</u>	<u>Salaried</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
Employer	\$ 10,417,845	\$ 4,163,949	\$ 10,993,228	\$ 25,575,022
Member	1,191,796	488,243	705,053	2,385,092
Change in bargaining group	-	-	667,990	667,990
Total contributions	<u>11,609,641</u>	<u>4,652,192</u>	<u>12,366,271</u>	<u>28,628,104</u>
Investment income (loss):				
Net depreciation in fair value of investments	(13,877,207)	(6,117,959)	(10,960,741)	(30,955,907)
Interest, dividends, and other income	2,382,349	1,049,036	1,790,970	5,222,355
Investment expenses	(850,920)	(375,902)	(631,831)	(1,858,653)
Net investment loss	<u>(12,345,778)</u>	<u>(5,444,825)</u>	<u>(9,801,602)</u>	<u>(27,592,205)</u>
Total additions	<u>(736,137)</u>	<u>(792,633)</u>	<u>2,564,669</u>	<u>1,035,899</u>
<b>Deductions</b>				
Benefits paid to participants	13,239,168	5,082,251	11,086,271	29,407,690
Change in bargaining group	667,990	-	-	667,990
Administrative expenses	<u>269,615</u>	<u>234,081</u>	<u>262,018</u>	<u>765,714</u>
Total deductions	<u>14,176,773</u>	<u>5,316,332</u>	<u>11,348,289</u>	<u>30,841,394</u>
<b>Net decrease in plan net position</b>	(14,912,910)	(6,108,965)	(8,783,620)	(29,805,495)
<b>Net position restricted for pension benefits - Beginning of fiscal year</b>	<u>171,544,565</u>	<u>75,917,397</u>	<u>129,366,721</u>	<u>376,828,683</u>
<b>Net position restricted for pension benefits - End of fiscal year</b>	<u>\$ 156,631,655</u>	<u>\$ 69,808,432</u>	<u>\$ 120,583,101</u>	<u>\$ 347,023,188</u>

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

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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### 1. DESCRIPTION OF THE PLANS

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

#### **ATU and IBEW Plans**

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

#### **Salaried Plan**

The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees (Salaried Plan) is a single employer defined benefit pension plan covering full- or part-time employees in the following employee groups: Operating Engineers Local 3 which remain under the Administrative Employees Association (AEA), Management and Confidential Employees Group (MCEG), and the American Federation of State, County & Municipal Employees, Local 146, AFL-CIO (AFSCME). AFSCME is further split into two groups AFSCME-Technical and AFSCME-Supervisors. Participants should refer to the Salaried Plan agreement for more complete information. The Salaried Plan is reported as a pension trust fund in the District's financial statements.

**Plan Tier Definition** – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act of 2013 (PEPRA), Tier 2 was created in the ATU, IBEW and Salaried Plans, as well as a Tier 3 for the ATU only. The Tiers effective dates are directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of June 30, 2022 the following tiers apply to employees, based on their date of hire.

- ATU – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2016, Tier 3 consists of all employees hired during the time period January 1, 2015 to December 31, 2015.
- IBEW – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.
- Salaried – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**1. DESCRIPTION OF THE PLANS (Continued)**

**General Provisions ATU, IBEW and Salaried Plans**

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

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

Plan membership for Tier 1, Tier 2 and Tier 3, at June 30, 2022, consisted of:

	ATU	IBEW	Salaried
Retirees and beneficiaries currently receiving benefits	497	174	356
Terminated members entitled to but not yet collecting benefits	31	18	44
Current active members	541	204	273
	1,069	396	673

**Change in Bargaining Group** - Changes in bargaining groups occur when an active employee of any Plan accepts a new position with a bargaining unit that participates in another Plan. When a change in bargaining group occurs contributions made on behalf of that employee must be assessed to determine if the assets need to be moved to the new Plan. Amounts related to a change in bargaining group are recorded upon final verification and approval of calculated amounts by the District and the related bargaining group's retirement board. During the year ending June 30, 2022 assets were moved from the ATU Plan to the Salaried Plan in the amount of \$667,990. The effects of the change can be seen on the Statement of Changes in Net Position as Change in Bargaining Group within the additions and deductions categories.



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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**1. DESCRIPTION OF THE PLANS (Continued)**

**RETIREMENT BENEFITS**

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

Table 1

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**1. DESCRIPTION OF THE PLANS (Continued)**

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

Table 2

TIER 2	ATU Plan	IBEW Plan	Salaried Plan			
Employee Unions/Groups	ATU	IBEW	AFSCME - Technical	AFSCME - Supervisors	AEA	MCEG
Plan Terms	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%
Vacation and sick sell back towards pension calculation	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 1% if age and service are not met. Vesting required					

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. For Tier 1 and Tier 3 members, the multipliers and years of service range from 2% at age 55 or 25 years of service to 2.5% at age 60 or 30 or more years of service. All Tier 2 participants fall under PEPRA requirements.

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

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

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

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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### 1. DESCRIPTION OF THE PLANS (Continued)

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District's contributions to the ATU, IBEW and Salaried Plans are recognized in the period in which the contributions are due pursuant to formal commitments or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the ATU, IBEW and Salaried Plans' agreements.

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

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

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

**New Pronouncements** – For the fiscal year ended June 30, 2022, the ATU, IBEW and Salaried Plans did not implement new GASB pronouncements as they did not apply to the ATU, IBEW and Salaried Plans' financial activity or were immaterial.

The District will evaluate the impact of new GASB pronouncements in the year they are implemented or effective.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

---

**3. CONTRIBUTION REQUIREMENTS**

**EMPLOYER CONTRIBUTIONS**

The ATU, IBEW and Salaried Plans' funding policies provides for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method. During the fiscal year ended June 30, 2022, the District made contributions to the ATU, IBEW, and Salaried Plan of \$10,417,845, \$4,163,949, and \$10,993,228 respectively.

**TIER 1 EMPLOYEES**

For the fiscal year ended June 30, 2022, the actuarially determined rate for the ATU Plan was 30.65% of covered payroll, the IBEW Plan was 32.36% of covered payroll, and the Salaried Plan was 43.17% of covered payroll. No contributions are required by the ATU, IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

**TIER 2 EMPLOYEES**

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

ATU employees are required to contribute 50% of normal cost which is currently 7.25% of their annual salary. The employer portion of the actuarially determined rate for the ATU members was 22.46% of covered payroll for the fiscal year ending June 30, 2022. The total contribution by Tier 2 employees of the ATU Plan for the fiscal year ended June 30, 2022 was \$1,149,698.

IBEW employees are required to contribute 50% of normal cost which is currently 7.00% of their annual salary. The employer portion of the actuarially determined rate for the IBEW members was 23.75% of covered payroll for the fiscal year ending June 30, 2022. The total contribution by Tier 2 employees of the IBEW Plan for the fiscal year ended June 30, 2022 was \$488,243.

Members of AEA, MCEG, AFSCME-Supervisors, and AFSCME-Technical are required to contribute 50% of normal cost which is currently 6.50% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME-Supervisors members was 30.08% of covered payroll for the fiscal year ending June 30, 2022. The total contribution by Tier 2 employees of the Salaried Plan for the fiscal year ended June 30, 2022 was \$705,053.

The employee contribution rates calculated in compliance with PEPRAs, for the fiscal year ended June 30, 2022, were actuarially determined as part of the valuations dated July 1, 2020.

**TIER 3 EMPLOYEES**

ATU employees hired during the time period January 1, 2015 and December 31, 2015, are required to contribute 3% of pay. The employer portion of the actuarially determined rate for the ATU members was 30.65% of covered payroll for the fiscal year ending June 30, 2022. The total contribution by Tier 3 employees of the ATU Plan for the fiscal year ended June 30, 2022 was \$42,098.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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**4. CASH AND INVESTMENTS**

**CASH AND SHORT-TERM INVESTMENTS**

At June 30, 2022, the reported amount of cash and short-term investments of the ATU, IBEW and Salaried Plans was \$11,990,488. The amount was collateralized with securities held by the counterparty's trust department or agent in the District's name on behalf of the Retirement Plans.

**INVESTMENTS**

An annual Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans" (Policy), governs the ATU, IBEW and Salaried Plans' investments. The Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions. The Retirement Boards have the authority to amend the asset allocation targets as well as establish and amend investment policies. The following was the Plans' adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
Domestic Equity Large Cap	32%
Domestic Equity Small Cap	8%
International Equity Developed Large Cap	14%
International Equity Developed Small Cap	5%
International Equity Emerging Markets	6%
Domestic Fixed Income	25%
Real Estate	10%

For the years ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -7.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**4. CASH AND INVESTMENTS (Continued)**

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

Authorized Investment Type	Maximum Maturity (1)	Minimum Rating (3)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Cash	None	N/A	None	None
U.S. Treasury Bills	None	N/A	None	None
Agency Discount Notes	None	N/A	None	None
Certificates of Deposit	None	N/A	None	None
Bankers Acceptances	None	N/A	None	None
Commercial Paper	None	A2/P2	None	None
Asset-Backed Commercial Paper	None	A2/P2	None	None
Money Market Funds and Bank Short-Term Investment Funds (STIF)	None	N/A	None	None
Repurchase Agreements	None	N/A	None	None
U.S. Government and Agency Securities	None	N/A	None	None
Credit Securities/Corporate Debt (4)	None	N/A	None	None
Securitized Investments (5)	None	N/A	None	None
Emerging Markets	None	N/A	None	None
International Fixed Income Securities	None	N/A	None	None
Other Fixed Income Securities (6)	None	N/A	None	None
Mutual Funds and Interest in Collective and Commingled Funds	N/A	N/A	25% (2)	5%
Real Estate Investment Trust	N/A	N/A	25% (2)	5%
Depository Receipt	N/A	N/A	25% (2)	5%
Stocks	N/A	N/A	25% (2)	5%
Other Equity Securities (7)	N/A	N/A	25% (2)	5%
Real Estate	None	N/A	None	None

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**4. CASH AND INVESTMENTS (Continued)**

**INVESTMENT RISK FACTORS**

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

**INTEREST RATE RISK**

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

The following table provides information about the interest rate risks associated with the ATU, IBEW and Salaried Plans' investments at June 30, 2022.

	Maturity in Years				Amount
	Less than 1	1 - 5	6 - 10	More than 10	
Collateralized Mortgage Obligations	\$ -	\$ 180,483	\$ 171,235	\$ 4,394,013	\$ 4,745,731
Corporate Bonds	1,295,966	10,212,828	7,734,985	7,526,670	26,770,449
Municipal Bonds	-	-	83,774	392,394	476,168
U.S. Government Agency Obligations	-	1,409,809	355,282	27,745,575	29,510,666
U.S. Government Issued Obligations	-	18,450,790	-	6,253,400	24,704,190
Asset-Backed Securities	81,326	627,913	589,038	5,316,526	6,614,803
Total	<u>\$ 1,377,292</u>	<u>\$ 30,881,823</u>	<u>\$ 8,934,314</u>	<u>\$ 51,628,578</u>	<u>\$ 92,822,007</u>

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

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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### 4. CASH AND INVESTMENTS (Continued)

#### COLLATERALIZED MORTGAGE OBLIGATIONS

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

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

#### MORTGAGE PASS-THROUGH SECURITIES

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

#### ASSET-BACKED SECURITIES

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

#### CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The Plans must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2022, the ATU, IBEW and Salaried Plans held callable bonds with a value of \$24,571,250.

#### CREDIT RISK

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



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**4. CASH AND INVESTMENTS (Continued)**

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

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

For the fiscal year ending June 30, 2022, the ATU, IBEW and Salaried Plans were in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines which require a minimum overall portfolio quality rating and a minimum credit rating at the time of purchase.

The following table provides information on the credit ratings and fair value associated with the ATU, IBEW and Salaried Plans' investments as of June 30, 2022.

Investment Rating	Amount	Percentage of Portfolio
Not Applicable	\$ 260,187,507	73.71%
Not Rated	32,064,062	9.08%
Aaa	30,673,215	8.69%
Aa1	316,588	0.09%
Aa2	888,069	0.25%
Aa3	772,347	0.22%
A1	2,342,221	0.66%
A2	4,628,736	1.31%
A3	3,084,067	0.87%
Baa1	3,966,502	1.12%
Baa2	3,817,228	1.08%
Baa3	3,680,981	1.04%
Ba1	2,033,695	0.58%
Ba2	362,957	0.10%
Ba3	1,149,617	0.33%
B1	504,841	0.14%
B2	766,474	0.22%
B3	854,342	0.24%
Caa1	231,863	0.07%
Caa2	32,500	0.01%
C	3,953	0.00%
WR	647,749	0.19%
	\$ 353,009,514	100.00%

# RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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### 4. CASH AND INVESTMENTS (Continued)

#### **CONCENTRATION OF CREDIT RISK**

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

The investment policies of the ATU, IBEW and Salaried Plans state that an investment in each domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2022, the Plans held more than 5% of the Plans' fiduciary net position and more than 5% of total investments in the following fixed-income securities investments.

Federal National Mortgage Association \$20,039,312

#### **CUSTODIAL CREDIT RISK**

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

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

#### **FOREIGN CURRENCY RISK**

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

As of June 30, 2022, the ATU, IBEW and Salaried Plans do not have any deposits or investments in a foreign currency.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**4. CASH AND INVESTMENTS (Continued)**

**FAIR VALUE MEASUREMENTS**

The ATU, IBEW and Salaried Plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The ATU, IBEW and Salaried Plans had the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Collateralize mortgage obligations	\$ 4,745,731	\$ -	\$ 4,745,731	\$ -
Corporate bonds	26,770,449	-	26,770,449	-
Municipal bonds	476,168	-	476,168	-
U.S. Government Agency obligations	29,510,666	-	29,510,666	-
U.S. Government issued obligations	24,704,190	-	24,704,190	-
Asset backed obligations	6,614,803	-	6,614,803	-
Equity Securities				
Common stock	84,098,213	84,038,323	-	59,890
Depository receipts	686,911	686,911	-	-
Rights/Warrants	1,796	-	-	1,796
Total investments by fair value level	<u>177,608,927</u>	<u>\$ 84,725,234</u>	<u>\$ 92,822,007</u>	<u>\$ 61,686</u>
Investments measured at the net asset value				
S&P 500 index fund	51,991,316			
MSCI EAFE index fund	14,978,131			
International large capital equity fund	31,868,369			
International small capital equity fund	16,804,721			
International emerging markets fund	20,797,612			
Real estate funds	<u>38,960,438</u>			
Total investments measured at NAV	<u>175,400,587</u>			
Total investments measured at fair value	<u>\$ 353,009,514</u>			

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**4. CASH AND INVESTMENTS (Continued)**

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

Investment measured at the net asset value (NAV)

	June 30, 2022	Unfunded Commitments	Redemptions Frequency	Redemptions Notice Period
S&P 500 index fund <sup>1</sup>	\$ 51,991,316	\$ -	Daily	1 day
MSCI EAFE index fund <sup>2</sup>	14,978,131	-	Semi-monthly	6-8 days
International large capital equity fund <sup>3</sup>	31,868,369	-	Monthly	7 days
International small capital equity fund <sup>4</sup>	16,804,721	-	Monthly	2 days
International emerging markets fund <sup>5</sup>	20,797,612	-	Daily	1 day
Real estate funds <sup>6</sup>	<u>38,960,438</u>	<u>-</u>	Daily, Quarterly	90 days, 1 quarter
Total investments measured at the NAV	<u>\$ 175,400,587</u>	<u>\$ -</u>		

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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**4. CASH AND INVESTMENTS (Continued)**

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

6. Real estate funds. Real estate investments are held in Clarion Lion Properties Fund, LP and Prime Property Fund, LLC. The funds are core-style, open-end commingled real estate investment funds diversified by property type and location. The primary performance objective is to combine an attractive income yield with long-term capital growth. The fair value of the investments have been determined using the NAV per share of the respective fund. The ability to redeem funds is subject to the availability of liquid assets. To the extent that liquid assets of the funds are insufficient to satisfy redemption requests, redemptions will be redeemed on a pro rata basis as liquid assets become available. Prime Property Fund, LLC had a redemption queue of \$440 million at June 30, 2022. Prime Property Fund, LLC is unable to provide an estimate on when the restriction on redemptions will be removed. The current redemption queue has been in effect since June 30, 2022. Clarion Lion Properties Fund, LP had no redemption queue at June 30, 2022.

**5. NET PENSION LIABILITY**

**ATU Plan**

The components of the net pension liability of the ATU Plan at June 30, 2022, were as follows:

Total pension liability	\$ 212,363,069
Plan fiduciary net position	(156,631,655)
ATU net pension liability	<u>\$ 55,731,414</u>
Plan fiduciary net position as a percentage of the total pension liability	73.76%

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Amortization growth rate	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Cheiron ATU Healthy Annuitant mortality, adjusted by 95% for males and 105% for females, with generational improvements using Scale MP-2020 from 2016

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the ATU Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**5. NET PENSION LIABILITY (Continued)**

Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (11 years remaining as of the July 1, 2021 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Valuation of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

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

The following presents the net pension liability of the ATU Plan, calculated using the discount rate of 6.75 percent, as well as what the ATU Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 234,413,953	\$ 212,363,069	\$ 193,558,359
Plan fiduciary net position	(156,631,655)	(156,631,655)	(156,631,655)
Net pension liability	\$ 77,782,298	\$ 55,731,414	\$ 36,926,704
 Plan fiduciary net position as a percentage of the total pension liability	66.82%	73.76%	80.92%

**IBEW Plan**

The components of the net pension liability of the IBEW Plan at June 30, 2022, were as follows:

Total pension liability	\$ 97,616,581
Plan fiduciary net position	(69,808,432)
IBEW net pension liability	\$ 27,808,149
 Plan fiduciary net position as a percentage of the total pension liability	 71.51%

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Amortization growth rate	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Cheiron ATU Healthy Annuitant mortality, adjusted by 95% for males and 105% for females, with generational improvements using Scale MP-2020 from 2016

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**5. NET PENSION LIABILITY (Continued)**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the IBEW Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (11 years remaining as of the July 1, 2021 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Value of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

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

The following presents the net pension liability of the IBEW Plan, calculated using the discount rate of 6.75 percent, as well as what the IBEW Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 108,268,036	\$ 97,616,581	\$ 88,560,733
Plan fiduciary net position	(69,808,432)	(69,808,432)	(69,808,432)
Net pension liability	\$ 38,459,604	\$ 27,808,149	\$ 18,752,301
Plan fiduciary net position as a percentage of the total pension liability	64.48%	71.51%	78.83%

**Salaried Plan**

The components of the net pension liability of the Salaried Plan at June 30, 2022, were as follows:

Total pension liability	\$ 182,426,485
Plan fiduciary net position	(120,583,101)
Salaried net pension liability	\$ 61,843,384
Plan fiduciary net position as a percentage of the total pension liability	66.10%

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**5. NET PENSION LIABILITY (Continued)**

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	2.50%
Amortization growth rate	2.50%
Salary increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Post-retirement mortality	Private Retirement (Pri) 2012 Bottom Quartile Tables for Healthy Annuitants Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 105% for females.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Salaried Plan based on an actuarially determined contribution, reflecting a payment equal to annual service cost (net of any employee contributions), the expected administrative expenses, and an amount necessary to amortize the Unfunded Actuarial Liability (UAL) determined at July 1, 2019 as a level percentage of payroll over a closed period (11 years remaining as of the July 1, 2021 actuarial valuation) and a 20-year layered amortization schedule for UAL changes after 2019. The UAL is based on an Actuarial Value of Assets that recognizes differences between actual and expected investment returns on the Market Value of Assets over a five-year period.

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

The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 6.75 percent, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	\$ 202,556,961	\$ 182,426,485	\$ 165,301,201
Plan fiduciary net position	(120,583,101)	(120,583,101)	(120,583,101)
Net pension liability	<u>\$ 81,973,860</u>	<u>\$ 61,843,384</u>	<u>\$ 44,718,100</u>
 Plan fiduciary net position as a percentage of the total pension liability	 59.53%	 66.10%	 72.95%



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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**5. NET PENSION LIABILITY (Continued)**

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

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

**ATU, IBEW and Salaried Plan**

The ATU, IBEW, and Salaried Plans' investments are invested as one comingled fund for economies of scale. The long-term expected rate of return on pension plans' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Large Cap	7.85%
Domestic Equity Small Cap	8.75%
International Equity Developed	8.25%
International Equity Emerging	9.80%
Domestic Fixed Income	1.80%
Real Estate	6.60%

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019, 2018 AND 2017**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total pension liability</b>						
Service Cost	\$ 5,953,419	\$ 5,457,843	\$ 5,197,253	\$ 5,084,840	\$ 4,765,696	\$ 4,835,944
Interest (includes interest on service cost)	13,712,873	13,411,008	13,012,883	12,664,533	12,761,359	12,885,195
Changes of benefit terms	-	-	-	-	-	(11,268)
Difference between expected and actual experience	(285,600)	1,531,462	(87,109)	(519,304)	(261,689)	(5,577,742)
Change of assumptions	-	10,690,055	-	(172,948)	3,663,543	-
Change in bargaining group	(515,525)	-	-	(314,880)	(5,129,398)	-
Benefit payments, including refunds of member contributions	(13,239,168)	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
<b>Net change in total pension liability</b>	<b>5,625,999</b>	<b>18,016,035</b>	<b>5,667,205</b>	<b>5,196,869</b>	<b>4,495,399</b>	<b>1,355,143</b>
<b>Total pension liability - beginning</b>	<b>206,737,070</b>	<b>188,721,035</b>	<b>183,053,830</b>	<b>177,856,961</b>	<b>173,361,562</b>	<b>172,006,419</b>
<b>Total pension liability - ending</b>	<b>\$ 212,363,069</b>	<b>\$ 206,737,070</b>	<b>\$ 188,721,035</b>	<b>\$ 183,053,830</b>	<b>\$ 177,856,961</b>	<b>\$ 173,361,562</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 10,417,845	\$ 9,579,205	\$ 8,783,426	\$ 8,533,307	\$ 7,863,420	\$ 7,987,367
Contributions - member	1,191,796	1,041,899	766,861	493,597	337,009	168,463
Change in bargaining group	(667,990)	-	-	(343,707)	(2,638,467)	-
Net investment income (loss)	(12,345,778)	36,857,731	2,523,724	8,012,792	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(13,239,168)	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
Administrative expense	(269,615)	(283,989)	(243,847)	(279,016)	(260,006)	(306,539)
<b>Net change in plan fiduciary net position</b>	<b>(14,912,910)</b>	<b>34,120,513</b>	<b>(625,658)</b>	<b>4,871,601</b>	<b>2,589,654</b>	<b>11,492,013</b>
<b>Plan fiduciary net position - beginning</b>	<b>171,544,565</b>	<b>137,424,052</b>	<b>138,049,710</b>	<b>133,178,109</b>	<b>130,588,455</b>	<b>119,096,442</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 156,631,655</b>	<b>\$ 171,544,565</b>	<b>\$ 137,424,052</b>	<b>\$ 138,049,710</b>	<b>\$ 133,178,109</b>	<b>\$ 130,588,455</b>
<b>Net pension liability - ending</b>	<b>\$ 55,731,414</b>	<b>\$ 35,192,505</b>	<b>\$ 51,296,983</b>	<b>\$ 45,004,120</b>	<b>\$ 44,678,852</b>	<b>\$ 42,773,107</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>73.76%</b>	<b>82.98%</b>	<b>72.82%</b>	<b>75.41%</b>	<b>74.88%</b>	<b>75.33%</b>
<b>Covered payroll</b>	<b>\$ 38,050,032</b>	<b>\$ 35,334,877</b>	<b>\$ 34,174,428</b>	<b>\$ 30,125,788</b>	<b>\$ 31,575,118</b>	<b>\$ 30,212,311</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>146.47%</b>	<b>99.60%</b>	<b>150.10%</b>	<b>149.39%</b>	<b>141.50%</b>	<b>141.58%</b>

**Notes to Schedule:** Payroll amounts are based on actual pensionable compensation from the employer

-FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. The ATU and IBEW Plans were separated; previous years not available.

-FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

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

-FY2021: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

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

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

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

**FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019, 2018 AND 2017**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total pension liability</b>						
Service Cost	\$ 2,184,369	\$ 1,935,920	\$ 1,806,472	\$ 1,792,845	\$ 1,596,227	\$ 1,640,651
Interest (includes interest on service cost)	6,284,031	6,010,122	5,716,051	5,449,300	5,338,451	4,742,855
Changes of benefit terms	-	-	-	-	-	(105,379)
Difference between expected and actual experience	(291,610)	(149,316)	845,009	499,642	(978,363)	2,420,299
Changes of assumptions	-	7,111,874	-	(98,047)	1,630,101	-
Benefit payments, including refunds of member contributions	(5,082,251)	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
<b>Net change in total pension liability</b>	<b>3,094,539</b>	<b>10,321,332</b>	<b>4,197,553</b>	<b>3,864,664</b>	<b>3,964,731</b>	<b>5,417,259</b>
<b>Total pension liability - beginning</b>	<b>94,522,042</b>	<b>84,200,710</b>	<b>80,003,157</b>	<b>76,138,493</b>	<b>72,173,762</b>	<b>66,756,502</b>
<b>Total pension liability - ending</b>	<b>\$ 97,616,581</b>	<b>\$ 94,522,042</b>	<b>\$ 84,200,710</b>	<b>\$ 80,003,157</b>	<b>\$ 76,138,493</b>	<b>\$ 72,173,761</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 4,163,949	\$ 3,578,685	\$ 3,230,879	\$ 3,299,013	\$ 3,195,912	\$ 3,315,379
Contributions - member	488,243	342,404	304,593	209,531	103,415	39,287
Net investment income (loss)	(5,444,825)	16,461,248	1,082,659	3,482,632	3,629,568	5,332,230
Benefit payments, including refunds of member contributions	(5,082,251)	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
Administrative expense	(234,081)	(256,797)	(218,135)	(229,569)	(225,752)	(239,188)
<b>Net change in plan fiduciary net position</b>	<b>(6,108,965)</b>	<b>15,538,272</b>	<b>230,017</b>	<b>2,982,531</b>	<b>3,081,458</b>	<b>5,166,541</b>
<b>Plan fiduciary net position - beginning</b>	<b>75,917,397</b>	<b>60,379,125</b>	<b>60,149,108</b>	<b>57,166,577</b>	<b>54,085,119</b>	<b>48,918,578</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 69,808,432</b>	<b>\$ 75,917,397</b>	<b>\$ 60,379,125</b>	<b>\$ 60,149,108</b>	<b>\$ 57,166,577</b>	<b>\$ 54,085,119</b>
<b>Net pension liability - ending</b>	<b>\$ 27,808,149</b>	<b>\$ 18,604,645</b>	<b>\$ 23,821,585</b>	<b>\$ 19,854,049</b>	<b>\$ 18,971,916</b>	<b>\$ 18,088,642</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>71.51%</b>	<b>80.32%</b>	<b>71.71%</b>	<b>75.18%</b>	<b>75.08%</b>	<b>74.94%</b>
<b>Covered payroll</b>	<b>\$ 14,720,399</b>	<b>\$ 13,777,698</b>	<b>\$ 14,166,689</b>	<b>\$ 13,300,633</b>	<b>\$ 13,137,945</b>	<b>\$ 12,473,480</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>188.91%</b>	<b>135.03%</b>	<b>168.15%</b>	<b>149.27%</b>	<b>144.41%</b>	<b>145.02%</b>

**Notes to Schedule:**

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

-FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. The ATU and IBEW Plans were separated; previous years not available.

-FY2018: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

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

-FY2021: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

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

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

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

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

**Notes to Schedule:**

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

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

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

-FY2017: the ATU and IBEW Plans were separated; combined disclosures are not available going forward. See schedules of the individual plans on pages 25 and 26.

Information prior to 2014 is not available.

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

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

	2022	2021	2020	2019	2018
<b>Total pension liability</b>					
Service Cost	\$ 4,836,477	\$ 4,265,105	\$ 4,024,291	\$ 3,831,831	\$ 3,647,115
Change in bargaining group	836,523	-	-	474,438	5,129,398
Interest (includes interest on service cost)	11,663,422	11,359,811	10,794,658	10,288,390	9,485,966
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	311,027	1,861,545	2,669,480	1,215,057	1,856,563
Changes of assumptions	-	8,967,358	-	(17,295)	3,291,931
Benefit payments, including refunds of member contributions	(11,086,271)	(10,182,471)	(9,453,326)	(8,373,494)	(7,779,366)
<b>Net change in total pension liability</b>	6,561,178	16,271,348	8,035,103	7,418,927	15,631,607
<b>Total pension liability - beginning</b>	175,865,307	159,593,959	151,558,856	144,139,929	128,508,322
<b>Total pension liability - ending</b>	\$ 182,426,485	\$ 175,865,307	\$ 159,593,959	\$ 151,558,856	\$ 144,139,929
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 10,993,228	\$ 9,807,539	\$ 9,159,513	\$ 8,503,815	\$ 7,669,178
Contributions - member	705,053	466,141	360,051	193,293	143,094
Change in bargaining group	667,990	-	-	343,707	2,638,467
Net investment income (loss)	(9,801,602)	28,976,644	1,526,151	5,649,123	6,073,483
Benefit payments, including refunds of member contributions	(11,086,271)	(10,182,471)	(9,453,326)	(8,373,494)	(7,779,366)
Administrative expense	(262,018)	(253,303)	(226,310)	(260,441)	(247,077)
<b>Net change in plan fiduciary net position</b>	(8,783,620)	28,814,550	1,366,079	6,056,003	8,497,779
<b>Plan fiduciary net position - beginning</b>	129,366,721	100,552,171	99,186,092	93,130,089	84,632,310
<b>Plan fiduciary net position - ending</b>	\$ 120,583,101	\$ 129,366,721	\$ 100,552,171	\$ 99,186,092	\$ 93,130,089
<b>Net pension liability - ending</b>	\$ 61,843,384	\$ 46,498,586	\$ 59,041,788	\$ 52,372,764	\$ 51,009,840
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	66.10%	73.56%	63.00%	65.44%	64.61%
<b>Covered payroll</b>	\$ 28,436,264	\$ 27,147,142	\$ 26,295,215	\$ 22,220,418	\$ 24,283,580
<b>Net pension liability as a percentage of covered payroll</b>	217.48%	171.28%	224.53%	235.70%	210.06%

**Notes to Schedule:**

-FY2018: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

-FY2019: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.

-FY2021: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.75% and updated demographic and economic assumptions that were adopted following an experience study.

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

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

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

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

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

**Notes to Schedule:**

- FY2015: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%.
- FY2016: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.
- FY2017: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit.

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

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

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256  
FOR THE FISCAL YEARS ENDING JUNE 30, 2022, 2021, 2020, 2019, 2018 AND 2017  
(Dollar amounts in thousands)**

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 10,418	\$ 9,579	\$ 8,783	\$ 8,533	\$ 7,863	\$ 7,987
Contributions in relation to the actuarially determined contribution	10,418	9,579	8,783	8,533	7,863	7,987
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 38,050	\$ 35,335	\$ 34,174	\$ 30,126	\$ 31,575	\$ 30,212
Contributions as a percentage of covered payroll	27.38%	27.11%	25.70%	28.33%	24.90%	26.44%

**Notes to Schedule**

Valuation Date  
Timing

7/1/2020 (to determine FY21-22 contribution)  
Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

**Key methods and assumptions used to determine contribution rates:**

Actuarial cost method

Entry Age

Amortization method

The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.

Asset valuation method

5-year smoothed market

Discount Rate

6.75%

Amortization growth rate

2.75%

Price inflation

2.50%

Salary Increases

2.75%, plus merit component on employee classification and years of service

Mortality

Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016. Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016.

**Other information:**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information is not available.



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

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
EMPLOYEES WHO ARE MEMBERS OF  
IBEW LOCAL 1245**

**FOR THE FISCAL YEARS ENDING JUNE 30, 2022, 2021, 2020, 2019, 2018 AND 2017**  
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 4,164	\$ 3,579	\$ 3,231	\$ 3,299	\$ 3,196	\$ 3,315
Contributions in relation to the actuarially determined contribution	4,164	3,579	3,231	3,299	3,196	3,315
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,720	\$ 13,778	\$ 14,167	\$ 13,301	\$ 13,138	\$ 12,473
Contributions as a percentage of covered payroll	28.29%	25.98%	22.81%	24.80%	24.33%	26.58%

**Notes to Schedule**

Valuation Date  
Timing

7/1/2020 (to determine FY21-22 contribution)  
Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

**Key methods and assumptions used to determine contribution rates:**

Actuarial cost method  
Amortization method  
Asset valuation method  
Discount Rate  
Amortization growth rate  
Price inflation  
Salary Increases  
Mortality

Entry Age  
The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.  
5-year smoothed market  
6.75%  
2.75%  
2.50%  
2.75%, plus merit component on employee classification and years of service  
Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016. Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016

**Other information:**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information is not available.

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256 AND IBEW LOCAL 1245**

**FOR THE FISCAL YEARS ENDING JUNE 30, 2016, 2015, 2014 AND 2013  
(Dollar amounts in thousands)**

	2016	2015	2014	2013
Actuarially determined contribution	\$ 10,447	\$ 10,344	\$ 9,711	\$ 8,694
Contributions in relation to the actuarially determined contribution	10,447	10,344	9,711	8,694
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,996	\$ 37,950	\$ 38,858	\$ 37,110
Contributions as a percentage of covered payroll	26.12%	27.26%	24.99%	23.43%

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

**Notes to Schedule**

Valuation Date  
Timing

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

**Key methods and assumptions used to determine contribution rates:**

Actuarial cost method  
Amortization method  
Asset valuation method  
Discount Rate  
Amortization growth rate  
Price inflation  
Salary Increases  
Mortality

Entry Age  
Level percentage of payroll, closed 18 year period as of 6/30/2014  
5-year smoothed market  
7.65%  
3.15%  
3.15%  
3.15%, plus merit component on employee classification and years of service  
Sex Distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females

Other information:

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

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
EMPLOYEES WHO ARE MEMBERS OF  
SALARIED EMPLOYEES  
LAST 10 FISCAL YEARS  
(Dollar amounts in thousands)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 10,993	\$ 9,808	\$ 9,160	\$ 8,504	\$ 7,669	\$ 7,321	\$ 7,577	\$ 7,335	\$ 6,609	\$ 5,800
Contributions in relation to the actuarially determined contribution	10,993	9,808	9,160	8,504	7,669	7,321	7,577	7,335	6,609	5,800
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 28,436	\$ 27,147	\$ 26,295	\$ 22,220	\$ 24,284	\$ 24,342	\$ 23,022	\$ 22,009	\$ 19,627	\$ 19,105
Contributions as a percentage of covered payroll	38.66%	36.13%	34.84%	38.27%	31.58%	30.08%	32.91%	33.33%	33.67%	30.36%

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

**Notes to Schedule**

Valuation Date  
Timing

7/1/2020 (to determine FY21-22 contribution)  
Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

**Key methods and assumptions used to determine contribution rates:**

Actuarial cost method  
Amortization method

Entry Age  
The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers.

Asset valuation method  
Discount Rate  
Amortization growth rate  
Price inflation  
Salary Increases  
Mortality

5-year smoothed market  
6.75%  
2.75%  
2.50%  
2.75%, plus merit component on employee classification and years of service  
Healthy annuitants: Pri-2012 Bottom Quartile Table for Healthy Annuitants projected with Scale MP-2020, base tables adjusted 105% for females. Disabled annuitants: RP 2014 Disabled Retiree Mortality w/ Scale MP-2020, base tables adjusted 130% for males and 115% for females

**Other information:**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 actuarial valuation report.

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

**SCHEDULE OF INVESTMENT RETURNS  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256 AND IBEW LOCAL 1245  
AND SALARIED EMPLOYEES  
LAST 10 FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-7.30%	27.60%	1.98%	6.23%	6.93%	12.09%	-0.19%	3.25%	15.64%

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

## **SUPPLEMENTAL SCHEDULES**

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

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
EMPLOYEES WHO ARE MEMBERS OF  
ATU LOCAL 256  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Investment Expenses:**

Vendor Names	Type of Services	Amount
Boston Partners Investment Management	Asset Management	\$ 150,468
Atlanta Capital Management Co.	Asset Management	117,555
Metropolitan West Asset Management, L.L.C.	Asset Management	111,538
Pyrford	Asset Management	105,842
Clarion	Asset Management	90,184
Morgan Stanley	Asset Management	80,959
AQR	Asset Management	80,817
SSgA S&P 500	Asset Management	5,624
SSgA MSCI EAFE	Asset Management	3,174
Northern Trust Company	Custodian Services	43,527
Callan Associates, Inc.	Investment Advisor	61,232
Total		<u>\$ 850,920</u>

**Administrative Expenses:**

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Plan Administration	\$ 124,207
Hanson Bridgett	Consulting Services	83,970
Cheiron EFI	Actuarial Services	34,953
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,124
Sacramento Area Council of Governments	Audit Services	5,990
National Disability Evaluations Inc	Medical Evaluations	4,450
Other	Misc	1,921
Total		<u>\$ 269,615</u>

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

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
EMPLOYEES WHO ARE MEMBERS OF  
IBEW LOCAL 1245  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Investment Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Boston Partners Investment Management	Asset Management	\$ 66,868
Atlanta Capital Management Co.	Asset Management	52,239
Metropolitan West Asset Management, L.L.C.	Asset Management	49,569
Pyrford	Asset Management	47,037
Clarion	Asset Management	38,911
Morgan Stanley	Asset Management	35,936
AQR	Asset Management	34,879
SSgA S&P 500	Asset Management	2,499
SSgA MSCI EAFE	Asset Management	1,410
Northern Trust Company	Custodian Services	19,345
Callan Associates, Inc.	Investment Advisor	27,209
Total		<u>\$ 375,902</u>

**Administrative Expenses:**

<u>Vendor Names</u>	<u>Type of Services</u>	<u>Amount</u>
Sacramento Regional Transit District	Plan Administration	\$ 97,092
Hanson Bridgett	Consulting Services	76,845
Cheiron EFI	Actuarial Services	34,009
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,149
Sacramento Area Council of Governments	Audit Services	5,990
National Disability Evaluations Inc	Medical Evaluations	4,075
Other	Misc	1,921
Total		<u>\$ 234,081</u>

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

**SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
SALARIED EMPLOYEES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Investment Expenses:**

Vendor Names	Type of Services	Amount
Boston Partners Investment Management	Asset Management	\$ 114,496
Atlanta Capital Management Co.	Asset Management	89,436
Metropolitan West Asset Management, L.L.C.	Asset Management	84,877
Pyrford	Asset Management	80,542
Clarion	Asset Management	59,381
Morgan Stanley	Asset Management	58,793
AQR	Asset Management	57,925
SSgA S&P 500	Asset Management	4,278
SSgA MSCI EAFE	Asset Management	2,415
Northern Trust Company	Custodian Services	33,128
Callan Associates, Inc.	Investment Advisor	46,560
Total		<u>\$ 631,831</u>

**Administrative Expenses:**

Vendor Names	Type of Services	Amount
Sacramento Regional Transit District	Pension Administration	\$ 109,196
Hanson Bridgett	Consulting Services	91,094
Cheiron EFI	Actuarial Services	35,718
Alliant Insurance Services, Inc.	Fiduciary Insurance	14,124
Sacramento Area Council of Governments	Audit Services	5,990
National Disability Evaluations Inc	Medical Evaluations	4,075
Other	Miscellaneous	1,821
Total		<u>\$ 262,018</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the ATU Plan, IBEW Plan and Salaried Plan for Sacramento Regional Transit District Employees (the Plans) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated November 18, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plans' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plans' financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Sacramento, California  
November 18, 2022



Crowe LLP  
Independent Member Crowe Global

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

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the ATU Plan, IBEW Plan, and Salaried plan for Sacramento Regional Transit District Employees ("the Plans") for further information on the responsibilities of management and of Crowe LLP.

### **AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS**

As part of obtaining reasonable assurance about whether the Plans' financial statements are free of material misstatement, we performed tests of the Plans' compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE PLANS**

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Plans under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the Plans that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

## PLANNED SCOPE AND TIMING OF THE AUDIT

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

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

## SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

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

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

The following describes the significant accounting estimates reflected in the Plans' year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

<b>Significant Accounting Estimate</b>	<b>Process Used by Management</b>	<b>Basis for Our Conclusions</b>
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.

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

**AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES**

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

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

## CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

## OTHER COMMUNICATIONS

Communication Item	Results
<p><b>Other Information Included in an Annual Report</b></p> <p>Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"><li>• Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or</li><li>• A material misstatement of fact exists, or the other information is otherwise misleading.</li></ul> <p>If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared other information to accompany the audited financial statements.</p>
<p><b>Significant Difficulties Encountered During the Audit</b></p> <p>We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Disagreements with Management</b></p> <p>We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Plans' financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>

Communication Item	Results
<p><b>Difficulties or Contentious Matters</b></p> <p>We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>
<p><b>Circumstances that Affect the Form and Content of the Auditor's Report</b></p> <p>We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>There are no such circumstances that affect the form and content of the auditor's report.</p>
<p><b>Consultations with Other Accountants</b></p> <p>If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p><b>Representations the Auditor Is Requesting from Management</b></p> <p>We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p><b>Significant Issues Discussed, or Subject to Correspondence, With Management</b></p> <p>We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p><b>Significant Related Party Findings or Issues</b></p> <p>We are to communicate to you significant findings or issues arising during the audit in connection with the Plans' related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p><b>Other Findings or Issues We Find Relevant or Significant</b></p> <p>We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

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

*Crowe LLP*  
Crowe LLP

Sacramento, California  
November 18, 2022



Crowe LLP  
Independent Member Crowe Global

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

In planning and performing our audit of the financial statements of the ATU Plan, IBEW Plan, and Salaried plan for Sacramento Regional Transit District Employees (“the Plans”) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Company’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

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

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

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the Plans’ internal control over financial reporting. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans’ internal control over financial reporting. Accordingly, this letter is not suitable for any other purpose.

  
Crowe LLP

Sacramento, California  
November 18, 2022





# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 8, 2023

Agenda Item: 12

**TO:** Sacramento Regional Transit Retirement Boards – AEA/AFSCME/MCEG

**FROM:** Jason Johnson, Acting, VP, Finance/CFO

**SUBJ:** RECEIVE AND FILE THE FISCAL YEAR 2022 STATE CONTROLLER'S REPORT FOR THE SALARIED PENSION PLAN (AEA/AFSCME/MCEG). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File the Fiscal Year 2022 State Controller's Report for the Retirement Plan for Sacramento Regional Transit District Employees who are Members of the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

The financial data for the annual State Controller's Public Retirement Systems Financial Transactions Report is prepared in accordance with California Government Code Section 7504. This statute requires all state and local retirement systems to annually submit audited financial statements of their Pension Plans to the State Controller's Office within six months of the close of the fiscal year. The State Controller's Public Retirement Systems Financial Transactions Report (Attachment #1) for the fiscal year ended June 30, 2022 was filed on December 22, 2022.

# PUBLIC RETIREMENT SYSTEMS FINANCIAL TRANSACTIONS REPORT COVER PAGE

## Sacramento Regional Transit District Salaried Employees' Retirement Plan

Fiscal Year: **2022**

ID Number: **16383440511**

For the Fiscal Year Ended: 06/30/2022 (MM/DD/YYYY)

**Certification:**

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

Retirement Administrator

*Lawrence Chiu*

VP, Finance/CFO

RMKnS5H9puwz...

Signature

Title

Lawrence Chiu

12/22/22

---

Name (Please Print)

---

Date

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

If submitted manually, please complete, sign, and mail this cover page to either address below:

Mailing Address:

State Controller's Office

Local Government Programs and Services Division

Local Government Reporting Section

P.O. Box 942850

Sacramento, CA 94250

Express Mailing Address:

State Controller's Office

Local Government Programs and Services Division

Local Government Reporting Section

3301 C Street, Suite 700

Sacramento, CA 95816

The Financial Transactions Report was successfully submitted to the State Controller's Office on 12/22/2022 9:45:32 AM

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

Reporting Year: 2022

Form #1

**Mailing Address**

Street 1  Type of Plan  ▼

Street 2

City  Retirement Administrator

Telephone

State  Zip  Email   Has Address Changed?

**Report Prepared By**

First Name  Firm Name

Middle Initial

Telephone

Last Name  Fax No.

Title  Email

**Independent Auditor**

Firm Name  Street 1

First Name  Street 2

Middle Initial

City  State  Zip

Last Name  Telephone

Email

**Additional Information**

Actuary/Actuary Firm  Street 1

Contact Name  Street 2

P.O. Box

City  State  Zip

Date of Valuation Report  Telephone

Email

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

**Reporting Year: 2022**

Form #2

Comments

John Gobel is our Pension & Retirement Services Manager  
phone: (916) 556-0296  
email: jgobel@sacrt.com

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

Reporting Year: 2022

Form #3

<b>Assets</b>	
R01. Cash and Cash Equivalents	4,053,487
Receivables	
R02. Contributions	
R03. Investments	3,670,164
R04. Other Receivables	94,197
R05. Total Receivables	3,764,361
Investments, at Fair Value	
R06. Short-Term Investments	
R07. U.S. Government Obligations	17,777,412
R08. Municipal Bonds	156,139
R09. Domestic Corporate Bonds	8,820,827
R10. International Bonds	
R11. Domestic Stocks	51,497,041
R12. International Stocks	27,644,228
R13. Real Estate	14,241,653
R14. Private Equity	
R15. Hedge Funds	
R16. Other Investments	2,127,009
R17. Total Investments	122,264,309
R18. Securities Lending Collateral	
Capital Assets	
R19. Capital Assets, Not Being Depreciated/Amortized	
R20. Capital Assets, Net of Depreciation/Amortization	
R21. Other Assets	
R22. <b>Total Assets</b>	\$130,082,157
<b>Deferred Outflows of Resources</b>	
R23. Related to Pensions	
R24. Related to OPEB	
R25. Related to Debt Refunding	
R26. Other Deferred Outflows of Resources	
R27. <b>Total Deferred Outflows of Resources</b>	\$0
R28. <b>Total Assets and Deferred Outflows of Resources</b>	\$130,082,157
<b>Liabilities</b>	
R29. Benefits Payable	
R30. Accounts Payable	140,577
R31. Investment Purchases Payable	9,358,479
R32. Securities Lending Obligation	
R33. Other Liabilities	
R34. <b>Total Liabilities</b>	\$9,499,056
<b>Deferred Inflows of Resources</b>	
R35. Related to Pensions	

R36. Related to OPEB	<input type="text"/>
R37. Related to Debt Refunding	<input type="text"/>
R38. Other Deferred Inflows of Resources	<input type="text"/>
R39. <b>Total Deferred Inflows of Resources</b>	<input type="text" value="\$0"/>
R40. <b>Total Liabilities and Deferred Inflows of Resources</b>	<input type="text" value="\$9,499,056"/>
R41. <b>Total Restricted Net Position</b>	<input type="text" value="\$120,583,101"/>

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

Reporting Year: 2022

Form #4

<b>Contributions</b>		
<b>Employer</b>		
R01.	General	10,993,228
R02.	Safety	
R03.	Combined	
R04.	<b>Total Employer</b>	<b>10,993,228</b>
<b>Member</b>		
R05.	General	705,053
R06.	Safety	
R07.	Combined	
R08.	<b>Total Member</b>	<b>705,053</b>
<b>Other Contributions</b>		
R09.	General	
R10.	Safety	
R11.	Combined	
R12.	<b>Total Other Contributions</b>	
R13.	<b>Total Contributions</b>	<b>\$11,698,281</b>
<b>Investment Income (Loss)</b>		
R14.	Net Appreciation (Depreciation) in Fair Value of Investments	-10,960,741
R15.	Interest	605,089
R16.	Dividends	1,186,939
R17.	Other Investment Income	-1,058
R18.	(Investment Expense)	-631,831
<b>Securities Lending Income (Loss)</b>		
R19.	Securities Lending Income	
R20.	(Securities Lending Expense)	
R21.	<b>Net Securities Lending Income (Loss)</b>	<b>0</b>
R22.	<b>Net Investment Income (Loss)</b>	<b>\$-9,801,602</b>
R23.	<b>Other Income</b>	<b>667,990</b>
R24.	<b>Total Additions</b>	<b>\$2,564,669</b>



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

Reporting Year: 2022

Form #5

<b>Benefit Payments</b>		
Service Retirement		
R01.	General	10,831,024
R02.	Safety	
R03.	Combined	
R04.	<b>Total Service Retirement</b>	<b>10,831,024</b>
Disability Retirement		
R05.	General	123,226
R06.	Safety	
R07.	Combined	
R08.	<b>Total Disability Retirement</b>	<b>123,226</b>
Other Benefit Payments		
R09.	General	
R10.	Safety	
R11.	Combined	
R12.	<b>Total Other Benefit Payments</b>	
R13.	<b>Total Benefit Payments</b>	<b>10,954,250</b>
<b>Member Refunds</b>		
R14.	General	132,021
R15.	Safety	
R16.	Combined	
R17.	<b>Total Member Refunds</b>	<b>132,021</b>
R18.	<b>Administrative Expenses</b>	<b>262,018</b>
R19.	<b>Other Expenses</b>	
R20.	<b>Total Deductions</b>	<b>\$11,348,289</b>
R21.	<b>Net Increase (Decrease) in Net Position</b>	<b>-8,783,620</b>
R22.	<b>Net Position Restricted for Pension Benefits, Beginning of Year</b>	<b>129,366,721</b>
R23.	<b>Adjustment 1</b>	
R24.	<b>Adjustment 2</b>	
R25.	<b>Net Position Restricted for Pension Benefits, End of Year</b>	<b>\$120,583,101</b>

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

Reporting Year: 2022

Form #6

<b>Total Pension Liability</b>	
R01. Service Cost	4,836,477
R02. Interest	11,663,422
R03. Changes of Benefit Terms	0
R04. Differences Between Expected and Actual Experience	311,027
R05. Changes of Assumptions	0
R06. Benefit Payments, Including Refunds of Member Contributions	-11,086,271
<b>R07. Net Change in Total Pension Liability</b>	<b>5,724,655</b>
<b>R08. Total Pension Liability – Beginning</b>	<b>175,865,307</b>
<b>R09. Adjustments</b>	<b>836,523</b>
<b>R10. Total Pension Liability – Ending (a)</b>	<b>182,426,485</b>
<b>Plan Fiduciary Net Position</b>	
R11. Contributions – Employer	10,993,228
R12. Contributions – Member	705,053
R13. Contributions – Other	0
R14. Net Investment Income	-9,801,602
R15. Other Income	667,990
R16. Benefit Payments, Including Refunds of Member Contributions	-11,086,271
R17. Administrative Expenses	-262,018
R18. Other Expenses	0
<b>R19. Net Change in Plan Fiduciary Net Position</b>	<b>-8,783,620</b>
<b>R20. Plan Fiduciary Net Position – Beginning</b>	<b>129,366,721</b>
<b>R21. Adjustments</b>	<b>0</b>
<b>R22. Plan Fiduciary Net Position – Ending (b)</b>	<b>120,583,101</b>
<b>R23. Net Pension Liability – Ending (a) - (b)</b>	<b>61,843,384</b>
<b>R24. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)</b>	<b>66.1%</b>
<b>R25. Covered-Employee Payroll</b>	<b>28,436,264</b>
<b>R26. Net Pension Liability as a Percentage of Covered-Employee Payroll (%)</b>	<b>217.48%</b>

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

Form #7

Reporting Year: 2022

R01. Actuarially Determined Contributions	10,993,228
R02. Contributions in Relation to the Actuarially Determined Contributions	10,993,228
R03. Contribution Deficiency (Excess)	0
R04. Covered-Employee Payroll	28,436,264
R05. Contributions as a Percentage of Covered-Employee Payroll (%)	38.66%

Notes to Schedule

R06. Valuation Date

7/1/2020

Methods and assumptions used to determine contribution rates

R07. Actuarial Cost Method	Entry Age
R08. Amortization Method	Level Percentage of Payroll
R09. Remaining Amortization Period	12
R10. Asset Valuation Method	The actuarial value of Plan assets is calculated on a modified market-related value. The Market Value of Assets is recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investm on the Market Value of Assets.
R11. Inflation (%)	2.5
R12. Salary Increases	2.75 plus merit
R13. Investment Rate of Return (%)	6.75
R14. Other Information	

Note:

(R08) Amortization Method: Level Percentage of Payroll

(R09) Remaining Amortization Period: 12

(R12) Salary Increases: 2.75 plus merit

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

Reporting Year: 2022

Form #8

Member Type		Tier	System Status	Active		Inactive	Retirement				Total Members
				Vested	Nonvested	Vested	Service Retired	Service Disability	Ordinary Disability	Survivors	
General		Non-PEPRA	Closed	138	3	43	320	5		30	539
General		PEPRA	Open	21	111	1	1				134
Select			Select								
<b>Grand Total Members</b>				159	114	44	321	5		30	673

	State	Counties	Cities	Special Districts	School Districts	Other Agencies	Total
	<b>Number of Agencies</b>				1		
<b>Number of Members</b>				673			673

Member Type	Tier	Annual Payroll (\$)
General	Non-PEPRA	17,924,058
General	PEPRA	10,512,206
<b>Grand Total Payroll</b>		\$28,436,264

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

Reporting Year: 2022

**Employer and Member Rates - Recommended by Actuary**

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	Si R
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	19.67		19.67	25.00		25.00	44.67	0.00	44.67				
General	PEPRA	6.58		6.58	25.00		25.00	31.58	0.00	31.58				

**Employer and Member Rates - Adopted by Governing Body**

Member Type Tier		Employer Rates									Member Rates			
		Normal Cost			UAAL Amortization Cost			Total Cost			Age 25	Age 35	Age 45	Si R
		Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate	Basic Rate	COLA Rate	Total Rate				
General	Non-PEPRA	19.67		19.67	23.50		23.50	43.17	0.00	43.17				
General	PEPRA	6.58		6.58	23.50		23.50	30.08	0.00	30.08				

**Estimated Annual Employer Contributions**

Member Type	Tier	Normal Cost	UAAL Amortization	Contributions Total
General	Non-PEPRA	3,525,662	4,212,154	7,737,816
General	PEPRA	691,703	2,470,369	3,162,072
<b>Grand Total Employer Contributions</b>		<b>\$4,217,365</b>	<b>\$6,682,523</b>	<b>\$10,899,888</b>

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

Reporting Year: 2022

Form #10

Economic Assumption Rates

R01. **Select Plan**

Return on Investments

R02. Real Rate of Return   
 R03. Inflation Component   
 R04. **Total Return on Investments**

Salary Scale

	Years of Service										Single Rate
	5	10	15	20	25	30	35	40	45	50	
R05. Merit, Longevity, and Productivity	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82	2.82
R06. Inflation Component	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
R07. <b>Total Salary Scale</b>	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32

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

	1% Decrease	Current Discount Rate	1% Increase
R08. Discount Rate	5.75	6.75	7.75
R09. Net Pension Liability	81,973,860	61,843,384	44,718,100

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

Reporting Year: 2022

Form #11

1 Year

3 Years

5 Years

R01. Money-Weighted Rate of Return (%)	<input type="text" value="-6.9"/>	<input type="text" value="6.86"/>	<input type="text" value="6.91"/>
R02. Time-Weighted Rate of Return (%)	<input type="text"/>	<input type="text"/>	<input type="text"/>

Schedule of Investment Returns

R03. Fiscal Year	<input type="text" value="2022"/>	2021	2020	2019	2018	2017
R04. Annual Money-Weighted Rate of Return, Net of Investment Expense %	<input type="text" value="-7.3"/>	27.60	1.98	6.23	6.93	12.09

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

Reporting Year: 2022

Form #12a

Demographic Assumption Rates - Age

General - Male	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R01. Age 25		0.0000				
R02. Age 30		0.0000				
R03. Age 35		0.0000				
R04. Age 40		0.0000				
R05. Age 45		0.0000				
R06. Age 50		0.0000				
R07. Age 55	5.0000	0.0000				
R08. Age 60	15.0000	0.0000				
R09. Age 65	25.0000	0.0000				
R10. Age 70	100.0000	0.0000				

General - Female	Service Retirement Rate	Disability Retirement Rate		Mortality of Active Members Rate		Withdrawal (Termination) Rate
		Ordinary	Service	Ordinary	Service	
R11. Age 25		0.0000				
R12. Age 30		0.0000				
R13. Age 35		0.0000				
R14. Age 40		0.0000				
R15. Age 45		0.0000				
R16. Age 50		0.0000				
R17. Age 55	5.0000	0.0000				
R18. Age 60	15.0000	0.0000				
R19. Age 65	25.0000	0.0000				
R20. Age 70	100.0000	0.0000				



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

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

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

Reporting Year: 2022

Form #12b

Demographic Assumption Rates - Years of Service

General - Male Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R01. Year 5	<input type="text"/>	5.0000
R02. Year 10	<input type="text"/>	3.0000
R03. Year 15	<input type="text"/>	3.0000
R04. Year 20	<input type="text"/>	1.5000
R05. Year 25	<input type="text"/>	1.5000
R06. Year 30	<input type="text"/>	1.5000
R07. Year 35	<input type="text"/>	1.5000
R08. Year 40	<input type="text"/>	1.5000
R09. Year 45	<input type="text"/>	1.5000
R10. Year 50	<input type="text"/>	1.5000

General - Female Years of Service	Service Retirement Rate	Withdrawal (Termination) Rate
R11. Year 5	<input type="text"/>	5.0000
R12. Year 10	<input type="text"/>	3.0000
R13. Year 15	<input type="text"/>	3.0000
R14. Year 20	<input type="text"/>	1.5000
R15. Year 25	<input type="text"/>	1.5000
R16. Year 30	<input type="text"/>	1.5000
R17. Year 35	<input type="text"/>	1.5000
R18. Year 40	<input type="text"/>	1.5000
R19. Year 45	<input type="text"/>	1.5000
R20. Year 50	<input type="text"/>	1.5000

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

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

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

**Reporting Year: 2022**

Form #13

**Funding Position**

R01. Valuation Date (MM/DD/YYYY)	<input type="text" value="07/01/2021"/>
R02. Name of Actuarial Firm	<input type="text" value="Cheiron Inc"/>
R03. Actuarial Accrued Liability (AAL)	<input type="text" value="176,156,667"/>
R04. Actuarial Value of Assets (AVA)	<input type="text" value="115,483,473"/>
R05. Unfunded Actuarial Accrued Liability (UAAL) (AVA Basis)	<input type="text" value="60,673,194"/>
R06. Funded Ratio (AVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="65.56"/>
R07. Annual Covered Payroll (ACP)	<input type="text" value="28,436,264"/>
R08. UAAL as a Percentage of ACP (AVA Basis)	<input type="text"/>
R09. Method Used to Determine AAL	<input style="border: none; background-color: #f0f0f0; padding: 2px;" type="text" value="Entry Age"/>
R10. Please Specify "Other" Method	<input type="text"/>
R11. Market Value of Assets (MVA)	<input type="text" value="129,366,721"/>
R12. UAAL (MVA Basis)	<input type="text" value="46,789,946"/>
R13. Funded Ratio (MVA Basis) (rounded to nearest hundredth; EXAMPLE: 99.99)	<input type="text" value="73.44"/>

**UAAL Amortization**

R14. Method Used to Amortize the Total UAAL	<input style="border: none; background-color: #f0f0f0; padding: 2px;" type="text" value="Level Percentage of Projected Covered Payroll"/>
R15. Please Specify "Other" Method	<input type="text"/>
R16. Total UAAL Amortization Period (in years)	<input type="text" value="20"/>
R17. Years Remaining in Total UAAL Amortization Period	<input type="text" value="20"/>
R18. Year in Which the Total UAAL is Expected to be Fully Amortized	<input type="text" value="2041"/>

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

Reporting Year: 2022

Form #14a

**Eligibility**

Member Type	Tier	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age	Years of Service	Age Regardless of Service	Years of Service Regardless of Age
General	Non-PEPRA	55	5								25
General	PEPRA	52	5								

**Cost of Living**

Member Type	Tier	Granted Position Last Held	Index to Active Member Increase	Index to Consumer Price Index	Maximum Annual Increase	None	Other Basis
General	Non-PEPRA	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	Y <input type="text" value=""/>	<input type="text" value=""/>
General	PEPRA	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	Y <input type="text" value=""/>	<input type="text" value=""/>

**Final Average Salary**

Member Type	Tier	Position Last Held	Highest Year(s) Average	Final Year(s) Average	Compensation at Time of Retirement
General	Non-PEPRA	<input type="text" value=""/>	4	<input type="text" value=""/>	<input type="text" value=""/>
General	PEPRA	<input type="text" value=""/>	4	<input type="text" value=""/>	<input type="text" value=""/>

**Percent Per Year of Service and Social Security Coverage**

Member Type	Tier	Age 50	Age 55	Age 60	Age 65	Social Security Coverage
General	Non-PEPRA	<input type="text" value=""/>	2.00	2.50	2.50	Supplemental <input type="text" value=""/>
General	PEPRA	<input type="text" value=""/>	1.30	1.80	2.30	Supplemental <input type="text" value=""/>

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

**Reporting Year: 2022**

Form #14b

Comments

None.

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

Reporting Year: 2022

Form #15

Disability Benefits as a Percentage of Final Average Salary

Member Type	Tier	Nonservice Disability Per Year (%)	Nonservice Disability Maximum (%)	Service Disability Per Year (%)	Service Disability Maximum (%)
General	Non-PEPRA	<input type="text" value="2"/>	<input type="text" value="2.5"/>	<input type="text" value="2"/>	<input type="text" value="2.5"/>
General	PEPRA	<input type="text" value="1"/>	<input type="text" value="2.5"/>	<input type="text" value="1"/>	<input type="text" value="2.5"/>

Note or Special Requirements

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

Fiscal Year: 2022		
FORM DESC	FIELD NAME	FOOTNOTES
NetPosition	(R01)CashandCashEquivalents	Cash equivalents amount fluctuates depending on timing of investment sales.
NetPosition	(R03)Investments	Investment receivables fluctuate based on timing of investment transactions.
NetPosition	(R04)OtherReceivables	A portion of this amount represents prepaid expense for fiduciary insurance that is amortized over a 12 month period (there is no line for prepaid expense on the SCO forms so it is included in other receivables. The remaining amount is plan manager receivables. The balance fluctuates based on timing of receipts.
NetPosition	(R08)MunicipalBonds	Investment portfolio mix amounts fluctuate depending on fund manager purchases/sales and changes in market value.
NetPosition	(R09)DomesticCorporateBonds	Investment portfolio mix amounts fluctuate depending on fund manager purchases/sales and changes in market value.
NetPosition	(R13)RealEstate	Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value. Additionally, our investment portfolio mix changed this year and we transferred \$2.7M from domestic stock to real estate investments.
NetPosition	(R16)OtherInvestments	Other investments consist of other asset backed securities held by our domestic fixed income manager. Investment portfolio mix amounts fluctuate depending fund manager purchases/sales and changes in market value.
NetPosition	(R30)AccountsPayable	Accounts payable balances fluctuate based on timing of payments. The plan reimbursements due to the District were six months in FY21 vs none in FY22.
Additions	(R05)Member-General	There were more PEPRA employees hired and they were required to contribute.
Additions	(R14)NetAppreciation(Depreciation)inFairValueofInvestments	Net Appreciation/Depreciation amounts fluctuate based on annual market performance and portfolio market performance.
Additions	(R16)Dividends	Dividend income fluctuates based on annual market performance and portfolio market performance. Additionally, our investment portfolio mix changed this year and we transferred 2.70M from domestic stock to real estate investments. Real estate income consists primarily of dividend income.
Additions	(R17)OtherInvestmentIncome	The majority of other investment income consists of futures/forwards and other activity that is not specifically interest or dividend income. Other investment income fluctuates based on annual market performance and portfolio market performance.
Additions	(R18)(InvestmentExpense)	The majority of the change is due to the real estate fund manager fees. At the end of FY21 the real estate asset class was brought into the portfolio. The real estate manager fees were \$12,926 in FY21 and increased to \$118,173 in FY22 with a full year invested in real estate.
Additions	(R23)OtherIncome	Per provisions of a legally binding Arbitration between the District and the ATU, when a non-vested ATU employee transfers to the Salaried plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan. This amount is employee transfers that occurred in Fiscal Year 2022. There were none in Fiscal Year 2021.
Deductions	(R05)DisabilityRetirement-General	There were more disability retirements in FY22.
Deductions	(R14)MemberRefund-General	Refunds were higher because there was more employee turnover in FY22.
NetPensionLiability	(R09)Adjustments	Provisions of a legally binding Arbitration between the District and the ATU were implemented in Fiscal Year 2018. Per the Arbitration, when a non-vested ATU employee transfers to the Salaried plan all contributions made to the ATU plan on behalf of that employee will be transferred from the ATU plan to the new plan.

Total Footnote: 17





# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 8, 2023 Agenda Item: 13  
**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 DECEMBER 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 December 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

For the latest 90-day processing period (December 11, 2022 to March 10, 2023), Staff effected pensions for 14 retirees and noted that the average wait time for initial payment was 49 days. For context, total retirement activity increased over the prior quarter and the reported processing time was close to the 45-day target established for new pensioners.

## Pension Administration Staff Roles and Responsibilities

### Pension Plan Member Relations:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
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)	Retirement Services Analysts (I & II)
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	Administrative Assistant II	Retirement Services Analyst I
Conduct Lost Participant Searches and Related Processes for Returned Checks/stubs	Retirement Services Analyst I	Administrative Assistant II
Retiree Medical – Initial Enrollment	HR Analyst II	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:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Negotiate Benefits, Provisions	VP, Employee Development and Engagement	Senior Manager, Labor Relations
Incorporate Negotiated Benefits/Provisions into Plan Documents	Chief Counsel, RT	External Counsel
Interpret Plan Provisions	Manager – Pension & Retirement,	External Counsel

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

**Contracting & Contract Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Contract Management, including Oversight of RFP Processes	Manager – Pension & Retirement	VP - Finance
Legal Services (Hanson Bridgett) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Actuarial Services (Cheiron) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Investment Manager Services (Callan) Contract Procurement	Accountant II	VP - Finance
Ensure Adherence to Contract Provisions	Manager – Pension & Retirement	VP - Finance
Process Retirement Board Vendor Invoices	Retirement Services Analyst II	Manager - Pension & Retirement
Pay Invoices	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:**

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

**Retirement Board Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Train Staff/Board Members	Manager – Pension & Retirement	Staff/Vendor with Subject Matter Expertise
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	VP – Finance
Renew Fiduciary Liability Coverage & Communicate Waiver of Recourse Info. to Retirement Board Members	Manager - Pension & Retirement	VP – Finance
Develop and Administer Retirement Board Policies	Manager – Pension & Retirement	VP - Finance

Respond to Public Records Act Requests	Manager – Pension & Retirement	Retirement Service Analysts (I & II)
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**Coordinate Actuarial Activities:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Valuation Study and Establish Contribution Rates (annual)	Manager – Pension & Retirement	VP - Finance
Experience Study (every 3-5 years)	Manager – Pension & Retirement	VP - Finance

**Asset Management:**

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

Pension Administration Costs  
For the Time Period: October 1, 2022 to December 31, 2022

Sum of Value TranCurr				
WBS Element	Source object name	Per	Total	
SAXXXX.PENATU	Finance And Treasury / Matthews, Rosalie	004	1,276.77	
		005	1,169.10	
		006	1,322.95	
	Finance And Treasury / Gobel, John	004	1,509.50	
		005	1,499.39	
		006	1,306.89	
	Finance And Treasury / Mathew, Jessica	004	3,205.91	
		005	3,085.81	
		006	3,108.31	
	Finance And Treasury / Cruz Mendoza, Jessic	004	504.45	
		005	825.31	
		006	399.25	
	<b>SAXXXX.PENATU Total</b>			<b>19,213.64</b>
	SAXXXX.PENIBEW	Finance And Treasury / Matthews, Rosalie	004	846.06
			005	615.31
			006	307.67
		Finance And Treasury / Gobel, John	004	384.97
			005	344.46
006			384.98	
Finance And Treasury / Mathew, Jessica		004	900.96	
		005	1,253.85	
		006	735.79	
Finance And Treasury / Cruz Mendoza, Jessic		004	190.51	
		005	72.45	
		006	245.24	
<b>SAXXXX.PENIBEW Total</b>			<b>6,282.25</b>	
SAXXXX.PENSALA		Finance And Treasury / Matthews, Rosalie	004	1,338.32
			005	769.15
			006	769.15
		Finance And Treasury / Gobel, John	004	1,884.38
			005	486.28
	006		719.30	
	Finance And Treasury / Mathew, Jessica	004	2,950.66	
		005	1,674.28	
		006	1,681.80	
	Finance And Treasury / Cruz Mendoza, Jessic	004	99.29	
		005	404.08	
		006	228.07	
	<b>SAXXXX.PENSALA Total</b>			<b>13,004.76</b>
	SAXXXX.PENSION	Finance And Treasury / Volk, Lynda	004	3,786.34
			005	3,410.08
			006	2,704.52
		Finance And Treasury / Matthews, Rosalie	004	1,692.11
			005	3,261.14
006			3,630.30	
Finance And Treasury / Gobel, John		004	6,919.47	
		005	5,430.21	
		006	5,369.45	
Finance And Treasury / Mathew, Jessica		004	2,425.08	
		005	2,988.17	
		006	2,267.43	
Finance And Treasury / Mouton, Wendy		004	789.22	
		005	350.76	
		006	657.68	
Board Support / Smith, Tabetha		006	77.31	
		Finance And Treasury / Cruz Mendoza, Jessic	004	590.26
			005	429.28
006			970.18	
<b>SAXXXX.PENSION Total</b>			<b>47,748.99</b>	
<b>Grand Total</b>			<b>86,249.64</b>	

**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 (SacRT) Retirement Boards during the Quarter ended December 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 Board Meeting, including review and markup of agenda materials.
3. Provide AB 1234 training to Board Members.
4. Review of documents for disability retirement evaluation services contract amendment.
5. Review real estate investment manager agreements with respect to new disclosure requests.
6. Provide counsel on issues including, but not limited to:
  - a. Service crediting rules;
  - b. Disability applications;
  - c. Board member terms; and
  - d. Staff communications with potential Plan beneficiary.

Respectfully Submitted,

/s/ Shayna M. van Hoften



# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 8, 2023

Agenda Item: 14

**TO:** Sacramento Regional Transit Retirement Boards – ALL

**FROM:** Jason Johnson, 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 December 31, 2022 (ALL).  
(Johnson)

## **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.

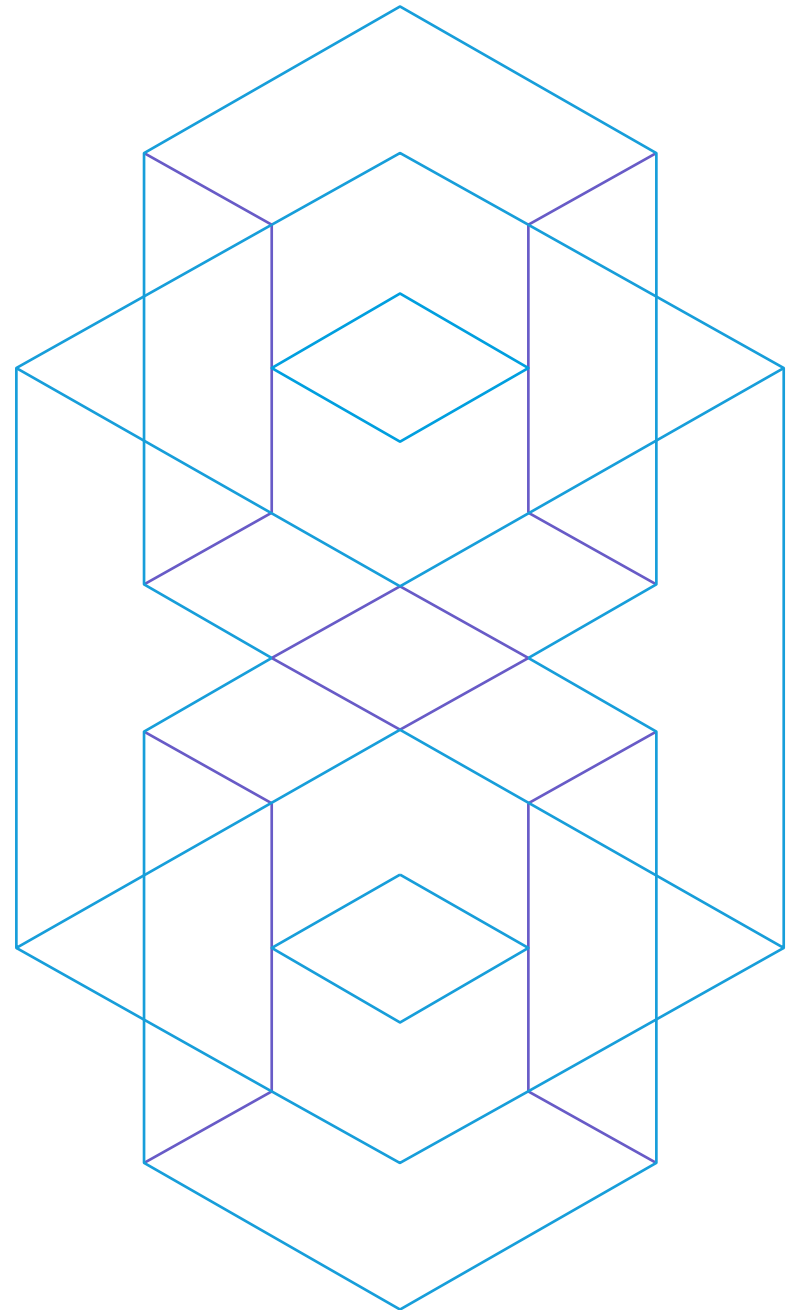
AQR is the Retirement Boards' International Small Capitalization Equity fund manager. AQR will be presenting performance results for the quarter ended December 31, 2022, shown in Attachment 1, and answering any questions.

# AQR International Small Cap Review

Prepared exclusively for Sacramento Regional Transit District and Callan LLC

**Private and Confidential**  
FOR CLIENT REVIEW USE ONLY  
For Due Diligence Purposes Only

**March 8, 2023**





# Disclosures

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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.

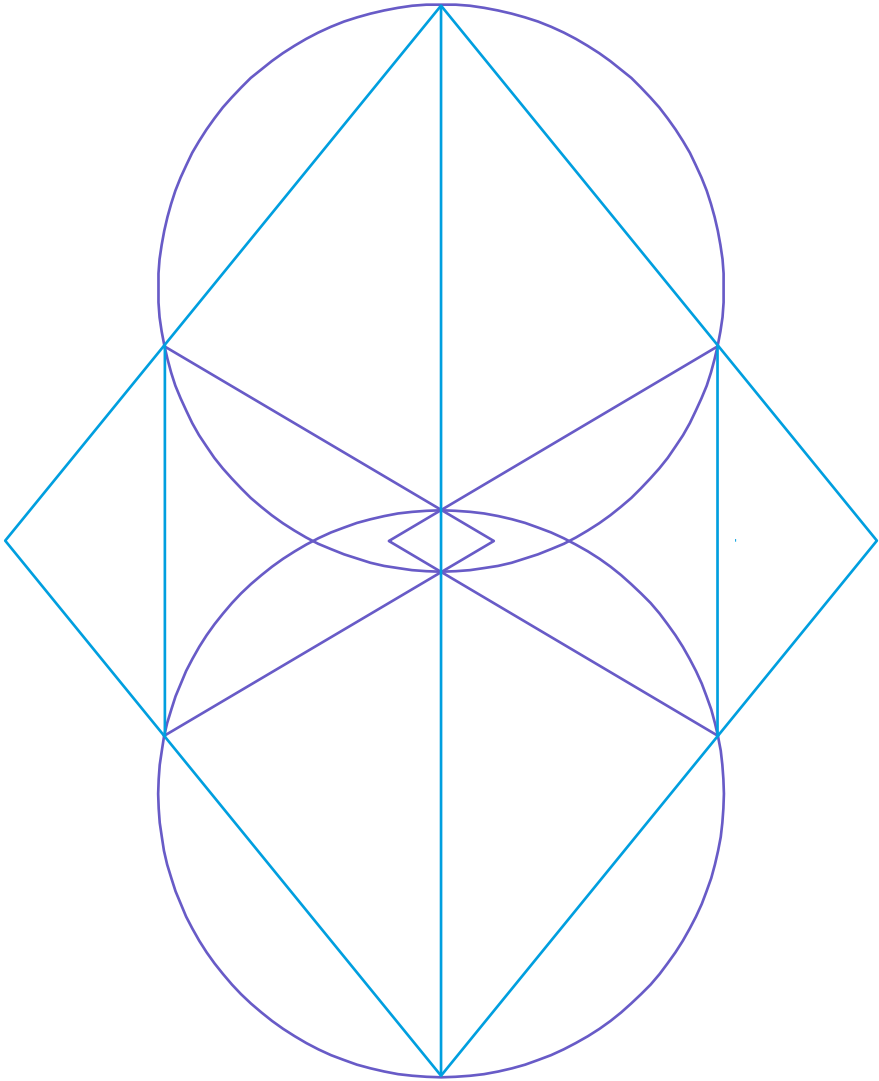
The information in this presentation may contain projections or other forward-looking statements regarding future events, targets, forecasts or expectations regarding the strategies described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. The information in this presentation, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Performance of all cited indices is calculated on a total return basis with dividends reinvested.

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# 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\*
- Provider of long-only and liquid alternative strategies, including tax-aware and responsible investing solutions
- Clients representing large and sophisticated investors across the globe



\*"Quant Pioneer AQR's New Fund Is Going to Short 'Bad' Companies" (12/14/2021)."

Source: AQR, Bloomberg. All figures are approximate as of 1/31/2023; AUM includes assets managed by AQR and its advisory affiliates. Includes current and former professors.

# Our Approach

Fundamental investors pursuing advantages at every step

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## Fundamental Investing

We rely on sound economic theory and analysis to potentially 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

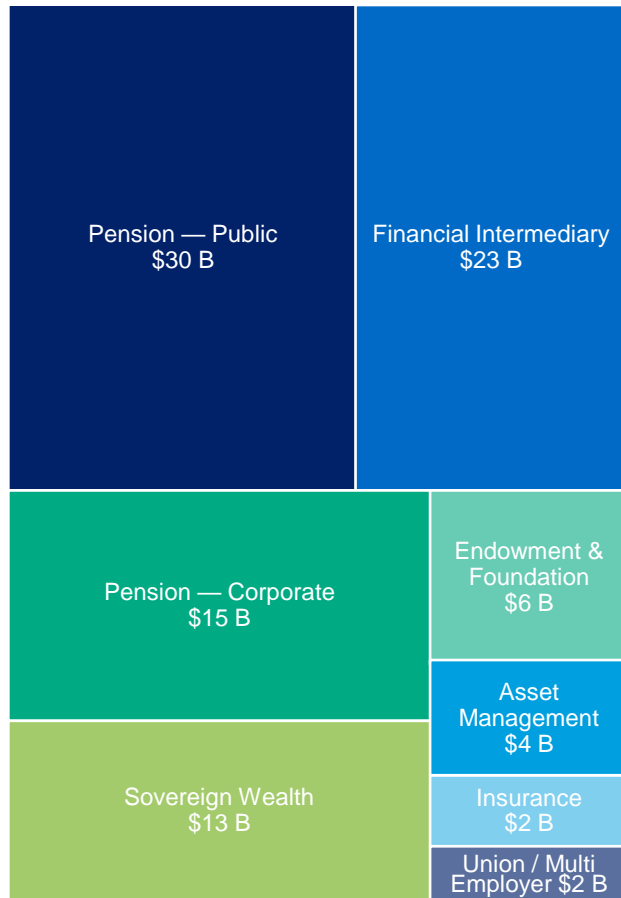
In portfolio construction, risk management and trading we seek additional value for our clients. Using both qualitative and quantitative tools, we're meticulous in every detail of the investment process.



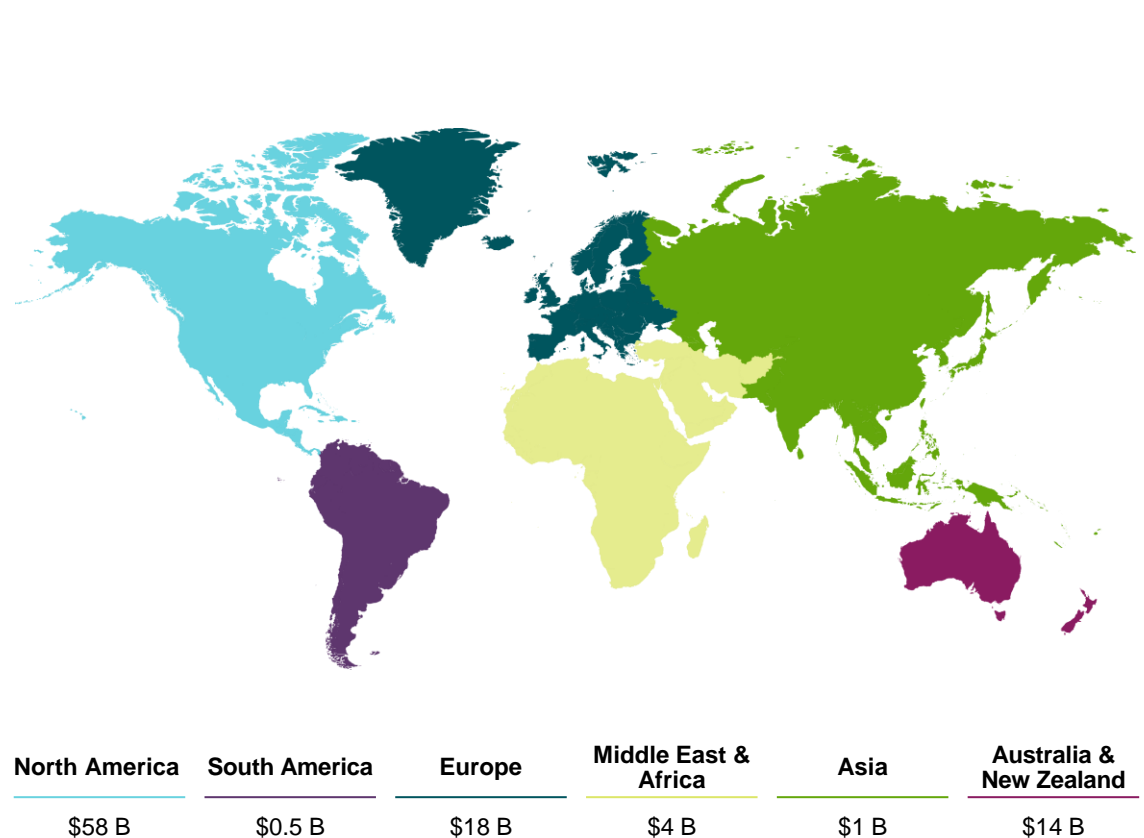
# Assets Under Management

Our assets are diversified by client type and across regions

## By Type



## By Region



Source: AQR. Approximate as of 12/31/2022, 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

**Laura Serban, Ph.D.**  
Principal

**John Huss**  
Principal

**Nathan Sosner, Ph.D.**  
Principal

**Michael Mendelson**  
Principal

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

**Tobias Moskowitz, Ph.D.**  
Principal

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

**Lars Nielsen**  
Principal

**Rocky Bryant**  
Principal (AQR Arbitrage)

#### Trading and Portfolio Implementation

**Jeffrey Bolduc, CFA**  
Principal

#### Risk Management

**Amir Becher**  
Managing Director

### Business Development

#### Client Solutions

**Gregor Andrade, Ph.D.**  
Principal

**Joey Lee**  
Principal

**Scott Carter**  
Principal

**Michael Mendelson**  
Principal

**Matthew Chilewich**  
Principal

**Lars Nielsen**  
Principal

**Roberto Giuffrida**  
Principal

**Ted Pyne, Ph.D.**  
Principal

**Bradley Jones**  
Principal

#### Marketing

**Suzanne Escousse**  
Principal  
Chief Marketing Officer

#### 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

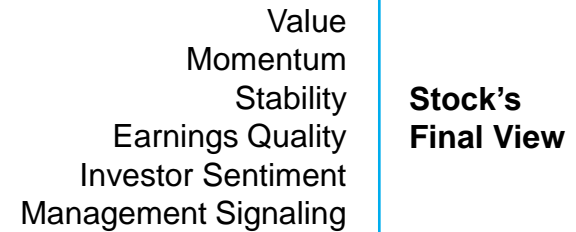
## Consistent process across AQR Enhanced Equity Strategies

### 1. Select Investment Universe

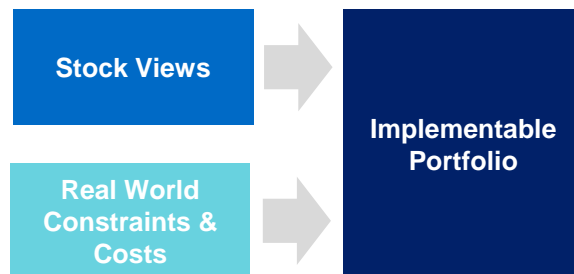


We use broad investment universes and generally do not stray from benchmark names.

### 2. Evaluate Attractiveness of Each Stock



### 3. Portfolio Construction



### 4. Trading



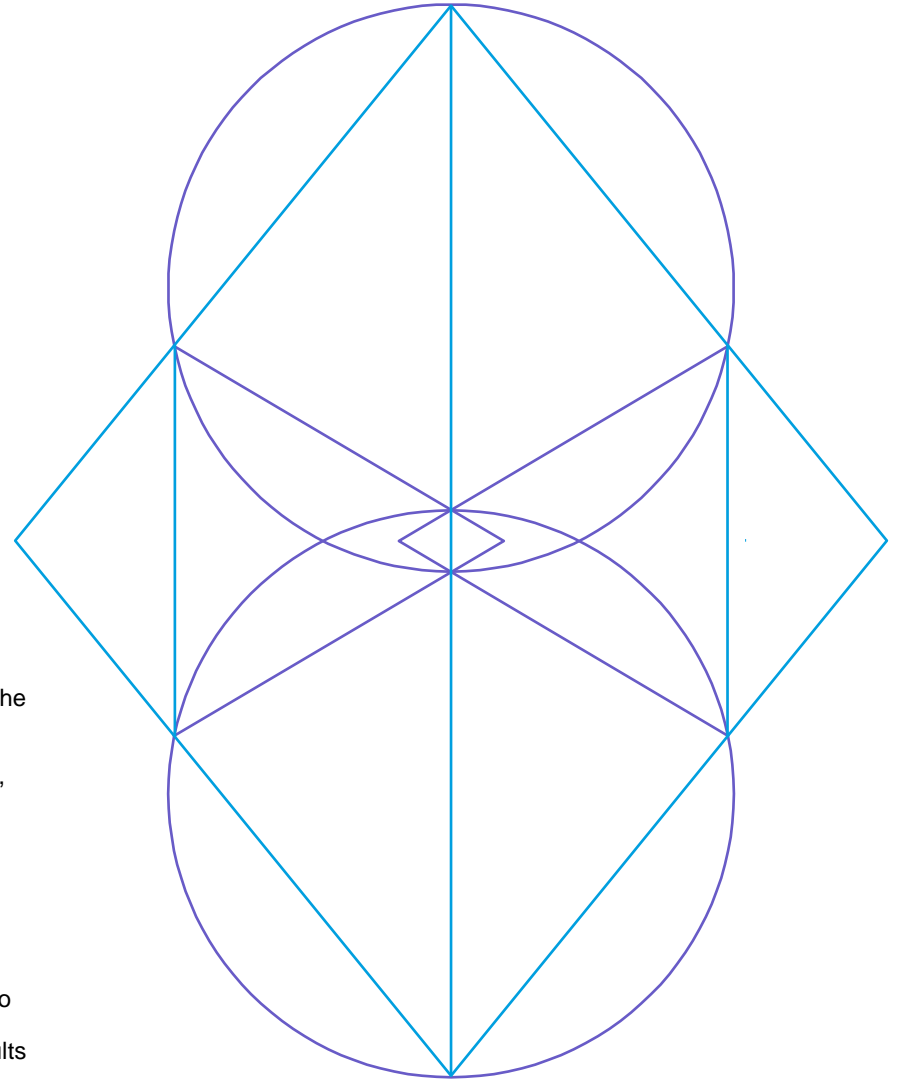
Source: AQR. Investment process is subject to change at any time without notice. Please read important disclosures in the Appendix. In equities and futures markets, AQR utilizes broker's infrastructure to access electronic trading venues. In FX markets, AQR connects directly to dealers and electronic trading venues.

# Year In Review

To supplement your understanding of how the AQR International Small Cap Equity Fund, L.P. operates, the following slides include additional information about how certain attributes of the Strategies performed over different periods of time.

The performance shown is not the performance of the AQR International Small Cap Equity Fund, L.P. and is not an indication of how the Fund would have performed in the past or will perform in the future. The performance presented utilizes a strategy substantially similar to that which is utilized for the Fund. However, the Fund and its performance differ from the International Small Cap Strategy due to factors including, but not limited to, volatility targets, differences in cash flows, fees, expenses, performance calculation methods, and portfolio sizes and composition.

The following slides may include, for illustrative, informational or diligence purposes, hypothetical or projected returns of the Strategy. This information is speculative in nature and no representation or guarantee can be made or is being made as to whether the Strategy will perform in line with the estimates provided herein. Hypothetical performance results have many inherent limitations and AQR does not represent that any investor will, or is likely to achieve, performance similar to that shown. Therefore, the returns presented herein should not be considered indicative of the possible return of the Strategy or any of its investments. Actual results likely will vary significantly.



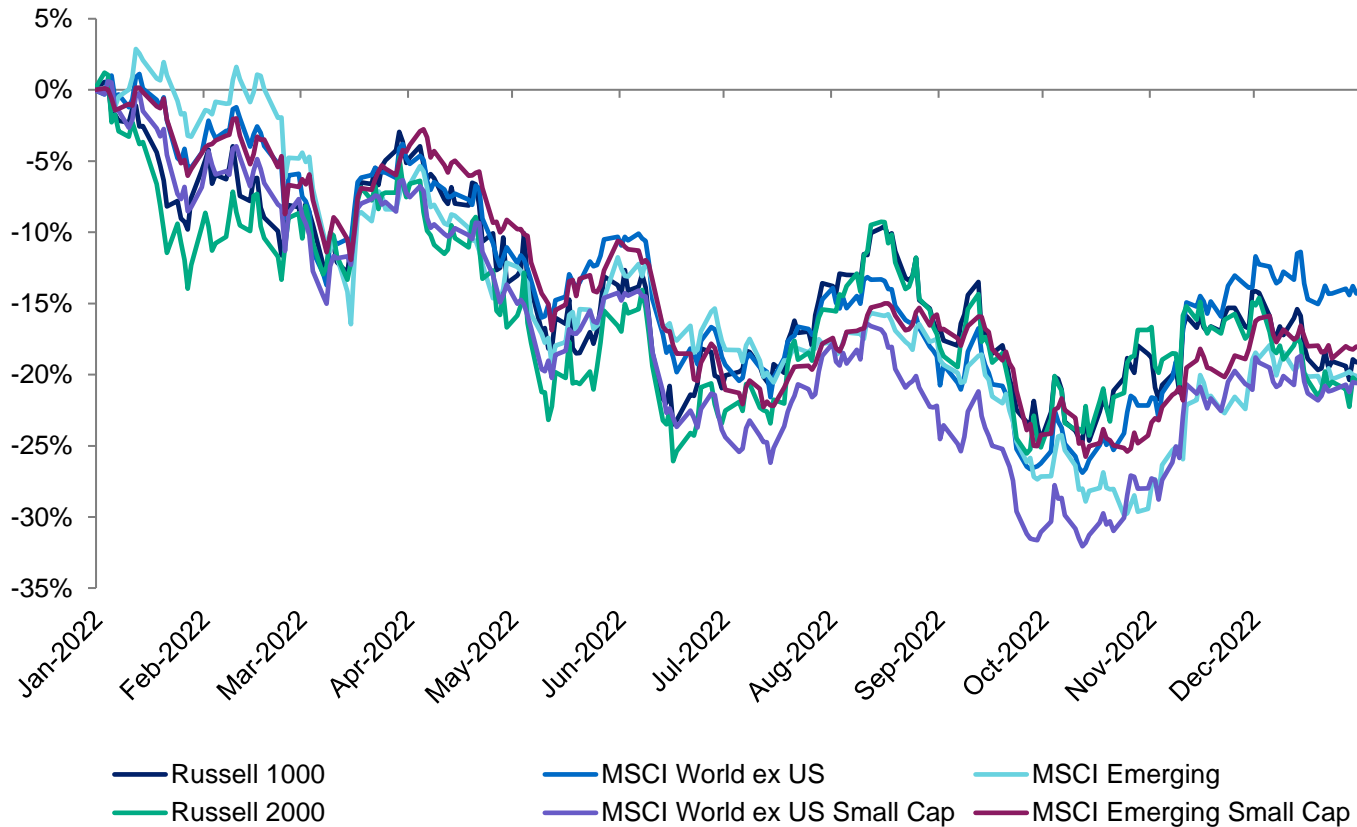


# Year in Review

All indexes were down in 2022...

## Cumulative Total Returns

January 1, 2022 – December 31, 2022



Source: AQR, Bloomberg. Gross performance does not reflect the deduction of investment advisory fees and other expenses, which would reduce an investor's actual return. For illustrative purposes only. Please read important disclosures in the Appendix.

# Year in Review

...but, there was still a lot of opportunity to outperform

Companies that were **cheaper** and had **strong support from informed investors** outperformed, while **high quality, lower risk** companies underperformed

## Characteristics of a Hypothetical Portfolio of Stocks that Outperformed / Underperformed in 2022

As of January 1, 2022

	Outperformers	Underperformers	Hypothetical Average*
<b>Forward Price-to-Earnings</b>	14.7	17.9	16.3
<b>Price-to-Book</b>	1.9	2.3	2.1
Prior 12 Mo. Return**	17.1%	16.5%	18.4%
Changes in Margins	0.5%	0.7%	0.5%
<b>GPOA</b>	24.4%	26.4%	25.4%
<b>Total Risk</b>	29.5%	27.9%	28.7%
<b>Short Demand</b>	1.3%	1.7%	1.5%
Change in Shares Out.	0.2%	0.6%	0.6%
Market Cap (\$M)	\$28,794	\$28,892	\$31,018
Sales Growth***	6.3%	6.8%	6.9%

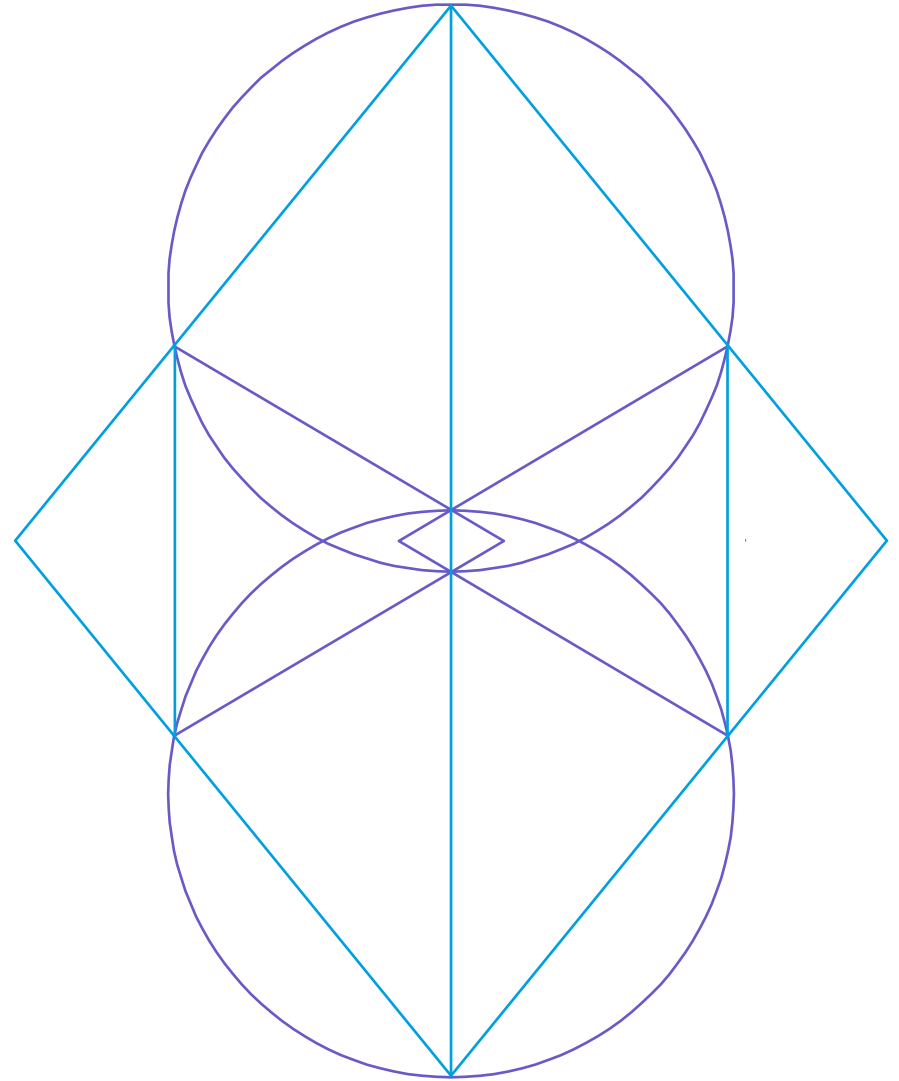


Figures in grey represent characteristics that are not statistically significant at the 5% level (one-sided). Statistical significance is based on univariate holdings-based regressions. (\*) Average corresponds to a simple average of the universe. (\*\*) Prior 12-month returns are expressed in USD. (\*\*\*) Sales Growth is an average of trailing 3-year and 5-year growth in sales.

Source: AQR, XpressFeed, IBES. Hindsight portfolio is constructed to maximize total returns of developed large cap stocks over calendar year period subject to market and industry neutrality. Please see the Hypothetical Hindsight Factor Description in the Appendix. For illustrative purposes only and not representative of an actual portfolio AQR currently manages. Hypothetical data has inherent limitations, some of which are listed in the Disclosures. Please read the Disclosures for important information.

# Performance Review

The following slides include information regarding the client's specific investment in 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.



# Performance Review

## Since inception performance

### AQR International Small Cap Equity Fund, L.P.

August 1, 2007 - December 31, 2022

	Portfolio Return (Gross)	Benchmark*	Gross Excess Return	Contribution to Gross Excess Return			
				Europe	UK	Japan	Australia & Asia ex- Japan
Q1 2022	-4.24%	-8.53%	4.29%	3.1%	0.1%	0.2%	0.9%
Q2 2022	-14.40%	-17.69%	3.29%	1.2%	1.2%	0.8%	0.1%
Q3 2022	-9.01%	-9.83%	0.82%	0.3%	0.0%	0.2%	0.4%
Q4 2022	20.38%	15.79%	4.58%	1.4%	0.8%	2.6%	-0.3%
<b>2022</b>	<b>-10.22%</b>	<b>-21.39%</b>	<b>11.17%</b>	<b>5.2%</b>	<b>1.9%</b>	<b>3.1%</b>	<b>1.0%</b>

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

Since Inception (Cuml)	40.56%	31.96%	8.59%	0.7%	8.4%	1.5%	-1.9%
Since Inception (Annl)	5.44%	4.41%	1.03%	0.1%	1.1%	0.2%	-0.3%

#### Summary (since August 1, 2007)

1 Year	-10.22%	-21.39%	11.17%	5.2%	1.9%	3.1%	1.0%
3 Years (Annl)	3.19%	-0.93%	4.12%	1.6%	2.3%	0.8%	-0.7%
5 Years (Annl)	1.41%	-0.05%	1.46%	0.3%	1.4%	0.5%	-0.7%
7 Years (Annl)	5.26%	4.45%	0.81%	0.0%	1.0%	0.1%	-0.3%
10 Years (Annl)	7.36%	6.21%	1.15%	0.4%	1.0%	-0.1%	-0.1%
Since Inception (Cuml)	115.47%	59.55%	55.93%	20.2%	28.7%	7.3%	-0.3%
Since Inception (Annl)	5.10%	3.07%	2.03%	0.7%	1.0%	0.3%	0.0%
Tracking Error			2.70%				
Information Ratio**			0.75				

Period	Initial Contribution (\$K)	Contributions (\$K)	Withdrawals (\$K)	Investment Earnings (\$K)	Ending Balance (\$K)
Since Inception	\$ 12,202	\$3,050	\$ 1,704	\$ 4,749	\$ 18,297

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.

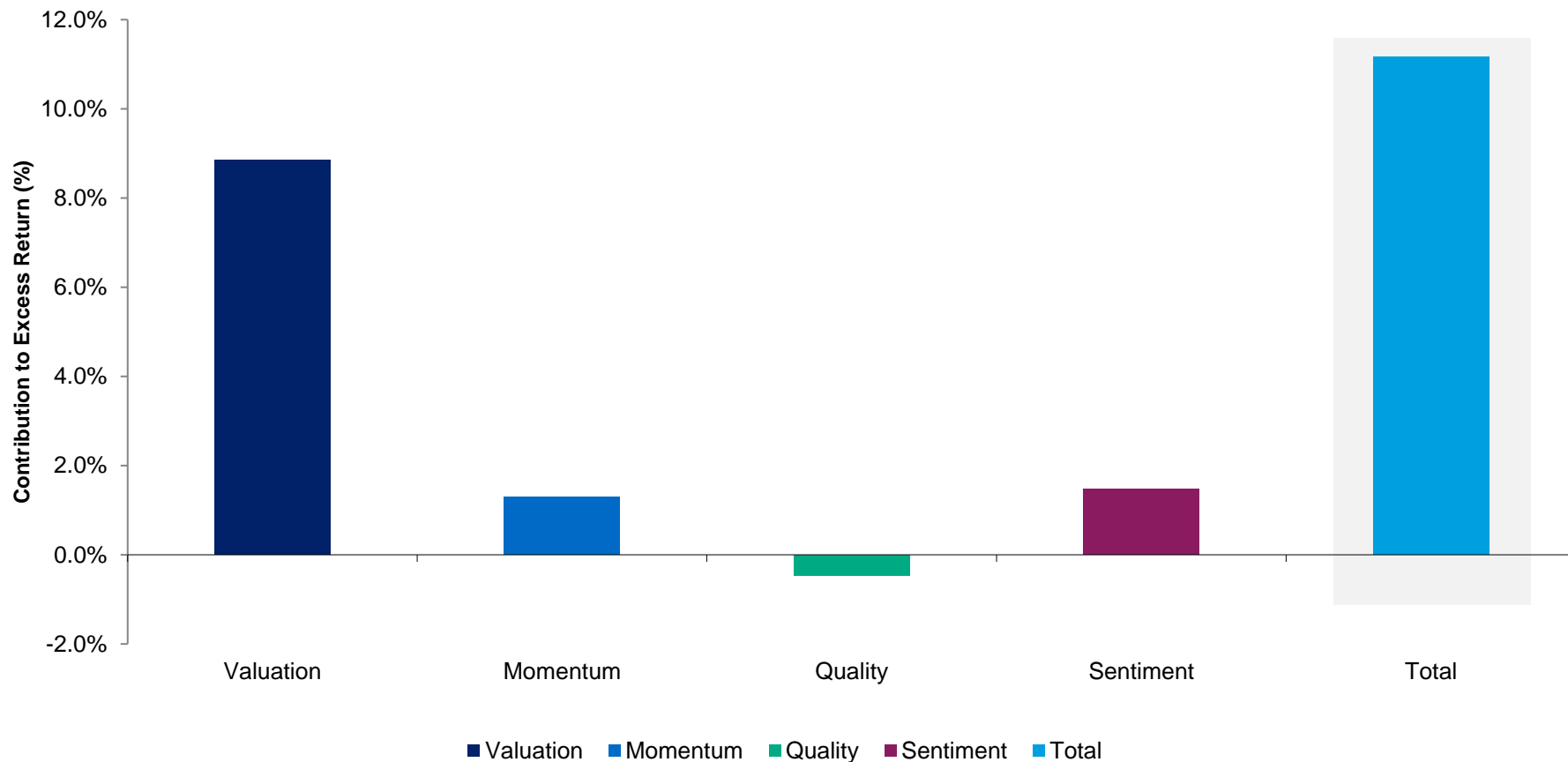


# Performance Review

## 2022 Investment theme performance

### Stock Selection: Contributions to Gross Excess Returns

January 1, 2022 - December 31, 2022



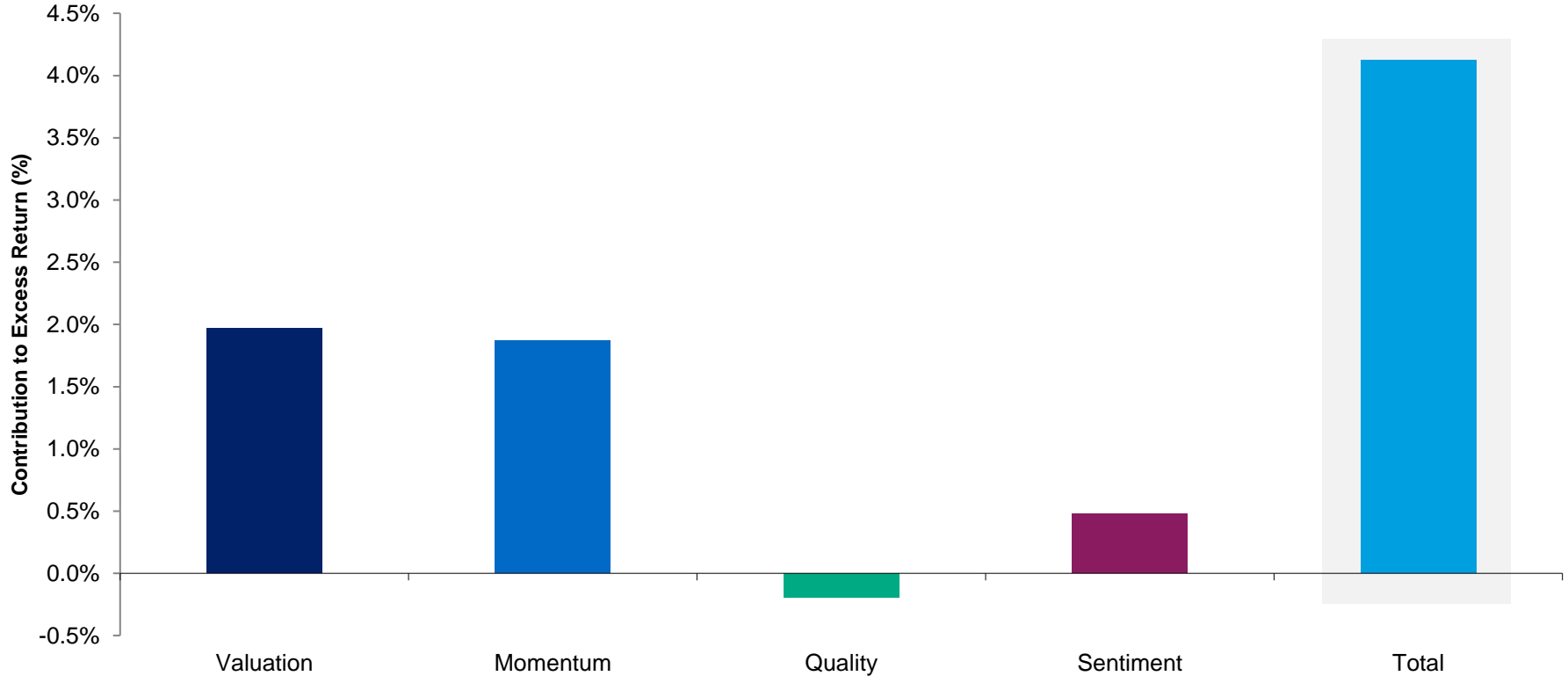
Source: AQR. Data from January 1, 2022 - December 31, 2022. Contributions to Excess Returns are in USD, gross of fees, and based on AQR's internal profit and loss reporting system. Past performance is not a reliable indicator of future performance. Gross performance does not reflect the deduction of 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 three-year investment theme performance

### Stock Selection: Contributions to Gross Excess Returns (Annualized)

January 1, 2020 - December 31, 2022



Source: AQR. Data from January 1, 2020 - December 31, 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

## 2022 Sector attribution

### Stock Selection

January 1, 2022 - December 31, 2022

	Average Sector Weight			Excess Return		
	Portfolio	Benchmark	Active	Sector Selection	Stock Selection	Total
Communication Services	2.1%	4.2%	-2.2%	0.3%	0.2%	0.4%
Consumer Discretionary	9.9%	12.0%	-2.1%	0.1%	-0.4%	-0.3%
Consumer Staples	2.5%	6.1%	-3.5%	-0.3%	-0.1%	-0.4%
Energy	6.8%	2.6%	4.3%	1.2%	1.1%	2.3%
Financials	16.8%	11.4%	5.4%	0.6%	1.7%	2.2%
Health Care	2.0%	6.5%	-4.5%	0.6%	0.1%	0.7%
Industrials	26.7%	22.7%	4.0%	0.1%	3.7%	3.8%
Information Technology	5.7%	9.6%	-3.9%	0.2%	0.5%	0.7%
Materials	13.3%	9.7%	3.6%	0.2%	1.0%	1.2%
Real Estate	11.8%	12.0%	-0.1%	0.0%	0.6%	0.6%
Utilities	2.4%	3.3%	-1.0%	-0.1%	0.0%	-0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>2.8%</b>	<b>8.4%</b>	<b>11.2%</b>



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  
December 31, 2022

	Portfolio	Benchmark
<b>Number of Stocks</b>	348	2,274
<b>Weighted Avg Market Cap (\$M)</b>	1,950	2,567
<b>Median Market Cap (\$M)</b>	1,430	1,151
<b>P/E (trailing)</b>	5.5	11.3
<b>P/E (forward)</b>	7.2	12.2
<b>P/B</b>	0.7	1.2
<b>P/CF</b>	3.6	7.1
<b>ROE (5-yr)</b>	8.7	10.6
<b>Debt/EQ</b>	0.8	0.7
<b>Sales/EV</b>	1.5	0.8
<b>Earnings Growth (5 yr trailing)</b>	11.6	9.2
<b>12 Month Return of Holdings*</b>	-3.0%	-13.6%

### Sector Exposure

Stock Selection Exposure  
December 31, 2022

	Portfolio	Benchmark	Active Weight	Active Weight					
				Under	Over	Dec-22	Sep-22	Jun-22	Mar-22
Communication Services	3.5%	3.8%	-0.3%						
Consumer Discretionary	10.0%	12.3%	-2.3%						
Consumer Staples	4.6%	6.5%	-1.9%						
Energy	7.6%	2.9%	4.7%						
Financials	18.4%	11.9%	6.5%						
Health Care	1.5%	6.8%	-5.4%						
Industrials	24.8%	22.8%	2.0%						
Information Technology	3.4%	9.2%	-5.8%						
Materials	13.8%	9.5%	4.3%						
Real Estate	10.3%	11.0%	-0.7%						
Utilities	2.1%	3.2%	-1.2%						
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>						

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.



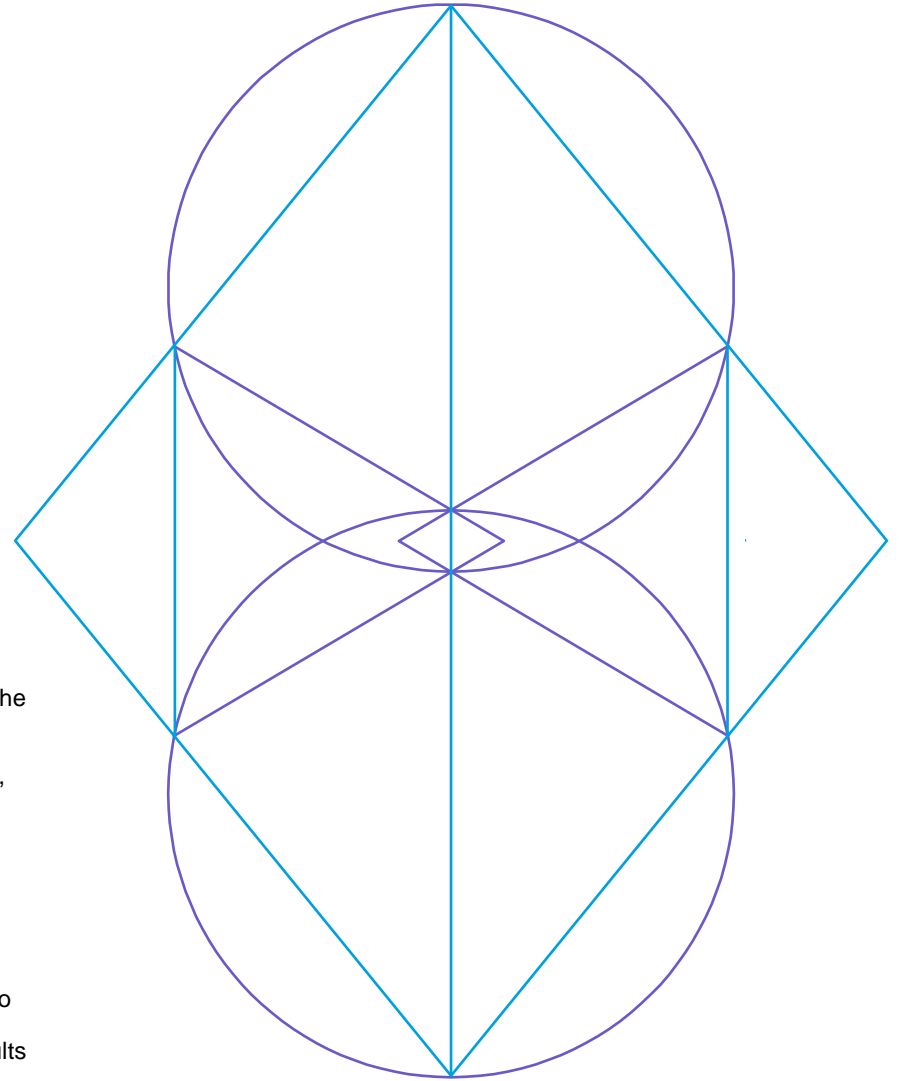


# Strategy Update

To supplement your understanding of how the AQR International Small Cap Equity Fund, L.P. operates, the following slides include additional information about how certain attributes of the Strategies performed over different periods of time.

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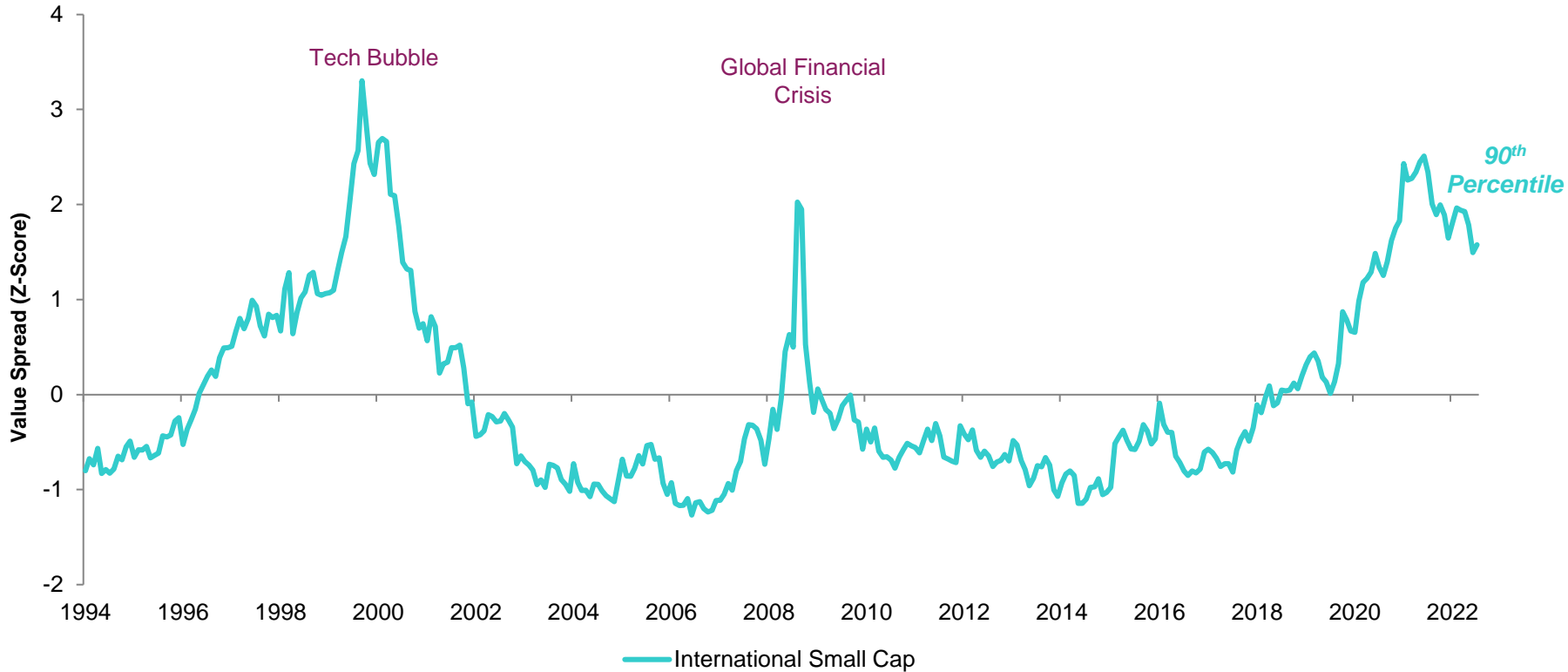


# Still a Historic Dislocation in Value

Following strong 2022 performance, spreads narrowed but remained wide

## Value Spreads for Hypothetical Industry-and-Dollar-Neutral Value Portfolios\*

June 1, 1994 – December 31, 2022



\*Spreads are constructed using the Hypothetical Value portfolio as described below, and are adjusted to be dollar-neutral, but not necessarily beta-neutral through time.

Source: AQR. Hypothetical value composite includes five value measures: book-to-price, earnings-to-price, forecast earnings-to-price, sales-to-enterprise value, and cash flow-to-enterprise value; spreads are measured based on ratios. To construct industry-neutrality, the value spreads are constructed by comparing the aforementioned value measures within each industry, which are then aggregated up to represent an entire portfolio. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix. Please see the Hypothetical International Value Factor Description in the Appendix. For illustrative purposes only and not representative of an actual portfolio AQR currently manages. Please read the Appendix for important disclosures.



# Global Stock Selection Research Framework

## Four main areas of innovation and ongoing research

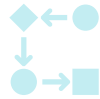


### Characteristic Identification

Uncover relevant information about companies or markets

#### Examples:

- Alternative text analysis
- Market participant activity data
- Improved factor timing
- Consumer transaction data
- Directors / Executives
- Low risk anomaly expansion
- Social sentiment (ESG)
- Supply chain carbon efficiency (ESG)



### Signal Construction

Translate characteristics into views on companies

#### Examples:

- Custom peer groups
- Advanced seasonality for Alternative Data
- Enhanced industry risk allocation
- Augmented industry-neutral construction
- Machine learning



### Model Construction

Weight and combine views into overall model forecasts

#### Examples:

- Custom peer group upweight
- Strategic signal weight enhancements
- Tactical value tilts
- Machine learning signal interactions
- ESG via shorting



### Implementation

Implement model views in live portfolios, considering various constraints and risk management

#### Examples:

- COVID-related adjustments
- Style allocation targeting
- Risk model improvements
- ESG in risk models
- ESG transparency and voting



# Disclosures

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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.

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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.



# Disclosures

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HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY FUND OR ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN HEREIN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY REALIZED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS THAT CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS, ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. The hypothetical performance results contained herein represent the application of the quantitative models as currently in effect on the date first written above and there can be no assurance that the models will remain the same in the future or that an application of the current models in the future will produce similar results because the relevant market and economic conditions that prevailed during the hypothetical performance period will not necessarily recur. Discounting factors may be applied to reduce suspected anomalies. This backtest's return, for this period, may vary depending on the date it is run. Hypothetical performance results are presented for illustrative purposes only. In addition, our transaction cost assumptions utilized in backtests, where noted, are based on AQR Capital Management, LLC's, ("AQR")'s historical realized transaction costs and market data. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Changes in the assumptions may have a material impact on the hypothetical returns presented. Actual advisory fees for products offering this strategy may vary.

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.

There is a risk of substantial loss associated with trading commodities, futures, options and leverage. Before investing carefully consider your financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when engaging in leverage, trading futures, commodities and/or granting/writing options one could lose the full balance of their account. It is also possible to lose more than the initial deposit when engaging in leverage, trading futures and/or granting/writing options. All funds committed should be purely risk capital.



# Performance Disclosures

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Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

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 1000 Index** is a market capitalization-weighted index that represents the highest-ranking 1000 stocks in the Russell 3000 Index

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.

The following indices are used to represent the respective local equity market returns: Brazil - Bovespa Index, Turkey - BIST 30 Index, Thailand - SET 50 Index, Poland - WIG20 Index, Mexico - IPC Index, Taiwan - MSCI Taiwan, Malaysia - FTSE KLCI Index, South Korea - KOSPI200 Index, South Africa - South Africa Top 40 Index, India - NIFTY Index, China - HSCEI Index, Israel - Tel Aviv 25 Index, Russia - MICEX Index, Singapore - MSCI Singapore Free Index, Australia - ASX SPI 200 Index, Canada - S&P/TSX 60 Index, France - CAC 40 Index, Germany - DAX Index, Hong Kong - Hang Seng Index, Italy - FTSE MIB Index, Japan - TOPIX Index, Netherlands - AEX Index, Spain - IBEX 35 Index, Sweden - OMX Stockholm 30 Index, Switzerland - Swiss Market Index, United Kingdom - FTSE 100 Index, United States - S&P 500.

## **Hypothetical AQR U.S., International Large Cap, Emerging Large Cap and Developed Industry Neutral / Dollar Neutral Value Spreads Description:**

Hypothetical value composite includes five value measures: book-to-price, earnings-to-price, forecast earnings-to-price, sales-to-enterprise value and cash flow-to-enterprise value; spreads are measured based on ratios. To construct industry-neutrality, the value spreads are constructed by comparing the aforementioned value measures within each industry, which are then aggregated up to represent an entire portfolio.

## **Hypothetical Global Developed, Emerging, U.S., International Value Factor Description:**

The Hypothetical Value Factor is the factor return for the relevant region (Global Developed, Emerging, U.S., International) of a hypothetical Value portfolio built upon 5 multiples: book-to-price (B/P), trailing-earnings-to-price (E/P), forward-earnings-to-price (FE/P), sales-to-enterprise-value (S/EV) and cash flow-to-enterprise value (CF/EV). Each factor is built to be industry neutral and dollar-neutral by using within-industry value scores. Factor returns are gross of transaction costs. The investment universe includes a broad subset of liquid tradeable large and mid cap stocks within the relevant region. The risk models used are proprietary, internally developed risk models

## **Hypothetical Hindsight Factor**

The Hypothetical Hindsight Factor is constructed to maximize total returns of market index over calendar year period subject to market, dollar and industry neutrality. It goes long the stocks that had the largest total return over the subsequent 12 months, and short the stocks that had the smallest total return over the subsequent 12 months, while seeking to ensure the portfolio is market-, industry and dollar-neutral. This is a factor that is used to illustrate the characteristics that were well rewarded over the subsequent 12 months. The investment universe includes a broad set of liquid large cap stocks within the relevant region.

Request ID: 374375







# RETIREMENT BOARD STAFF REPORT

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**DATE:** March 8, 2023 Agenda Item: 15  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, Acting, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE INVESTMENT PERFORMANCE RESULTS FOR THE ATU, IBEW AND SALARIED EMPLOYEE RETIREMENT PLANS FOR THE QUARTER ENDED DECEMBER 31, 2022 (ALL). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2022 (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Pension funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines adopted by each Retirement Board. Attached are the two investment performance reports prepared by the Boards' pension investment consultants. The first report is the Fourth Quarter 2022 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of December 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 December 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 December 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 December 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	12.42%	<b>12.48%</b>	\$6,838,439	\$(805,855)
S&P 500 Index (large cap value) S&P 500	7.56%	<b>7.58%</b>	\$3,740,642	-
Atlanta Capital (small cap) Russell 2000	6.23%	<b>10.06%</b>	\$2,704,193	\$(179,958)
Pyrford (international equities) MSCI EAFE	17.34%	15.58%	\$4,444,205	-
MSCI EAFE Index (international equities) MSCI EAFE	17.34%	<b>17.38%</b>	\$2,356,574	-
AQR (small cap international equities) MSCI EAFE SC	15.79%	<b>20.04%</b>	\$3,054,047	-
Dimensional Fund Advisors (emerging markets) MSCI EM	9.70%	<b>10.63%</b>	\$1,950,999	-
Metropolitan West (fixed income) Bloomberg Agg.	1.87%	<b>2.11%</b>	\$1,698,747	-
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	(4.97)%	(5.12)%	\$(1,106,458)	-
Morgan Stanley Prime Property Fund	(4.97)%	<b>(3.69)%</b>	\$(688,305)	-
Totals	6.74%	<b>7.70%</b>	\$24,993,083	\$(985,813)

**Bold** – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of December 31, 2022 – gross 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	(7.54)%	<b>(3.17)%</b>	\$(2,221,231)	\$(2,924,930)
S&P 500 Index (large cap value) S&P 500	(18.11)%	<b>(18.10)%</b>	\$(11,761,767)	-
Atlanta Capital (small cap) Russell 2000	(20.44)%	<b>(11.15)%</b>	\$(3,862,287)	\$(437,923)
Pyrford (international equities) MSCI EAFE	(14.45)%	<b>(6.49)%</b>	\$(2,289,706)	-
MSCI EAFE Index (international equities) MSCI EAFE	(14.45)%	<b>(14.08)%</b>	\$(2,617,221)	-
AQR (small cap international equities) MSCI EAFE SC	(21.39)%	<b>(10.89)%</b>	\$(2,323,977)	-
Dimensional Fund Advisors (emerging markets) MSCI EM	(20.09)%	<b>(16.06)%</b>	\$(4,017,591)	-
Metropolitan West (fixed income) Bloomberg Agg.	(13.01)%	(13.48)%	\$(12,783,026)	-
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	7.47%	<b>9.71%</b>	\$1,524,118	-
Morgan Stanley Prime Property Fund	7.47%	6.13%	\$1,038,033	-
Totals	(14.03)%	<b>(9.85)%</b>	\$(39,314,655)	\$(3,362,853)

**Bold** – fund exceeding respective benchmark

Callan

March 8, 2023



**Sacramento Regional  
Transit District**

4Q22 Market Update

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**Anne Heaphy**

Fund Sponsor Consulting

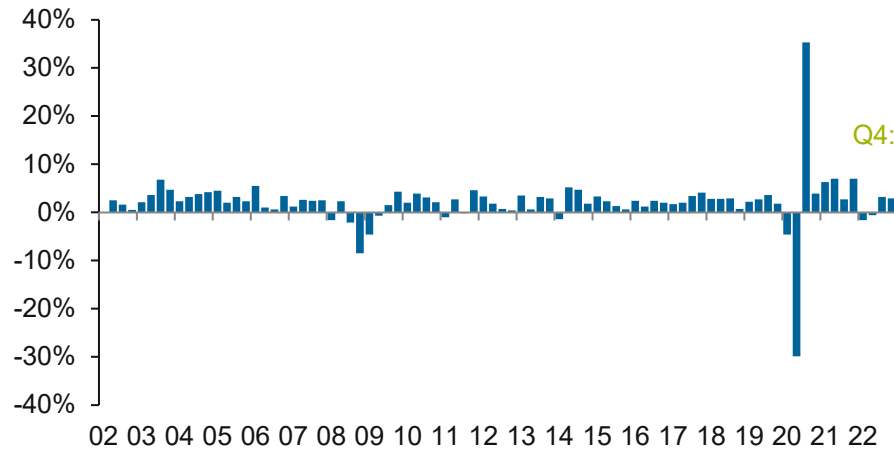
**Uvan Tseng, CFA**

Fund Sponsor Consulting

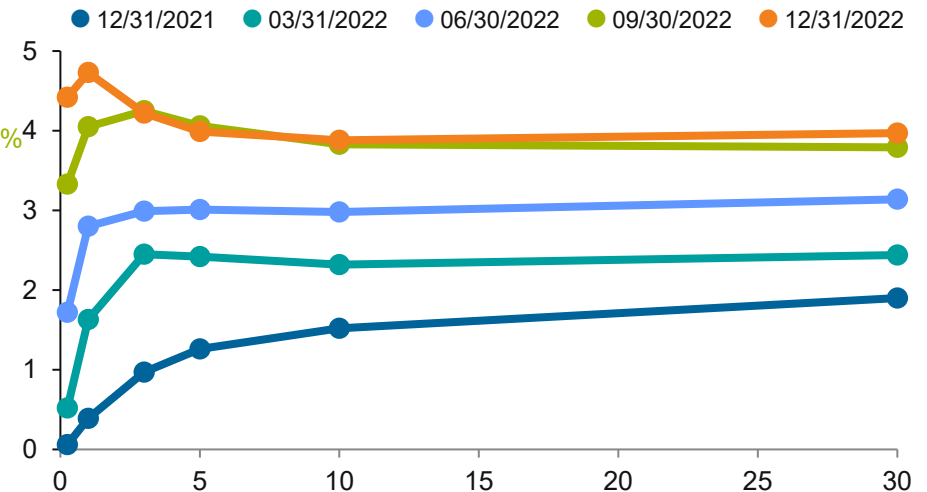
Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

# Economic Commentary

## Quarterly Real GDP Growth



## U.S. Treasury Yield Curves



**GDP growth in 2022 slowed compared to 2021 but rebounded after declines in the first two quarters of last year.**

- ▶ 4Q22 GDP rose 2.9%, after a 3.2% rise in 3Q, a 0.6% drop in 2Q, and a 1.6% decline in 1Q.
- ▶ Loss of business and consumer confidence followed the start of the conflict in Ukraine.
- ▶ Consumer wealth hit by stock and bond market drop, and now a sharp slowdown in residential housing, as mortgage rates doubled from the start of the year.

**The Treasury yield curve has steadily shifted higher in 2022, especially on the short end.**

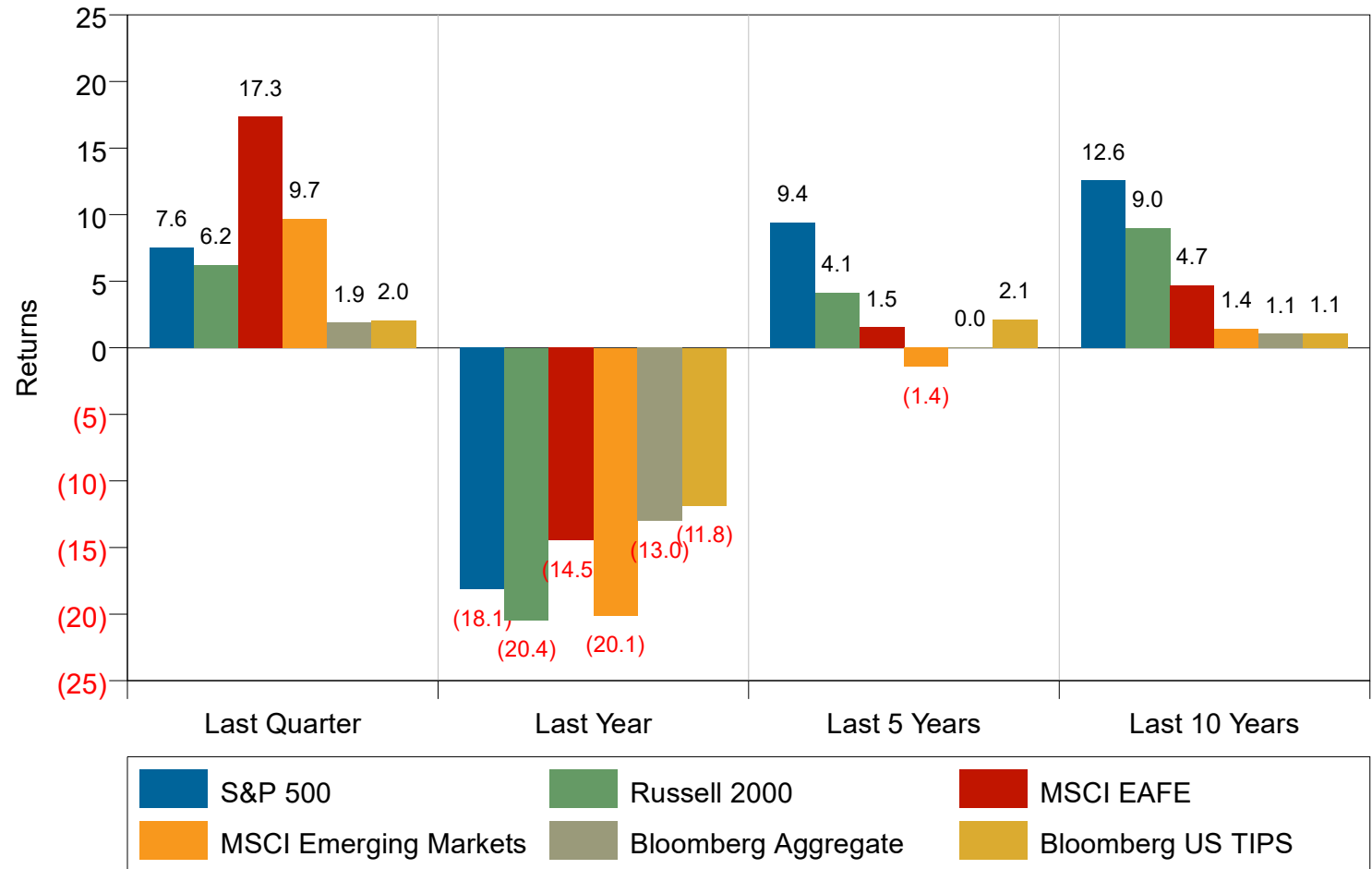
- ▶ The yield curve inverted in mid-July and has remained inverted consistently since, with the 1- and 3-year yields exceeding 10- and 30-year yields.
- ▶ Higher yields increase the risk of inducing recession, which could lead to a reversal in interest rate policy and a lower return.

Sources: Bloomberg, Bureau of Labor Statistics, Callan

# Asset Class Performance

Periods Ended December 31, 2022

Asset Class Performance  
for Periods Ended December 31, 2022



YTD as of 3/7/2023:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

Bloomberg Aggregate:

Bloomberg TIPS:

# Equity and Fixed Income Markets Down Together in 2022

Declines for both stocks and bonds for three straight quarters are extremely unusual

## Global equity markets down sharply in 2022 despite rebound in 4Q

- Similar impact across all equity market segments: developed, emerging, small cap

## Fixed income down with sharply higher inflation and interest rates

- Bloomberg Aggregate: -13% for the year, worst year ever for the index by a wide margin
- CPI-U: +6.5% for the year ended Dec. 2022
- ▶ Number of times stocks and bonds have been down together
  - 38 quarters in almost 100 years, about 10% of the quarters
  - But just twice on annual basis
- ▶ Inflation at highest rate in decades
- ▶ Economic data show growth hit ‘pause’
  - GDP rose 2.9% in 4Q22, after a 3.2% rise in 3Q, a 0.6% drop in 2Q, and a 1.6% decline in 1Q.

## Returns for Periods ended 12/31/22

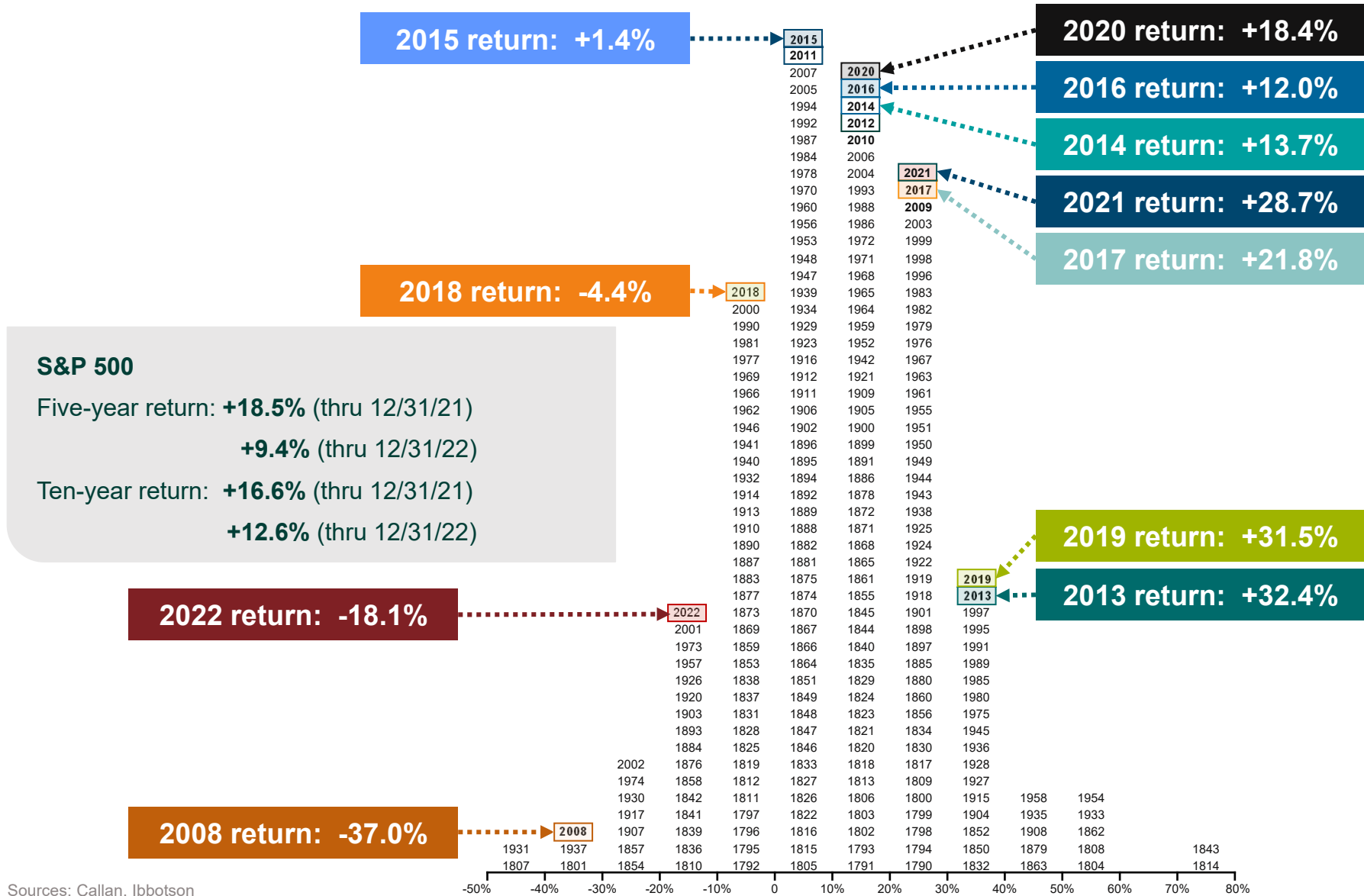
	Quarter	1 Year	5 Years	10 Years	25 Years
<b>U.S. Equity</b>					
Russell 3000	7.18	-19.21	8.79	12.13	7.68
S&P 500	7.56	-18.11	9.42	12.56	7.64
Russell 2000	6.23	-20.44	4.13	9.01	7.13
<b>Global ex-U.S. Equity</b>					
MSCI World ex USA	16.18	-14.29	1.79	4.59	4.65
MSCI Emerging Markets	9.70	-20.09	-1.39	1.44	--
MSCI ACWI ex USA Small Cap	13.31	-19.97	0.67	5.24	6.87
<b>Fixed Income</b>					
Bloomberg Aggregate	1.87	-13.01	0.02	1.06	3.97
90-day T-Bill	0.84	1.46	1.26	0.76	1.91
Bloomberg Long Gov/Credit	2.61	-27.09	-1.21	1.57	5.38
Bloomberg Global Agg ex-US	6.81	-18.70	-3.07	-1.64	2.71
<b>Real Estate</b>					
NCREIF Property	-3.50	5.53	7.46	8.82	9.04
FTSE Nareit Equity	5.24	-24.37	3.68	6.53	7.87
<b>Alternatives</b>					
CS Hedge Fund Index	0.92	1.06	4.25	4.24	5.81
Cambridge Private Equity*	-1.84	-3.77	16.84	15.31	14.31
Bloomberg Commodity	2.22	16.09	6.44	-1.28	1.87
Gold Spot Price	9.22	-0.13	6.88	0.86	7.64
<b>Inflation - CPI-U</b>	0.00	6.45	3.78	2.60	2.47

\*Cambridge PE data through 09/30/22.

Sources: Bloomberg, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

# Stock Market Returns by Calendar Year

2022 YTD performance in perspective: History of the U.S. stock market (233 years of returns)



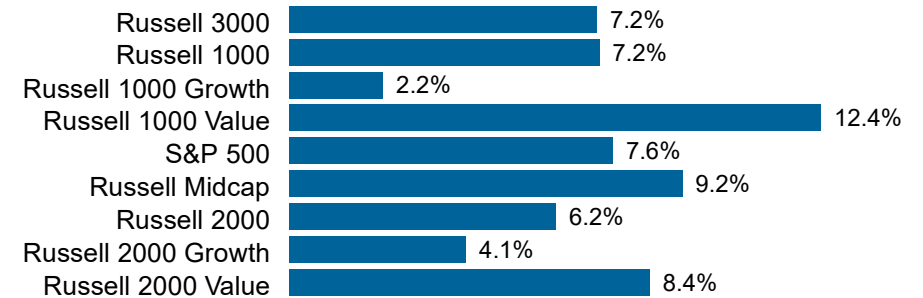
Sources: Callan, Ibbotson

# U.S. Equity Performance: 4Q22

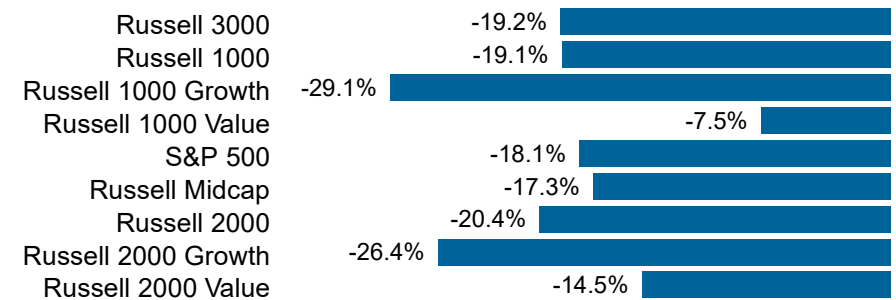
## Markets retrace in December after gains in the prior two months

- ▶ The S&P 500 Index posted positive returns in both October and November but fell in December. The index was up 7.6% during 4Q22 but ended 2022 down 18.1%.
- ▶ Energy was the best-performing sector during the quarter and 2022, returning 23% and 66% respectively. Consumer Discretionary and Communication Services were the only two sectors that posted negative returns in 4Q.
- ▶ Value stocks outperformed growth across the market capitalization spectrum for both 4Q and the full year.
- ▶ Large cap stocks (Russell 1000) outperformed small caps (Russell 2000) last quarter and for the year.
- ▶ Continued macroeconomic concerns (e.g., inflation, potential recession, geopolitical issues) led to higher volatility and a down-year for U.S. equities.

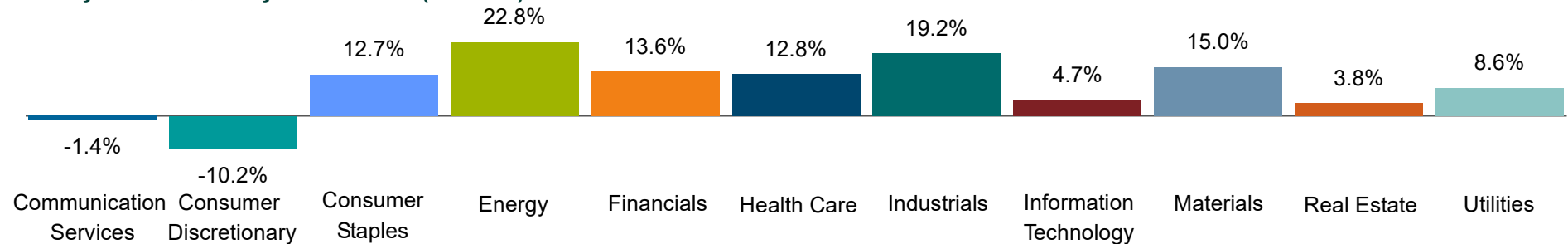
### U.S. Equity Returns: Quarter Ended 12/31/22



### U.S. Equity Returns: One Year Ended 12/31/22



### Industry Sector Quarterly Performance (S&P 500) as of 12/31/22



Sources: FTSE Russell, S&P Dow Jones Indices

# Global/Global ex-U.S. Equity Performance: 4Q22

## Ending on a high note

4Q22 was a bright spot during a tough calendar year in global and global ex-U.S. equity markets.

### Encouraging signs

- ▶ Lower-than-expected U.S. inflation data buoyed market optimism at the end of the year.
- ▶ The Fed slowed its pace of tightening with further slowing expected in 2023.
- ▶ China reversed its zero-COVID policies, prompting exuberance from investors.

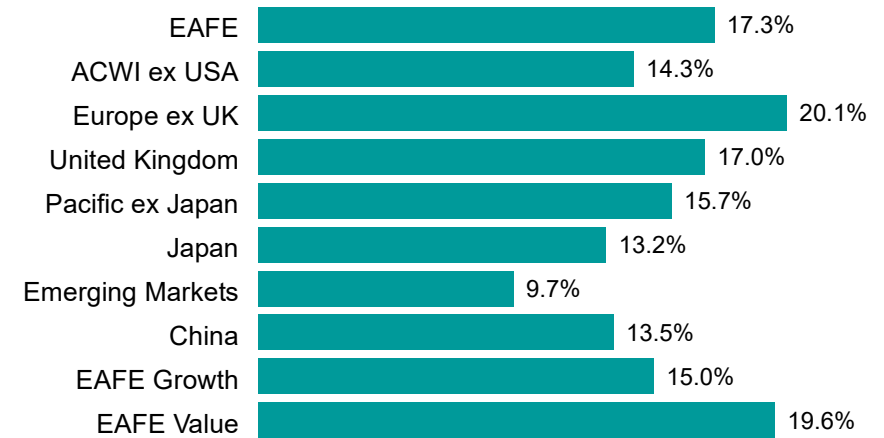
### Growth vs. value

- ▶ Value outpaced growth across developed and emerging markets.
  - Economically sensitive sectors (e.g., Financials and Industrials) benefited from the anticipation of improved growth; Energy was the largest outperformer.

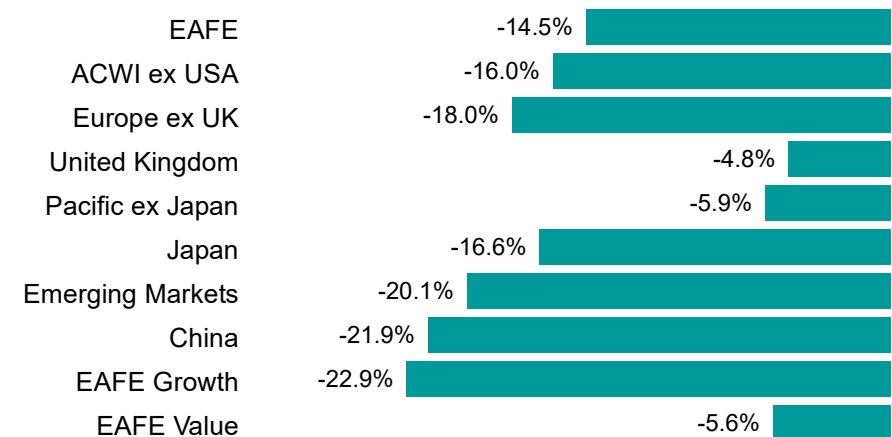
### U.S. dollar vs. other currencies

- ▶ After reaching a multi-decade high, the dollar fell against all major currencies with signs of inflation easing.
  - Despite the 7.7% decline in 4Q22, the dollar still gained nearly 8% over the full year.

### Global Equity Returns: Quarter Ended 12/31/22



### Global Equity Returns: One Year Ended 12/31/22



Source: MSCI



# Global/Global ex-U.S. Equity Key Theme

## China's reopening creates hope for emerging markets

### Zero-COVID policy ends after three years

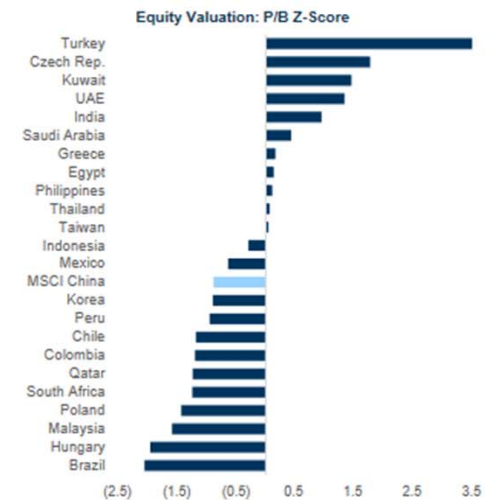
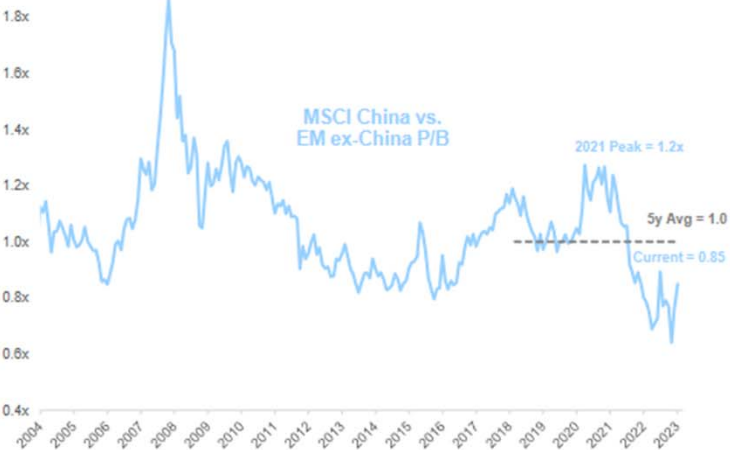
- ▶ After President Xi secured a third term during China's 20th Party Congress in October 2022, and after a chorus of dissent throughout the country, Chinese policymakers refocused on restoring its economy.
  - In addition to pivoting from the zero-COVID policy, regulators shifted to supportive policies to stabilize the property sector and tech/platform industry.

### Reopening is expected to jump-start Chinese economy

- ▶ China's real GDP growth is estimated to reach 5.5% in 2023 and nearly 7% on a 4Q/4Q basis.
  - Real consumption is forecasted to grow by 8.5% in 2023 as Chinese households have amassed \$2.6 trillion in savings.

### Recovery in China will spill over to other EM regions

- ▶ Growth in Chinese consumption is expected to have a positive impact on tourism in Southeast Asian countries, goods exports in Europe, the Middle East, and Africa, and commodities in Latin America.
- ▶ China continues to trade at a nearly 20% discount despite the recent rally.



Sources: Factset, Haver Analytics, Goldman Sachs Global Investment Research

# U.S. Fixed Income Performance: 4Q22

## Bonds were up in 4Q but 2022 results remain negative

- ▶ Aggregate: positive return driven by coupon income and spread tightening; interest rates rose modestly.
- ▶ Rates were volatile intra-quarter
  - UST 10-year yield: high 4.22% on 11/7; low 3.42% on 12/7
  - Curve remained inverted at quarter-end; 10-year yield 3.88% and 2-year yield 4.41%; most since 1981
- ▶ Fed raised rates, bringing target to 4.25%-4.50%
  - Median expectation from Fed is 5.1% for year-end 2023
  - Inflation showed signs of moderating, but job market remained tight with solid wage growth.

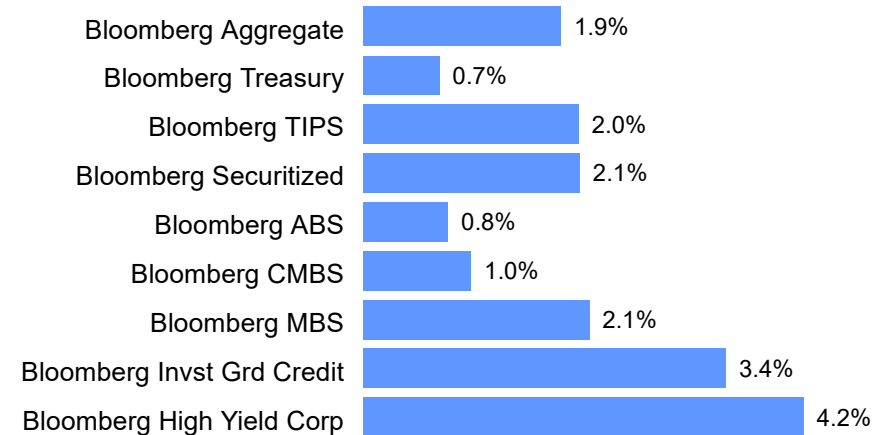
## Corporates and mortgages outperformed Treasuries in 4Q but underperformed for the year

- ▶ 4Q: Corporates +289 bps excess return; RMBS +110 bps
- ▶ 2022: Corporates -125 bps excess return; RMBS -223 bps
- ▶ RMBS had worst month ever (September: -191 bps) and best month ever (November: +135 bps) in excess returns.

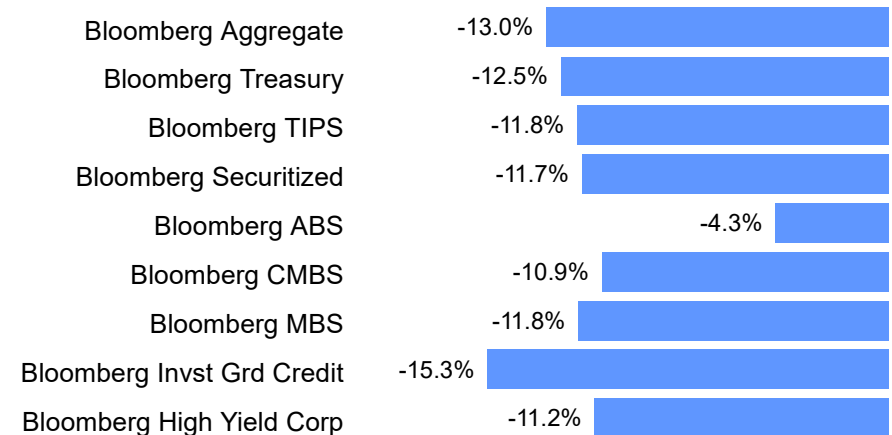
## Valuations fair

- ▶ While absolute yields are higher, spreads have not widened materially, and most are close to historical averages.
- ▶ An economic slowdown/recession could impact credit spreads.
- ▶ Higher yields boosting forward-looking return outlooks across sectors.

## U.S. Fixed Income Returns: Quarter Ended 12/31/22



## U.S. Fixed Income Returns: One Year Ended 12/31/22



Sources: Bloomberg, S&P Dow Jones Indices

# U.S. Private Real Estate Performance: 4Q22

Appreciation returns negative once again

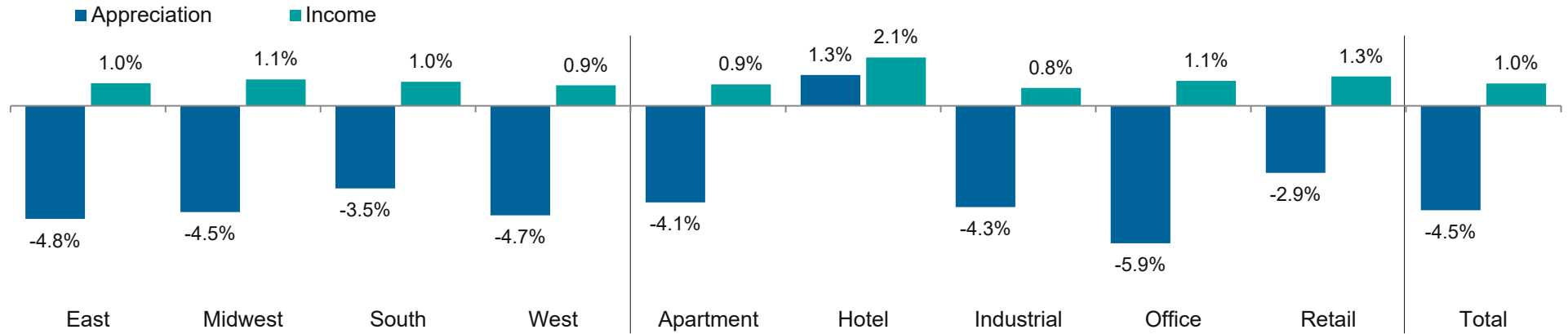
## Negative appreciation in four major sectors

- ▶ Income returns were positive across sectors and regions.
- ▶ All property sectors and regions, except for Hotel, experienced negative appreciation.
- ▶ Valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- ▶ Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-5.2%	6.6%	9.0%	7.7%	9.1%
Income	0.6%	2.6%	2.9%	3.0%	3.4%
Appreciation	-5.8%	3.9%	6.0%	4.6%	5.5%
NCREIF Property Index	-3.5%	5.5%	8.1%	7.5%	8.8%
Income	1.0%	3.9%	4.1%	4.3%	4.7%
Appreciation	-4.5%	1.6%	3.8%	3.1%	4.0%

Returns are geometrically linked

## NCREIF Property Index Quarterly Returns by Region and Property Type



Source: NCREIF, ODCE return is net



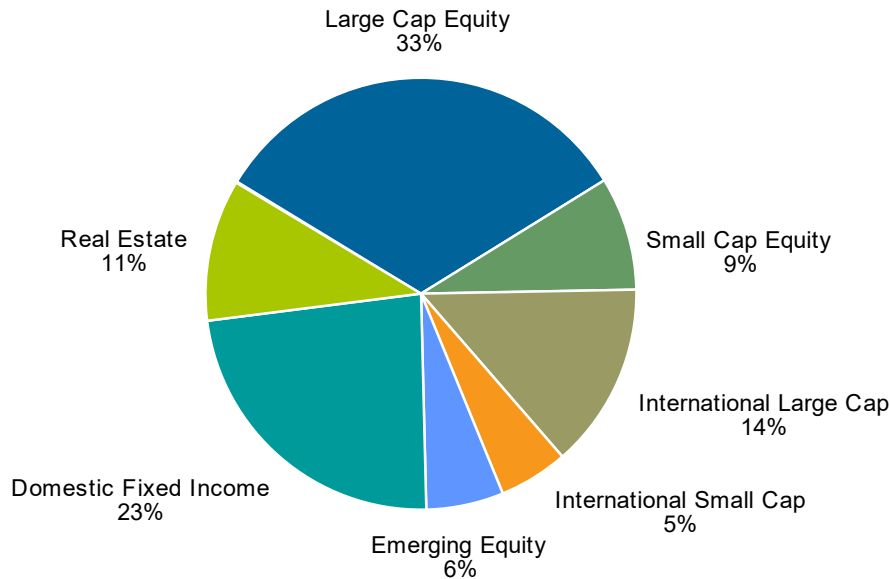
**Sacramento Regional  
Transit District**

Total Fund Overview

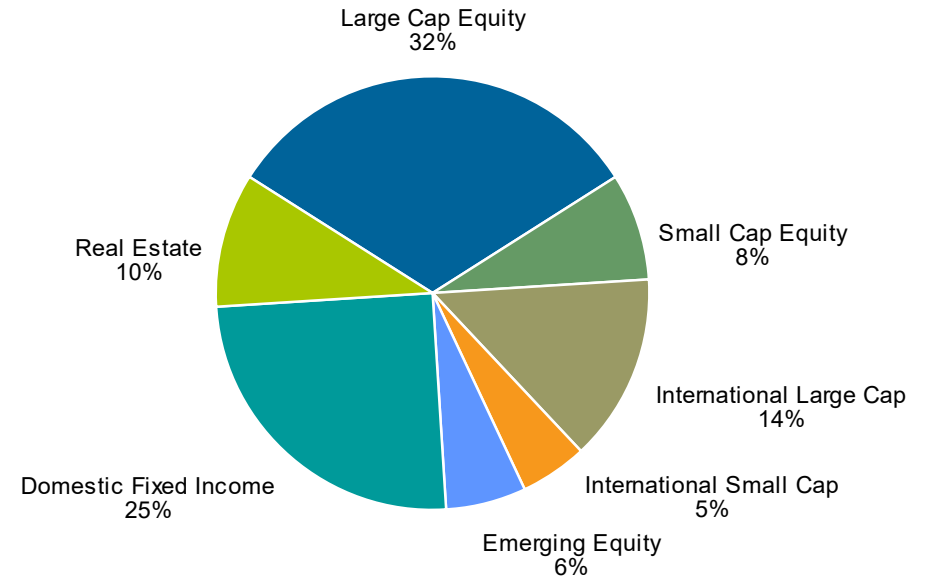
# RT Asset Allocation

As of December 31, 2022

**Actual Asset Allocation**



**Target Asset Allocation**



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	114,291	32.5%	32.0%	0.5%	1,872
Small Cap Equity	29,905	8.5%	8.0%	0.5%	1,801
International Large Cap	48,906	13.9%	14.0%	(0.1%)	(277)
International Small Cap	18,297	5.2%	5.0%	0.2%	731
Emerging Equity	20,488	5.8%	6.0%	(0.2%)	(590)
Domestic Fixed Income	82,028	23.3%	25.0%	(1.7%)	(5,799)
Real Estate	37,393	10.6%	10.0%	0.6%	2,263
Total	351,308	100.0%	100.0%		

# Total Fund

## Performance Attribution

### Relative Attribution Effects for Quarter ended December 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%	10.19%	7.56%	0.86%	(0.06%)	0.79%
Small Cap Equity	9%	8%	10.06%	6.23%	0.32%	(0.03%)	0.29%
International Large Cap	13%	14%	16.16%	17.34%	(0.12%)	(0.12%)	(0.24%)
International Small Cap	5%	5%	20.04%	15.79%	0.19%	(0.02%)	0.18%
Emerging Equity	6%	6%	10.63%	9.70%	0.04%	(0.04%)	0.00%
Domestic Fixed Income	24%	25%	2.11%	1.87%	0.06%	0.01%	0.07%
Real Estate	11%	10%	(4.44%)	(4.97%)	0.07%	(0.21%)	(0.14%)
<b>Total</b>			<b>7.70%</b>	<b>= 6.74%</b>	<b>+ 1.43%</b>	<b>+ (0.47%)</b>	<b>0.96%</b>

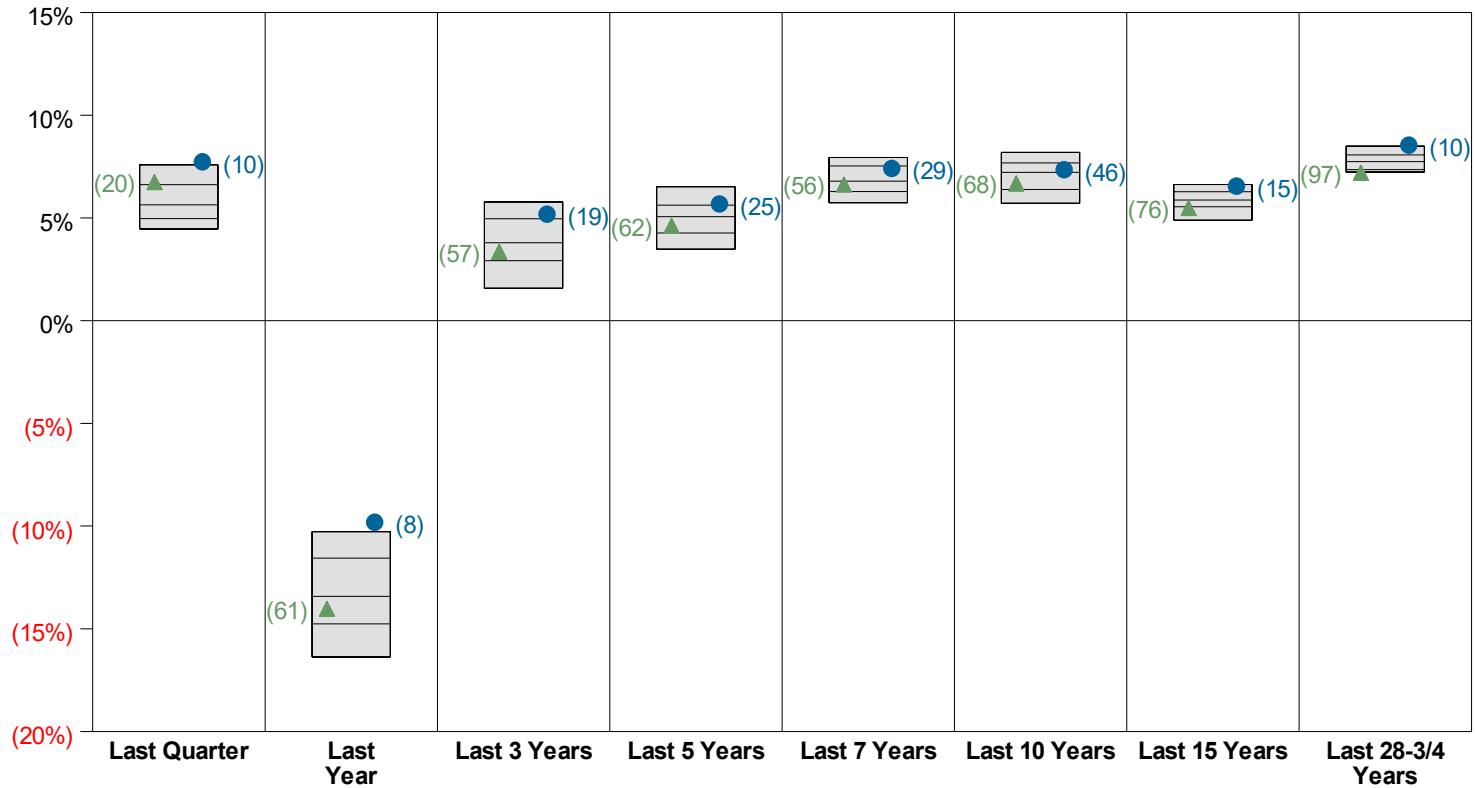
### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(10.58%)	(18.11%)	2.51%	(0.15%)	2.36%
Small Cap Equity	8%	8%	(11.15%)	(20.44%)	0.77%	(0.06%)	0.71%
International Large Cap	13%	14%	(9.11%)	(14.45%)	0.73%	(0.05%)	0.67%
International Small Cap	5%	5%	(10.89%)	(21.39%)	0.55%	(0.03%)	0.52%
Emerging Equity	6%	6%	(16.06%)	(20.09%)	0.25%	(0.04%)	0.20%
Domestic Fixed Income	24%	25%	(13.48%)	(13.01%)	(0.12%)	(0.09%)	(0.21%)
Real Estate	10%	10%	7.97%	7.47%	0.08%	(0.23%)	(0.15%)
<b>Total</b>			<b>(9.84%)</b>	<b>= (14.03%)</b>	<b>+ 4.84%</b>	<b>+ (0.65%)</b>	<b>4.18%</b>

# Total Fund

Performance as of December 31, 2022

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



# Total Fund

## Manager Asset Allocation

	December 31, 2022			Inv. Return	September 30, 2022	
	Market Value	Weight	Net New Inv.		Market Value	Weight
<b>Domestic Equity</b>	<b>\$144,196,067</b>	<b>41.05%</b>	<b>\$(985,813)</b>	<b>\$13,283,274</b>	<b>\$131,898,606</b>	<b>40.30%</b>
<b>Large Cap</b>	<b>\$114,290,762</b>	<b>32.53%</b>	<b>\$(805,855)</b>	<b>\$10,579,080</b>	<b>\$104,517,536</b>	<b>31.93%</b>
Boston Partners	61,097,921	17.39%	(805,855)	6,838,439	55,065,337	16.82%
SSgA S&P 500	53,192,841	15.14%	0	3,740,642	49,452,199	15.11%
<b>Small Cap</b>	<b>\$29,905,305</b>	<b>8.51%</b>	<b>\$(179,958)</b>	<b>\$2,704,193</b>	<b>\$27,381,070</b>	<b>8.37%</b>
Atlanta Capital	29,905,305	8.51%	(179,958)	2,704,193	27,381,070	8.37%
<b>International Equity</b>	<b>\$87,690,891</b>	<b>24.96%</b>	<b>\$0</b>	<b>\$11,805,825</b>	<b>\$75,885,066</b>	<b>23.19%</b>
<b>International Large Cap</b>	<b>\$48,905,741</b>	<b>13.92%</b>	<b>\$0</b>	<b>\$6,800,779</b>	<b>\$42,104,962</b>	<b>12.86%</b>
SSgA EAFE	15,937,524	4.54%	0	2,356,574	13,580,950	4.15%
Pyrford	32,968,217	9.38%	0	4,444,205	28,524,012	8.71%
<b>International Small Cap</b>	<b>\$18,296,838</b>	<b>5.21%</b>	<b>\$0</b>	<b>\$3,054,047</b>	<b>\$15,242,790</b>	<b>4.66%</b>
AQR	18,296,838	5.21%	0	3,054,047	15,242,790	4.66%
<b>Emerging Equity</b>	<b>\$20,488,312</b>	<b>5.83%</b>	<b>\$0</b>	<b>\$1,950,999</b>	<b>\$18,537,313</b>	<b>5.66%</b>
DFA Emerging Markets	20,488,312	5.83%	0	1,950,999	18,537,313	5.66%
<b>Fixed Income</b>	<b>\$82,027,710</b>	<b>23.35%</b>	<b>\$0</b>	<b>\$1,698,747</b>	<b>\$80,328,963</b>	<b>24.54%</b>
Metropolitan West	82,027,710	23.35%	0	1,698,747	80,328,963	24.54%
<b>Real Estate</b>	<b>\$37,393,444</b>	<b>10.64%</b>	<b>\$0</b>	<b>\$(1,794,763)</b>	<b>\$39,188,208</b>	<b>11.97%</b>
Clarion Lion Fund	19,436,528	5.53%	0	(1,106,458)	20,542,986	6.28%
Morgan Stanley	17,956,916	5.11%	0	(688,305)	18,645,222	5.70%
<b>Total Fund</b>	<b>\$351,308,111</b>	<b>100.0%</b>	<b>\$(985,813)</b>	<b>\$24,993,082</b>	<b>\$327,300,842</b>	<b>100.0%</b>



# Total Fund

## Manager Returns as of December 31, 2022

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>10.14%</b>	<b>(10.71%)</b>	<b>8.39%</b>	<b>9.17%</b>	<b>11.39%</b>
Domestic Equity Benchmark**	7.31%	(18.54%)	6.86%	8.44%	10.84%
<b>Large Cap Equity</b>	<b>10.16%</b>	<b>(10.60%)</b>	<b>8.92%</b>	<b>9.11%</b>	<b>11.36%</b>
Boston Partners	12.48%	(3.17%)	9.54%	8.36%	10.89%
Russell 1000 Value Index	12.42%	(7.54%)	5.96%	6.67%	9.12%
SSgA S&P 500	7.58%	(18.10%)	7.65%	9.42%	11.49%
S&P 500 Index	7.56%	(18.11%)	7.66%	9.42%	11.48%
<b>Small Cap Equity</b>	<b>10.06%</b>	<b>(11.15%)</b>	<b>6.28%</b>	<b>9.25%</b>	<b>11.43%</b>
Atlanta Capital	10.06%	(11.15%)	6.28%	9.25%	11.43%
Russell 2000 Index	6.23%	(20.44%)	3.10%	4.13%	7.90%
<b>International Equity</b>	<b>15.59%</b>	<b>(11.20%)</b>	<b>1.76%</b>	<b>1.85%</b>	<b>5.36%</b>
International Benchmark***	15.24%	(17.10%)	(0.19%)	0.63%	4.71%
<b>International Large Cap</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>1.66%</b>	<b>2.67%</b>	<b>5.11%</b>
SSgA EAFE	17.38%	(14.08%)	1.23%	1.91%	4.90%
Pyrford	15.58%	(6.49%)	1.75%	2.93%	-
MSCI EAFE Index	17.34%	(14.45%)	0.87%	1.54%	4.53%
<b>International Small Cap</b>	<b>20.04%</b>	<b>(10.89%)</b>	<b>2.79%</b>	<b>1.14%</b>	<b>-</b>
AQR	20.04%	(10.89%)	2.79%	1.14%	-
MSCI EAFE Small Cap Index	15.79%	(21.39%)	(0.93%)	(0.05%)	4.45%
<b>Emerging Markets Equity</b>	<b>10.63%</b>	<b>(16.06%)</b>	<b>0.67%</b>	<b>0.28%</b>	<b>6.69%</b>
DFA Emerging Markets	10.63%	(16.06%)	0.67%	0.28%	6.69%
MSCI Emerging Markets Index	9.70%	(20.09%)	(2.69%)	(1.39%)	5.17%
<b>Domestic Fixed Income</b>	<b>2.11%</b>	<b>(13.48%)</b>	<b>(1.83%)</b>	<b>0.84%</b>	<b>1.56%</b>
Met West	2.11%	(13.48%)	(1.83%)	0.84%	1.56%
Bloomberg Aggregate Index	1.87%	(13.01%)	(2.71%)	0.02%	0.89%
<b>Real Estate</b>	<b>(4.44%)</b>	<b>7.97%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Clarion Lion Fund	(5.12%)	9.71%	-	-	-
Morgan Stanley	(3.69%)	6.13%	-	-	-
NCREIF NFI-ODCE Val Wt Gr	(4.97%)	7.47%	9.93%	8.71%	8.56%
<b>Total Plan</b>	<b>7.70%</b>	<b>(9.85%)</b>	<b>5.14%</b>	<b>5.65%</b>	<b>7.37%</b>
Target*	6.74%	(14.03%)	3.35%	4.62%	6.63%

\* 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.

\*\* 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

	2022	2021	2020	2019	2018
<b>Domestic Equity</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>	<b>27.71%</b>	<b>(4.64%)</b>
Domestic Equity Benchmark**	(18.54%)	25.93%	18.94%	30.32%	(5.69%)
<b>Large Cap Equity</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>	<b>27.77%</b>	<b>(6.33%)</b>
Boston Partners	(3.17%)	31.78%	2.99%	23.91%	(8.27%)
Russell 1000 Value Index	(7.54%)	25.16%	2.80%	26.54%	(8.27%)
SSgA S&P 500	(18.10%)	28.70%	18.36%	31.50%	(4.39%)
S&P 500 Index	(18.11%)	28.71%	18.40%	31.49%	(4.38%)
<b>Small Cap Equity</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>	<b>27.38%</b>	<b>1.78%</b>
Atlanta Capital	(11.15%)	21.00%	11.67%	27.38%	1.78%
Russell 2000 Index	(20.44%)	14.82%	19.96%	25.52%	(11.01%)
<b>International Equity</b>	<b>(11.20%)</b>	<b>9.37%</b>	<b>8.48%</b>	<b>20.83%</b>	<b>(13.93%)</b>
International Benchmark***	(17.10%)	7.67%	11.39%	21.78%	(14.76%)
<b>International Large Cap</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>	<b>22.34%</b>	<b>(11.25%)</b>
SSgA EAFE	(14.08%)	11.52%	8.27%	22.49%	(13.49%)
Pyrford	(6.49%)	8.22%	4.09%	22.30%	(10.31%)
MSCI EAFE Index	(14.45%)	11.26%	7.82%	22.01%	(13.79%)
<b>International Small Cap</b>	<b>(10.89%)</b>	<b>13.52%</b>	<b>7.35%</b>	<b>21.73%</b>	<b>(19.94%)</b>
AQR	(10.89%)	13.52%	7.35%	21.73%	(19.94%)
MSCI EAFE Small Cap Index	(21.39%)	10.10%	12.34%	24.96%	(17.89%)
<b>Emerging Markets Equity</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>	<b>16.64%</b>	<b>(14.80%)</b>
DFA Emerging Markets	(16.06%)	6.25%	14.40%	16.64%	(14.80%)
MSCI Emerging Markets Index	(20.09%)	(2.54%)	18.31%	18.44%	(14.57%)
<b>Domestic Fixed Income</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>	<b>9.41%</b>	<b>0.75%</b>
Met West	(13.48%)	(0.46%)	9.85%	9.41%	0.75%
Bloomberg Aggregate Index	(13.01%)	(1.54%)	7.51%	8.72%	0.01%
<b>Real Estate</b>	<b>7.97%</b>	-	-	-	-
Clarion Lion Fund	9.71%	-	-	-	-
Morgan Stanley	6.13%	-	-	-	-
NCREIF NFI-ODCE Val Wt Gr	7.47%	22.17%	1.19%	5.34%	8.50%
<b>Total Plan</b>	<b>(9.85%)</b>	<b>15.71%</b>	<b>11.42%</b>	<b>19.25%</b>	<b>(5.05%)</b>
Target*	(14.03%)	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.

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

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

# Callan



**Callan Research & Events  
Updates**

# Callan Institute Events

Upcoming conferences, workshops, and webinars

## Callan College

### Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

– February 15-16, 2023 – Virtual Session via Zoom

### Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

– March 1–2, 2023 – In-Person Session – Chicago

– May 23–25, 2023 – Virtual Session via Zoom

Please visit our website at [callan.com/events-education](https://callan.com/events-education) as we add dates to our 2023 calendar!

## Mark Your Calendar

### 2023 National Conference

April 2–4, 2023

Scottsdale, Arizona

### 2023 Regional Workshops

June 27, 2023 – Denver

June 29, 2023 – San Francisco

October 24, 2023 – New York

October 26, 2023 - Chicago

*Watch your email for further details and an invitation.*

## Webinars & Research Café Sessions

### Research Café: ESG Interview Series

February 23 , 2023 – 9:30am (PT)

# Published Research Highlights from 4Q22

**Webinar: Rebalancing During this Unusual Market Environment**



**Considering Currency: A Guide for Institutional Investors**



**2022 Nuclear Decommissioning Funding Study**



**2022 ESG Survey**



## Recent Blog Posts

**Unlocking the Secrets of the 'Data Vault'**

Bo Abesamis

**Index Selection Within TDF Benchmarks Can Make a Big Difference**

Mark Andersen

**Emerging Managers in Private Equity: A Guide for Success**

David Smith

## Additional Reading

*Alternatives Focus* quarterly newsletter

Active vs. Passive quarterly charts

*Capital Markets Review* quarterly newsletter

Monthly Updates to the Periodic Table

*Market Pulse Flipbook* quarterly markets update

*Real Estate Indicators* market outlook

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Past performance is no guarantee of future results.

# Callan

December 31, 2022



## Sacramento Regional Transit District Retirement Plans

Investment Measurement Service  
Quarterly Review

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## Table of Contents

### December 31, 2022

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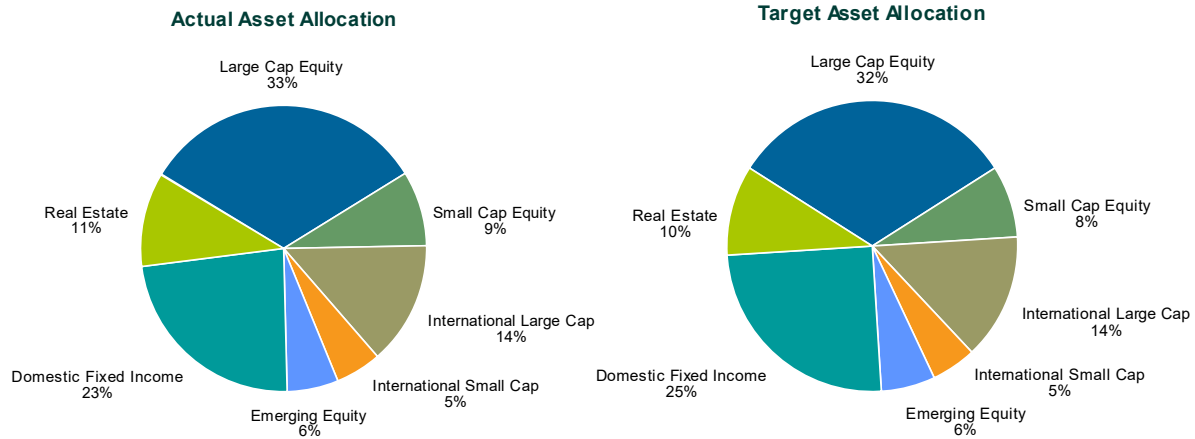
<b>Executive Summary</b>	1
<b>Capital Markets Review</b>	3
<b>Combined Plan</b>	
Actual vs Target Asset Allocation	9
Quarterly Total Plan Attribution	10
Cumulative Total Plan Attribution	11
Total Fund Performance	13
Historical Asset Allocation	14
Asset Growth Summary	16
Investment Manager Performance	17
<b>Domestic Equity</b>	
Domestic Equity	23
Large Cap	27
SSgA S&P 500	31
Boston Partners	35
Atlanta Capital	41
<b>International Equity</b>	
International Equity	48
SSgA EAFE	53
Pyrford	59
AQR	67
DFA Emerging Markets	75
<b>Domestic Fixed Income</b>	
Metropolitan West Asset Management	84
<b>Real Estate</b>	
Real Estate	90
Clarion Lion Fund	92
Morgan Stanley	94
<b>Definitions</b>	96
<b>Callan Research/Education</b>	99
<b>Disclosures</b>	102





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

**Asset Allocation**



**Performance**

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Total Plan</b>	<b>7.70%</b>	<b>-9.85%</b>	<b>5.14%</b>	<b>5.65%</b>	<b>7.37%</b>
Target*	6.74%	-14.03%	3.35%	4.62%	6.63%

**Recent Developments**

N/A

**Organizational Issues**

N/A

**Manager Performance**

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	34	21	25
Atlanta Capital	22	44	18
Pyrford	2	49	[43]
AQR	8	20	[47]
DFA	9	1	29
MetWest	62	46	77
Clarion	11	[28]	[31]
Morgan Stanley	75	[77]	[81]

*Brackets indicate performance linked with manager's composite*

**Watch List**

There are no managers currently on watch.

\* 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.

\*\* 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.



**U.S. EQUITY**

**Markets fall in final month of quarter after gains**

- The S&P 500 Index posted positive returns in both October and November but fell in December. The index was up 7.6% during 4Q22 but ended 2022 down 18.1%.
- Energy was the best-performing sector during the quarter and 2022, returning 23% and 66% respectively. Consumer Discretionary and Communication Services were the only two sectors that posted negative returns in 4Q.
- Value stocks outperformed growth across the market capitalization spectrum, and for both 4Q and the full year.
- Large cap stocks (Russell 1000) outperformed small caps (Russell 2000) last quarter and for the year.
- Continued macroeconomic concerns (e.g., inflation, potential recession, geopolitical issues) led to higher volatility and a down-year for U.S. equities.

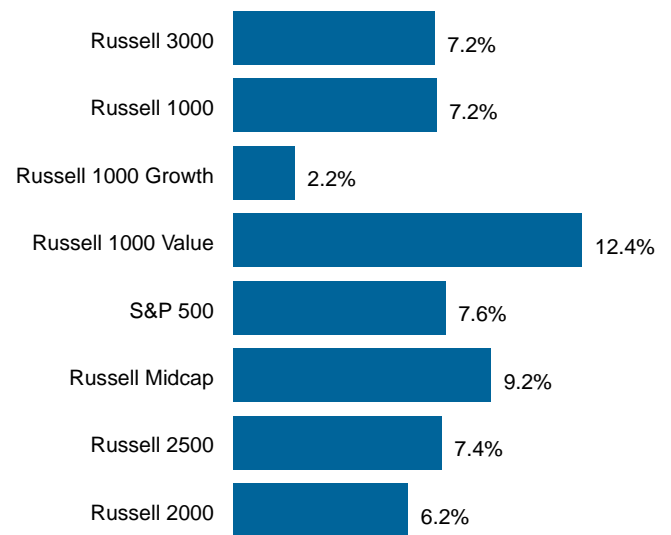
**Market valuations have reset with the broad-based sell-off**

- The drop for equities in 2022 was broad-based, and almost every sector experienced negative returns. Higher interest rates impacted the growth-oriented sectors the most (e.g., Technology, Communication Services).
- Mega-cap technology stocks have underperformed, ending an extended period of market leadership.
- Large cap stocks are now trading around their average P/E ratio, but they are not yet “cheap.”
- Despite the recent outperformance of value stocks, value still looks attractive relative to growth heading into 2023.

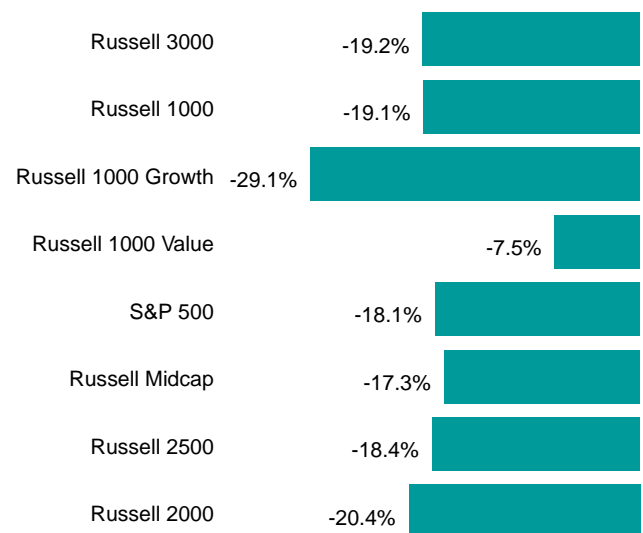
**Small cap valuations are attractive relative to large cap**

- During 4Q22, the Russell 2000 was trading at a 30% discount to its historical P/E average.
- Relative to large caps, the Russell 2000’s forward 12 months P/E is trading at the lowest level versus large-cap stocks since the Dot-Com Bubble.
- Relative to large and mid caps, small caps have looked significantly cheaper on various valuation metrics recently.

**U.S. Equity: Quarterly Returns**

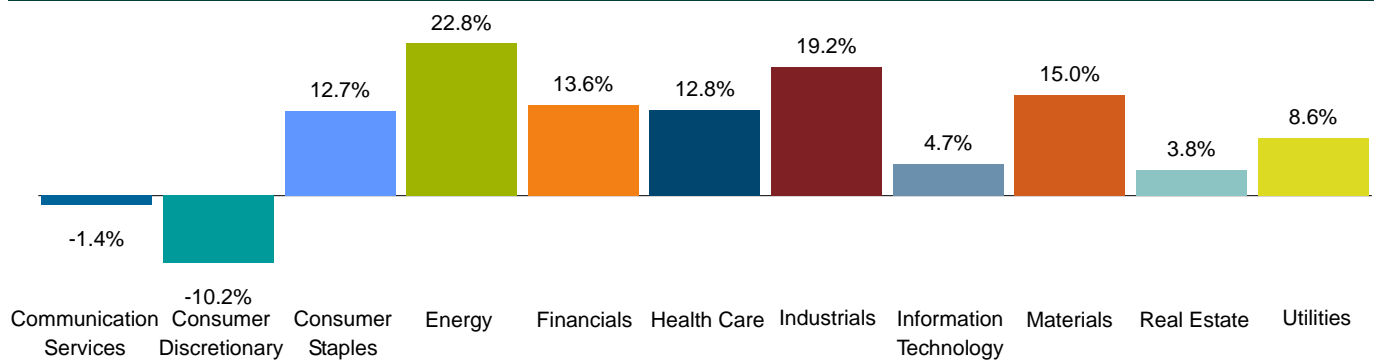


**U.S. Equity: One-Year Returns**



Sources: FTSE Russell, S&P Dow Jones Indices

**S&P Sector Returns, Quarter Ended 12/31/22**



Source: S&P Dow Jones Indices

**GLOBAL EQUITY**

**Ending on a high note**

4Q22 was a bright spot during a tough calendar year in global and global ex-U.S. equity markets.

**Encouraging signs**

- Lower-than-expected U.S. inflation data buoyed market optimism at the end of the year.
- The Fed slowed its pace of tightening, with further slowing expected in 2023.
- China reversed its zero-COVID policies, prompting exuberance from investors.

**Value outpaces growth**

- Value outpaced growth in developed and emerging markets.
- Economically sensitive sectors (e.g., Financials and Industrials) benefited from the anticipation of improved growth; Energy was the largest outperformer.

**U.S. dollar vs. other currencies**

- After reaching a multi-decade high, the dollar fell against all major currencies with signs of inflation easing.
- Despite the 7.7% decline in 4Q22, the dollar still gained nearly 8% over the full year.
- Global central banks’ rate hikes and the U.S. Federal Reserve’s slowing pace of tightening could prolong U.S. dollar decline.
- Continued weakening of the U.S. dollar would be a tailwind for non-U.S. equities.

**What about style?**

- A sustained shift to value after the recent prolonged growth cycle would likely favor non-U.S. equities over U.S. equities given higher representation of traditional value sectors in non-U.S. equity universes.

**China’s reopening spurs hopes for emerging markets**

- In addition to pivoting from its zero-COVID policy, Chinese regulators shifted to supportive policies to stabilize the property sector and tech/platform industry.

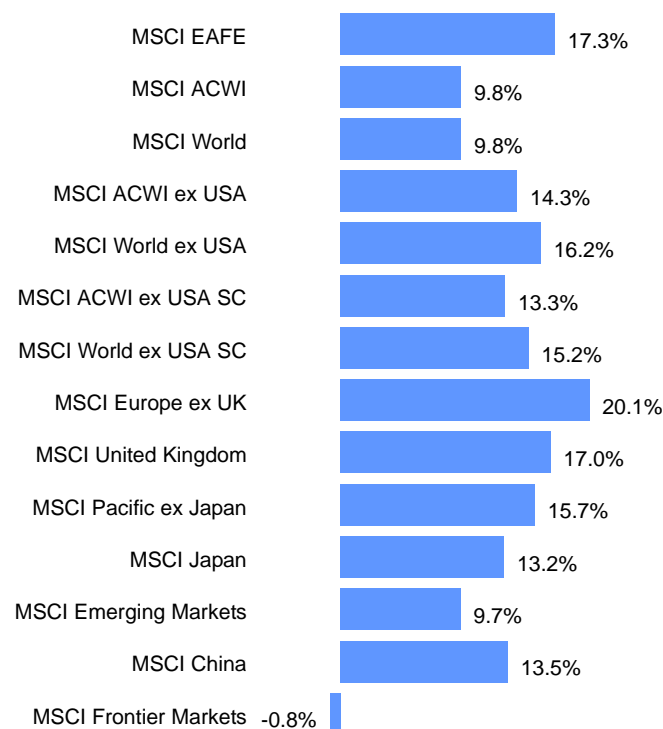
**Reopening is expected to jump-start Chinese economy**

- China’s real GDP growth is estimated to reach 5.5% in 2023 and nearly 7% on a 4Q/4Q basis.
- Real consumption is projected to grow by 8.5% in 2023 as Chinese households have amassed \$2.6 trillion in savings.

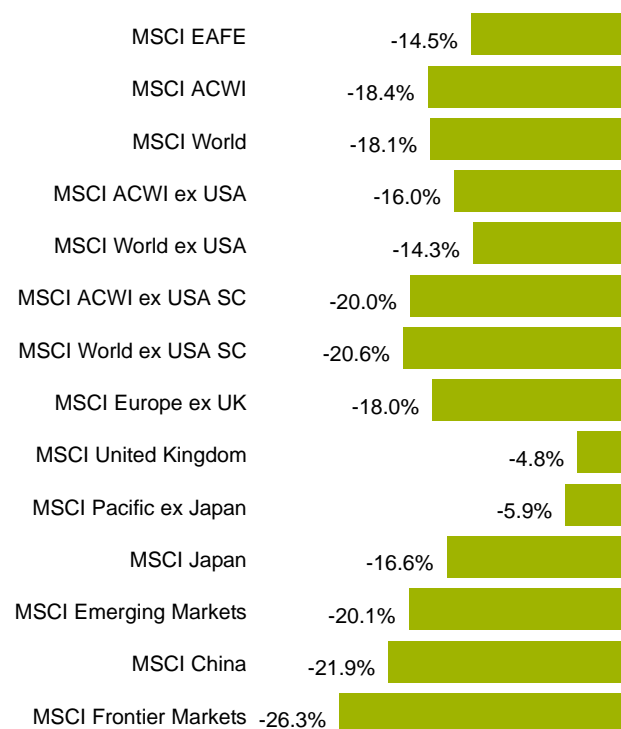
**Recovery in China will spill over to other EM regions**

- Growth in Chinese consumption is expected to have positive impact on tourism in Southeast Asia; goods exports in Europe, the Middle East, and Africa; and commodities in Latin America.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

**Bonds were up in 4Q but 2022 results remain negative**

- Gain for the Bloomberg US Aggregate Bond Index driven by coupon income and spread tightening; interest rates rose modestly

**Rates were volatile intra-quarter**

- U.S. Treasury 10-year yield: high 4.22% on 11/7; low 3.42% on 12/7
- Curve remained inverted at quarter-end: 10-year yield 3.88% and 2-year yield 4.41%; most since 1981

**Fed raised rates bringing target to 4.25%-4.50%**

- Median expectation from Fed is 5.1% for year-end 2023
- Inflation showed signs of moderating but job market remained tight with solid wage growth

**Corporates and mortgages outperformed Treasuries in 4Q**

- 4Q: Corporates +289 bps excess return; residential mortgage-backed securities (RMBS) +110 bps
- 2022: Corporates -125 bps excess return; RMBS -223 bps
- RMBS had worst month ever (September: -191 bps) and best month ever (November: +135 bps) in excess returns

**Valuations fair**

- While absolute yields are higher, spreads have not widened materially, and most are close to historical averages.
- An economic slowdown could impact credit spreads.
- Higher yields have boosted forward-looking returns across sectors.

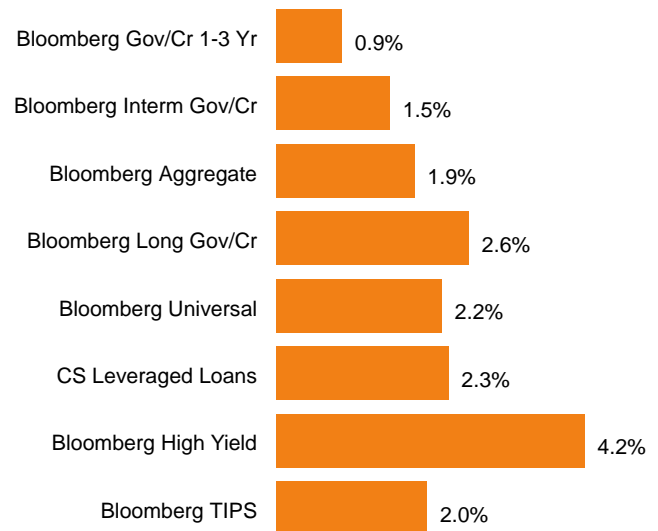
**Economic slowdown clouds the corporate credit picture**

- Despite prospects for an economic slowdown in 2023, fundamental credit metrics for many issuers are strong.
- Default rates are expected to tick up, albeit not to the same extent as in previous recessions.
- Investors may be biased toward higher-quality investment grade issuers as they weigh the threat of a looming recession and potential implications for increased volatility in lower-quality corporate credit markets.

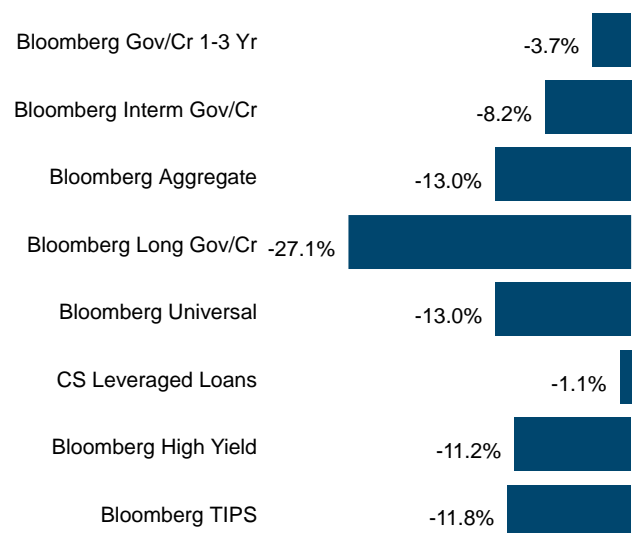
**TIPS: Beware of duration**

- Despite a rise in inflation, TIPS saw marked declines in 2022 amid rising interest rates.
- TIPS, like nominal Treasuries, are sensitive to changes in interest rates, and as a result, shorter-duration TIPS fared better than full spectrum TIPS in 2022.
- Shorter-term TIPS exhibit a higher correlation to realized inflation but also provide a similar risk-adjusted return as that of full spectrum TIPS.

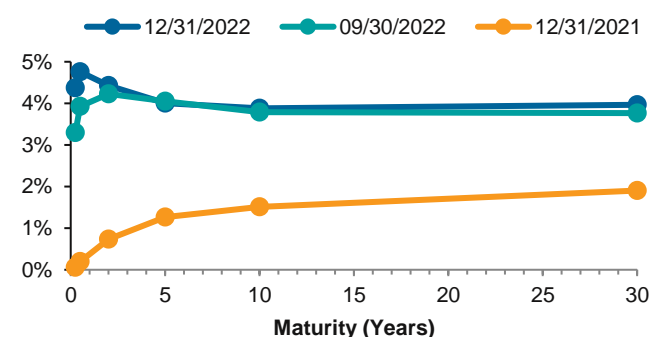
**U.S. Fixed Income: Quarterly Returns**



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



**U.S. Treasury Yield Curves**



Sources: Bloomberg, Credit Suisse

**MUNICIPAL BONDS**

**Gains in 4Q but most 2022 results remain negative**

- Municipal Bond Index calendar year return worst since 1981
- Higher quality outperformed in 4Q (AAA: +4.3%; AA: +4.1%; A: +4.0%; BBB: +3.9%; High Yield: +3.5%) and in 2022
- Munis outperformed most other fixed income sectors in 4Q and in 2022

**Valuations relative to U.S. Treasuries on the rich side**

- 10-year AAA Muni/10-year U.S. Treasury yield ratio 68%; below 10-year average of 88%
- After-tax yield of Muni Bond Index = 6.0% (Source: Eaton Vance)

**Supply/demand**

- Mutual fund outflows hit a record \$122 billion in 2022, with tax loss harvesting being a key driver
- ETFs saw inflows as some investors reinvested in them.
- Supply also down; \$71 billion in 4Q and the lowest in 13 years; 2022 issuance off roughly 20% from 2021

**Credit quality remained stable**

- State and local tax collections robust and reserves elevated; state revenues up 16% on average vs. 2021

**GLOBAL FIXED INCOME**

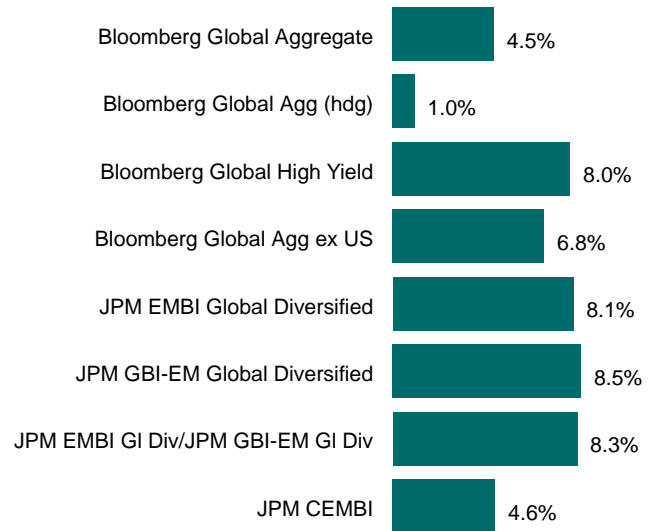
**4Q returns driven largely by U.S. dollar weakness**

- U.S. dollar down 9% vs. euro, 10% vs. yen, 8% vs. pound
- For the year, dollar up 6% vs. euro, 13% vs. yen, and 11% vs. pound
- Rates up across most of Europe and in Japan
- Rates fell in the U.K.

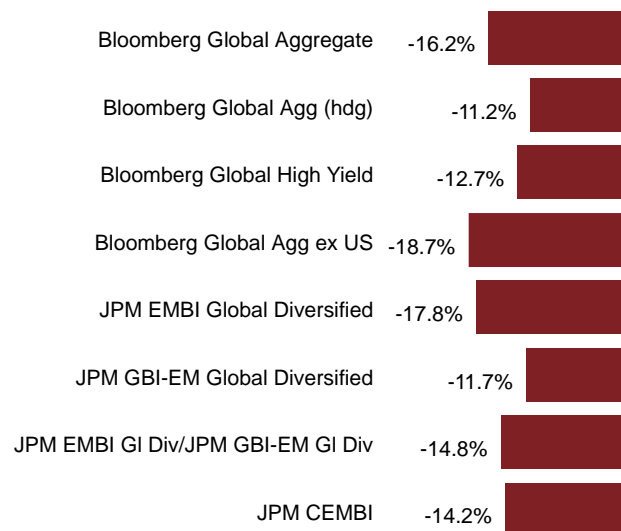
**Emerging market debt also did well**

- Returns varied across countries but most were positive

**Global Fixed Income: Quarterly Returns**

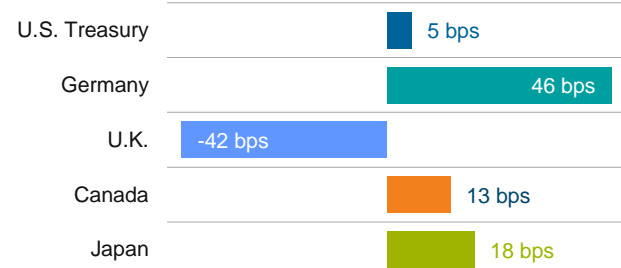


**Global Fixed Income: One-Year Returns**



**Change in 10-Year Global Government Bond Yields**

**3Q22 to 4Q22**



Sources: Bloomberg, JP Morgan

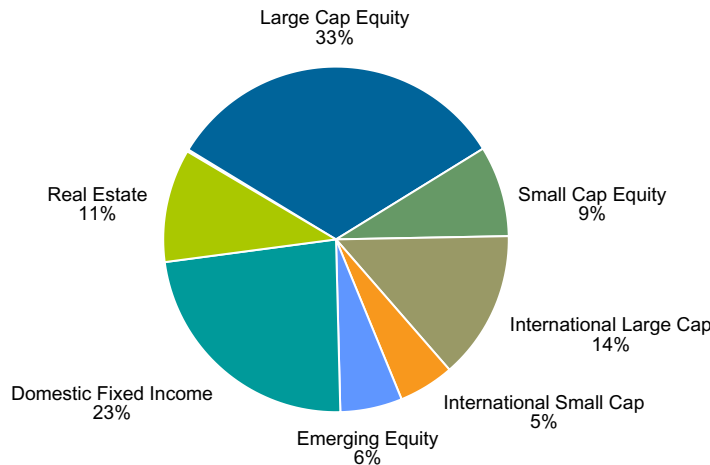




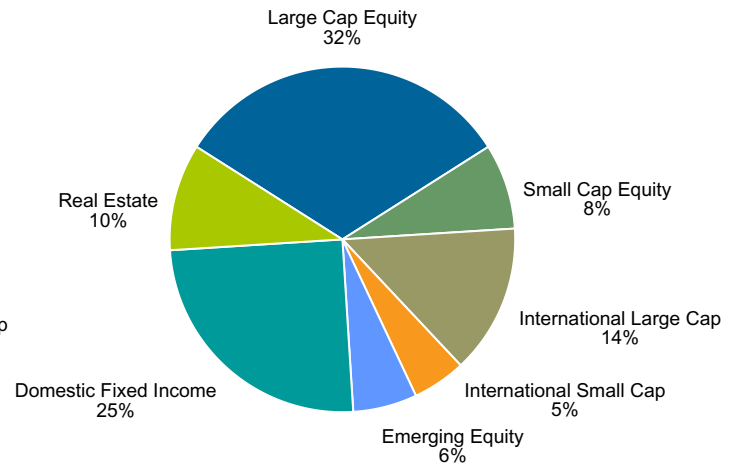
## Actual vs Target Asset Allocation As of December 31, 2022

The top left chart shows the Fund's asset allocation as of December 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).

### Actual Asset Allocation

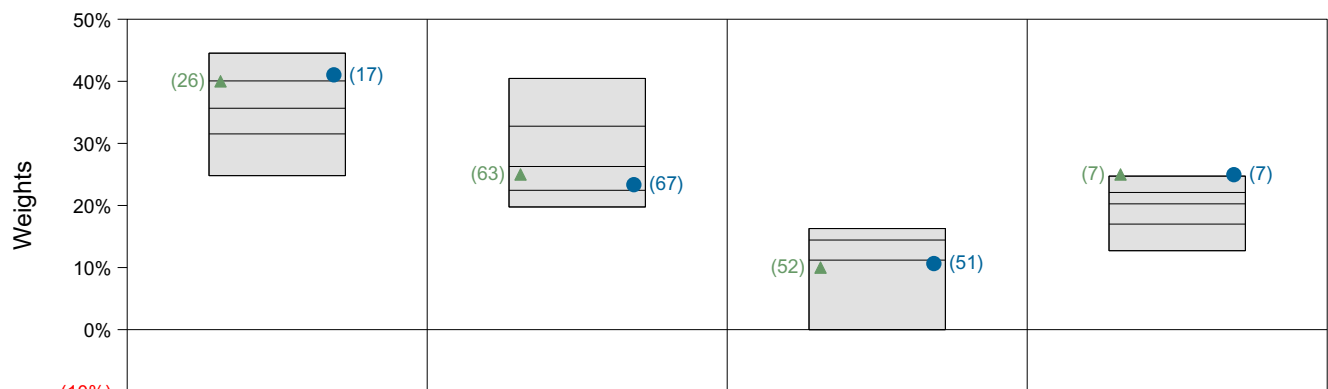


### Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	114,291	32.5%	32.0%	0.5%	1,872
Small Cap Equity	29,905	8.5%	8.0%	0.5%	1,801
International Large Cap	48,906	13.9%	14.0%	(0.1%)	(277)
International Small Cap	18,297	5.2%	5.0%	0.2%	731
Emerging Equity	20,488	5.8%	6.0%	(0.2%)	(590)
Domestic Fixed Income	82,028	23.3%	25.0%	(1.7%)	(5,799)
Real Estate	37,393	10.6%	10.0%	0.6%	2,263
Total	351,308	100.0%	100.0%		

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



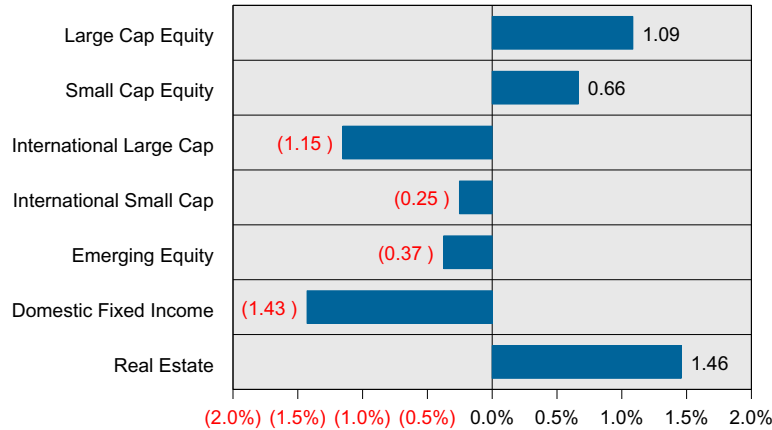
	Domestic Broad Eq	Domestic Fixed Income	Real Estate	Intl Equity
10th Percentile	44.53	40.46	16.28	24.73
25th Percentile	40.06	32.77	14.43	22.09
Median	35.66	26.28	11.20	20.26
75th Percentile	31.53	22.44	0.00	17.00
90th Percentile	24.81	19.76	0.00	12.72
<b>Fund</b> ●	41.05	23.35	10.64	24.96
<b>Target</b> ▲	40.00	25.00	10.00	25.00
% Group Invested	96.55%	100.00%	68.97%	93.10%

\* 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.

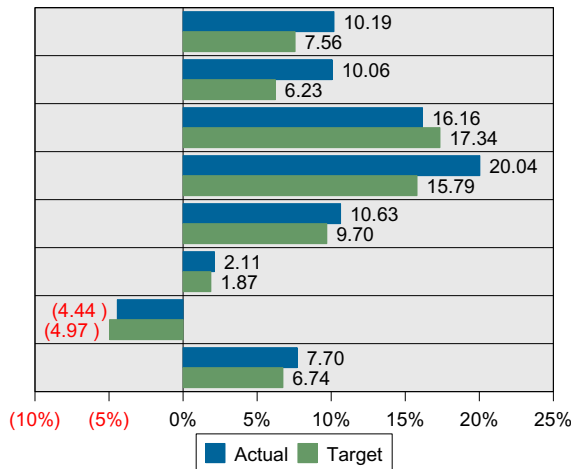
## Quarterly Total Fund Relative Attribution - December 31, 2022

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.

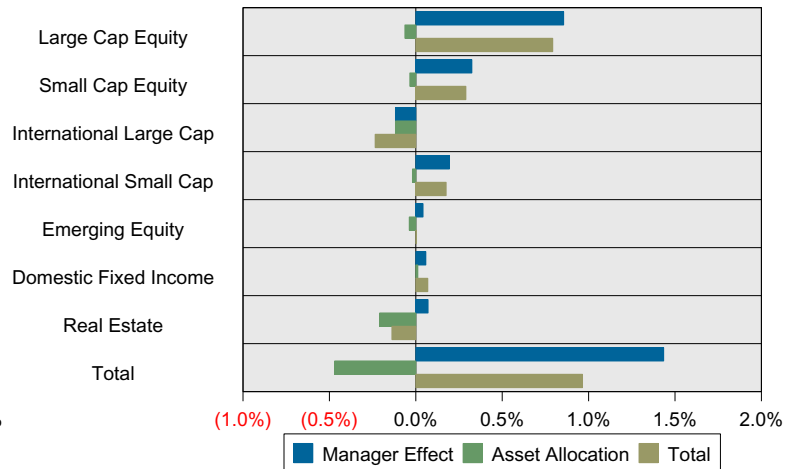
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended December 31, 2022

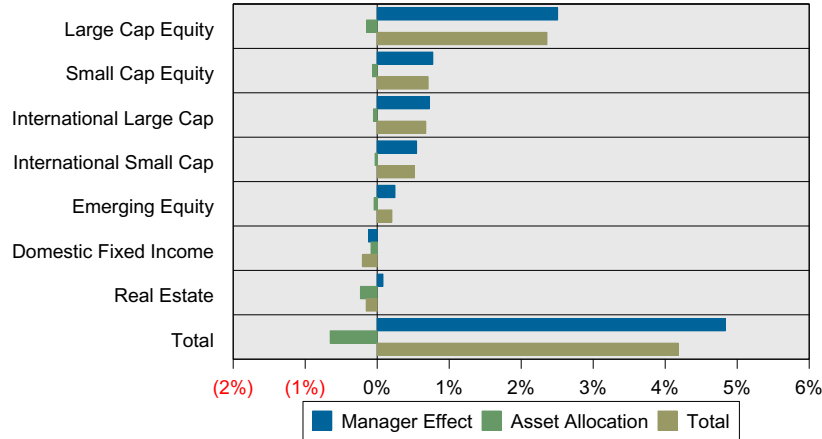
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	10.19%	7.56%	0.86%	(0.06%)	0.79%
Small Cap Equity	9%	8%	10.06%	6.23%	0.32%	(0.03%)	0.29%
International Large Cap	13%	14%	16.16%	17.34%	(0.12%)	(0.12%)	(0.24%)
International Small Cap	5%	5%	20.04%	15.79%	0.19%	(0.02%)	0.18%
Emerging Equity	6%	6%	10.63%	9.70%	0.04%	(0.04%)	0.00%
Domestic Fixed Income	24%	25%	2.11%	1.87%	0.06%	0.01%	0.07%
Real Estate	11%	10%	(4.44%)	(4.97%)	0.07%	(0.21%)	(0.14%)
<b>Total</b>			<b>7.70%</b>	<b>6.74%</b>	<b>1.43%</b>	<b>(0.47%)</b>	<b>0.96%</b>

\* 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.

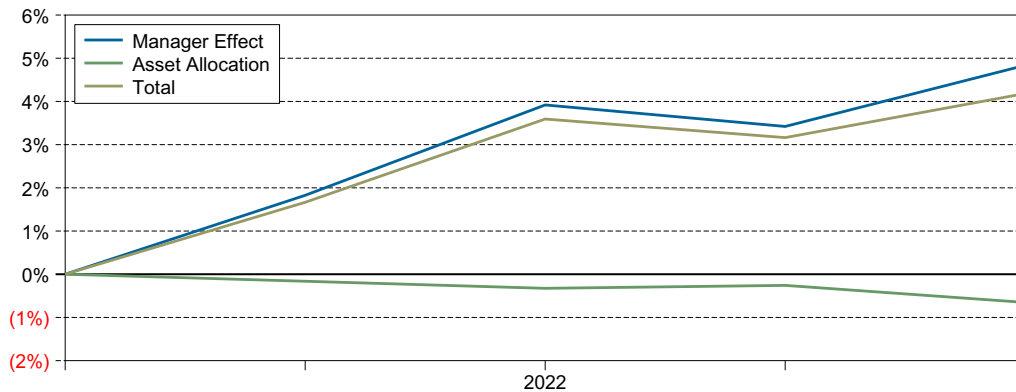
## Cumulative Total Fund Relative Attribution - December 31, 2022

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

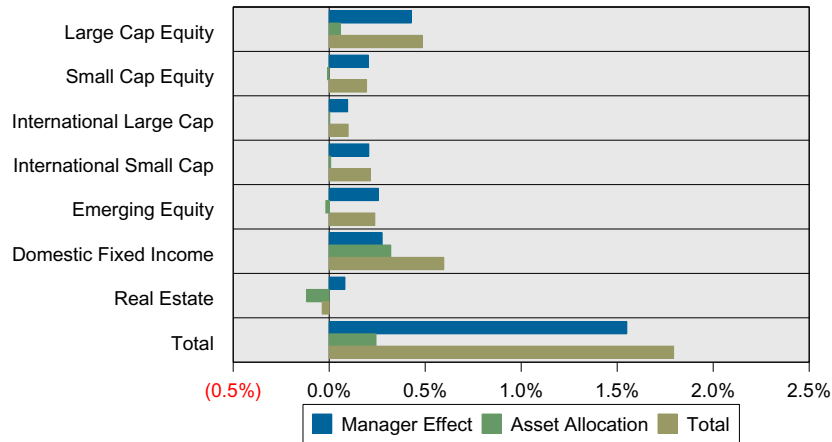
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	(10.58%)	(18.11%)	2.51%	(0.15%)	2.36%
Small Cap Equity	8%	8%	(11.15%)	(20.44%)	0.77%	(0.06%)	0.71%
International Large Cap	13%	14%	(9.11%)	(14.45%)	0.73%	(0.05%)	0.67%
International Small Cap	5%	5%	(10.89%)	(21.39%)	0.55%	(0.03%)	0.52%
Emerging Equity	6%	6%	(16.06%)	(20.09%)	0.25%	(0.04%)	0.20%
Domestic Fixed Income	24%	25%	(13.48%)	(13.01%)	(0.12%)	(0.09%)	(0.21%)
Real Estate	10%	10%	7.97%	7.47%	0.08%	(0.23%)	(0.15%)
<b>Total</b>			<b>(9.84%)</b>	<b>(14.03%)</b>	<b>+ 4.84%</b>	<b>+ (0.65%)</b>	<b>4.18%</b>

\* 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.

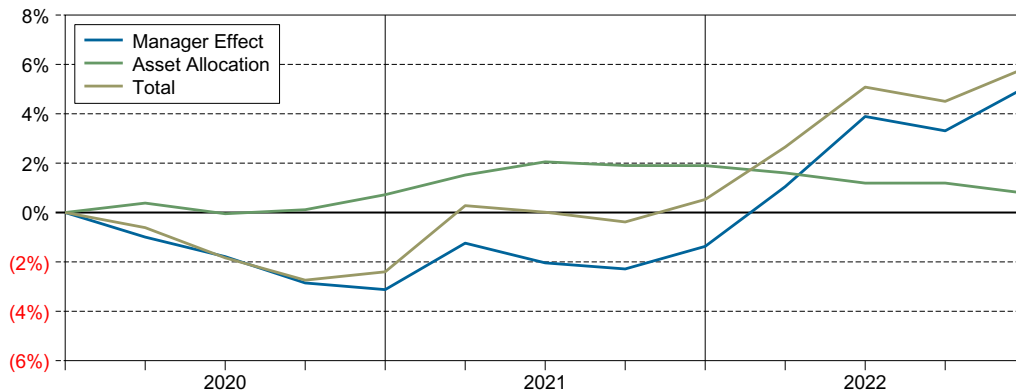
## Cumulative Total Fund Relative Attribution - December 31, 2022

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%	8.93%	7.66%	0.43%	0.06%	0.49%
Small Cap Equity	9%	8%	6.28%	3.10%	0.20%	(0.01%)	0.19%
International Large Cap	14%	14%	1.66%	0.87%	0.10%	0.00%	0.10%
International Small Cap	5%	5%	2.79%	(0.93%)	0.21%	0.01%	0.21%
Emerging Equity	6%	6%	0.67%	(2.69%)	0.26%	(0.02%)	0.24%
Domestic Fixed Income	27%	30%	(1.83%)	(2.71%)	0.28%	0.32%	0.60%
Real Estate	5%	5%	-	-	0.08%	(0.12%)	(0.04%)
<b>Total</b>			<b>5.14%</b>	<b>3.35%</b>	<b>+ 1.55%</b>	<b>+ 0.24%</b>	<b>1.79%</b>

\* 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.

# Total Fund

## Period Ended December 31, 2022

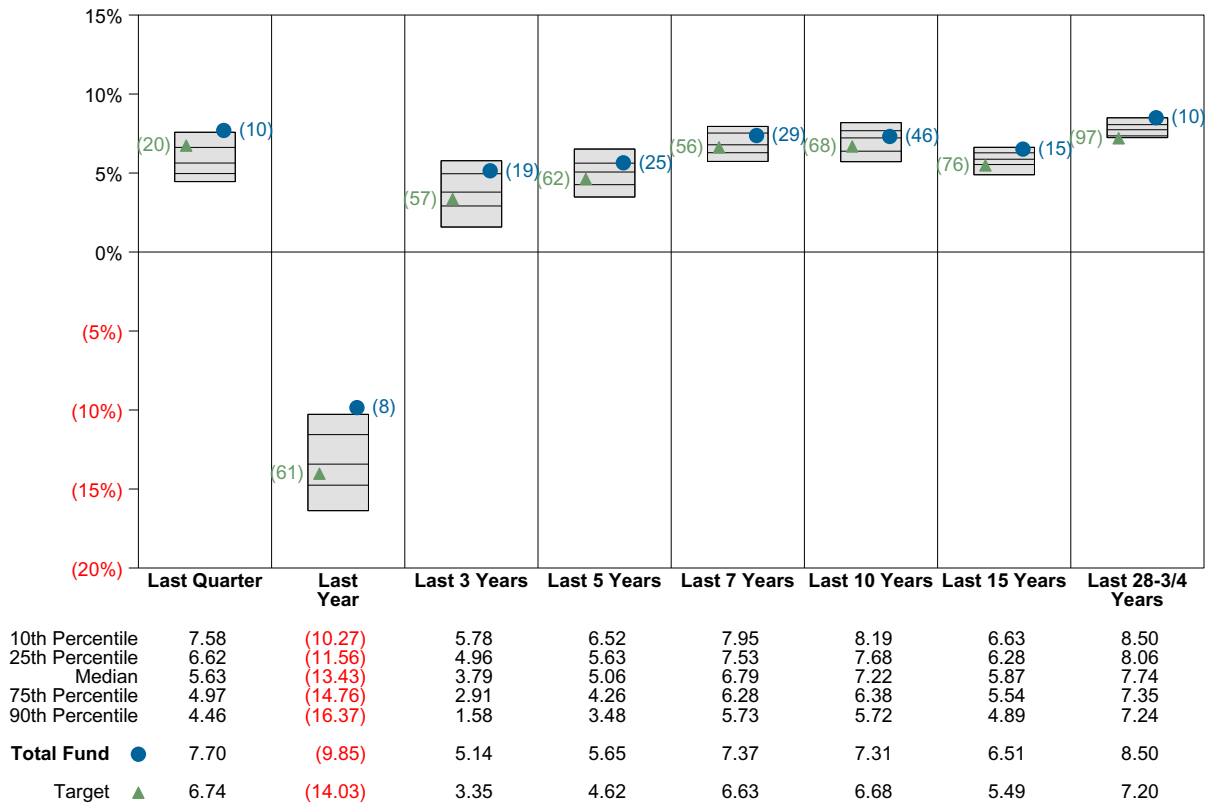
### Investment Philosophy

\* 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.

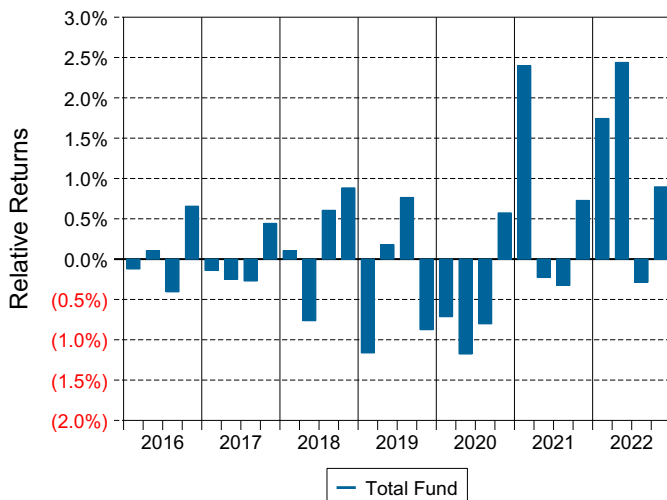
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 7.70% return for the quarter placing it in the 10 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 8 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.96% for the quarter and outperformed the Target for the year by 4.18%.

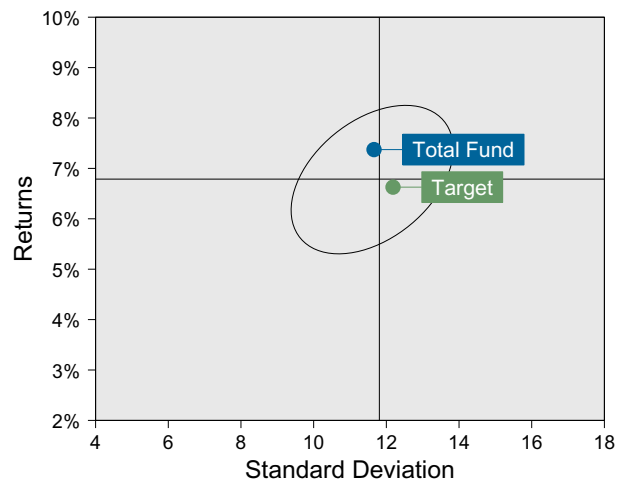
### Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



Relative Return vs Target



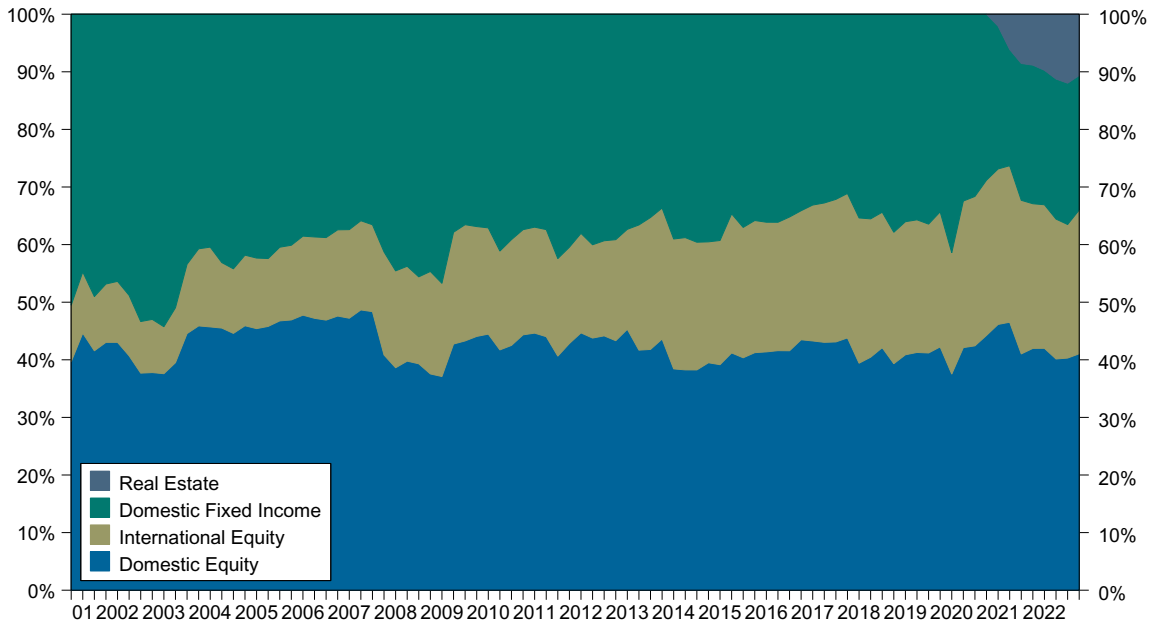
Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



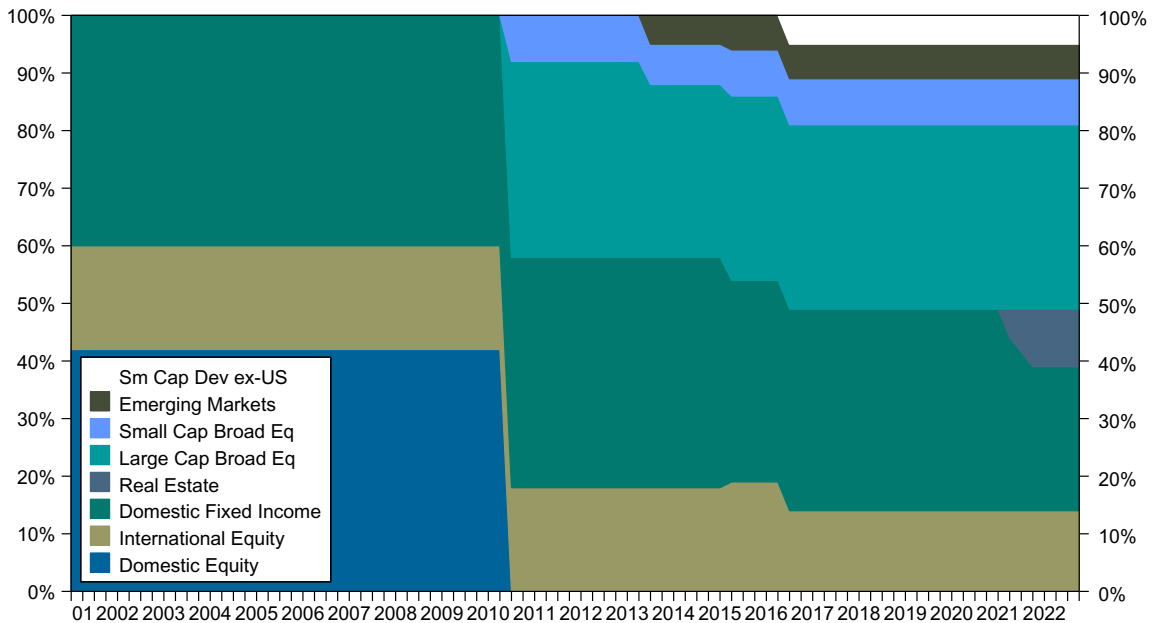
## Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

### Actual Historical Asset Allocation



### Target Historical Asset Allocation



\* Current Quarter Target = 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.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2022, with the distribution as of September 30, 2022. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	December 31, 2022		Net New Inv.	Inv. Return	September 30, 2022	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equity</b>	<b>\$144,196,067</b>	<b>41.05%</b>	<b>\$(985,813)</b>	<b>\$13,283,274</b>	<b>\$131,898,606</b>	<b>40.30%</b>
<b>Large Cap</b>	<b>\$114,290,762</b>	<b>32.53%</b>	<b>\$(805,855)</b>	<b>\$10,579,080</b>	<b>\$104,517,536</b>	<b>31.93%</b>
Boston Partners	61,097,921	17.39%	(805,855)	6,838,439	55,065,337	16.82%
SSgA S&P 500	53,192,841	15.14%	0	3,740,642	49,452,199	15.11%
<b>Small Cap</b>	<b>\$29,905,305</b>	<b>8.51%</b>	<b>\$(179,958)</b>	<b>\$2,704,193</b>	<b>\$27,381,070</b>	<b>8.37%</b>
Atlanta Capital	29,905,305	8.51%	(179,958)	2,704,193	27,381,070	8.37%
<b>International Equity</b>	<b>\$87,690,891</b>	<b>24.96%</b>	<b>\$0</b>	<b>\$11,805,825</b>	<b>\$75,885,066</b>	<b>23.19%</b>
<b>International Large Cap</b>	<b>\$48,905,741</b>	<b>13.92%</b>	<b>\$0</b>	<b>\$6,800,779</b>	<b>\$42,104,962</b>	<b>12.86%</b>
SSgA EAFE	15,937,524	4.54%	0	2,356,574	13,580,950	4.15%
Pyrford	32,968,217	9.38%	0	4,444,205	28,524,012	8.71%
<b>International Small Cap</b>	<b>\$18,296,838</b>	<b>5.21%</b>	<b>\$0</b>	<b>\$3,054,047</b>	<b>\$15,242,790</b>	<b>4.66%</b>
AQR	18,296,838	5.21%	0	3,054,047	15,242,790	4.66%
<b>Emerging Equity</b>	<b>\$20,488,312</b>	<b>5.83%</b>	<b>\$0</b>	<b>\$1,950,999</b>	<b>\$18,537,313</b>	<b>5.66%</b>
DFA Emerging Markets	20,488,312	5.83%	0	1,950,999	18,537,313	5.66%
<b>Fixed Income</b>	<b>\$82,027,710</b>	<b>23.35%</b>	<b>\$0</b>	<b>\$1,698,747</b>	<b>\$80,328,963</b>	<b>24.54%</b>
Metropolitan West	82,027,710	23.35%	0	1,698,747	80,328,963	24.54%
<b>Real Estate</b>	<b>\$37,393,444</b>	<b>10.64%</b>	<b>\$0</b>	<b>\$(1,794,763)</b>	<b>\$39,188,208</b>	<b>11.97%</b>
Clarion Lion Fund	19,436,528	5.53%	0	(1,106,458)	20,542,986	6.28%
Morgan Stanley	17,956,916	5.11%	0	(688,305)	18,645,222	5.70%
<b>Total Fund</b>	<b>\$351,308,111</b>	<b>100.0%</b>	<b>\$(985,813)</b>	<b>\$24,993,082</b>	<b>\$327,300,842</b>	<b>100.0%</b>

## Sacramento Regional Transit District Asset Growth

Ending December 31, 2022 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
<b>Total Plan</b>							
1/4 Year Ended 12/2022	351,308.1		327,300.8		(985.8)		24,993.1
1/4 Year Ended 9/2022	327,300.8		347,657.9		(997.6)		(19,359.4)
1/4 Year Ended 6/2022	347,657.9		382,375.5		(994.6)		(33,723.0)
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)



## Investment Manager Returns

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

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>10.14%</b>	<b>(10.71%)</b>	<b>8.39%</b>	<b>9.17%</b>	<b>11.39%</b>
Domestic Equity Benchmark**	7.31%	(18.54%)	6.86%	8.44%	10.84%
<b>Large Cap Equity</b>	<b>10.16%</b>	<b>(10.60%)</b>	<b>8.92%</b>	<b>9.11%</b>	<b>11.36%</b>
Boston Partners	12.48%	(3.17%)	9.54%	8.36%	10.89%
Russell 1000 Value Index	12.42%	(7.54%)	5.96%	6.67%	9.12%
SSgA S&P 500	7.58%	(18.10%)	7.65%	9.42%	11.49%
S&P 500 Index	7.56%	(18.11%)	7.66%	9.42%	11.48%
<b>Small Cap Equity</b>	<b>10.06%</b>	<b>(11.15%)</b>	<b>6.28%</b>	<b>9.25%</b>	<b>11.43%</b>
Atlanta Capital	10.06%	(11.15%)	6.28%	9.25%	11.43%
Russell 2000 Index	6.23%	(20.44%)	3.10%	4.13%	7.90%
<b>International Equity</b>	<b>15.59%</b>	<b>(11.20%)</b>	<b>1.76%</b>	<b>1.85%</b>	<b>5.36%</b>
International Benchmark***	15.24%	(17.10%)	(0.19%)	0.63%	4.71%
<b>International Large Cap</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>1.66%</b>	<b>2.67%</b>	<b>5.11%</b>
SSgA EAFE	17.38%	(14.08%)	1.23%	1.91%	4.90%
Pyrford	15.58%	(6.49%)	1.75%	2.93%	-
MSCI EAFE Index	17.34%	(14.45%)	0.87%	1.54%	4.53%
<b>International Small Cap</b>	<b>20.04%</b>	<b>(10.89%)</b>	<b>2.79%</b>	<b>1.14%</b>	<b>-</b>
AQR	20.04%	(10.89%)	2.79%	1.14%	-
MSCI EAFE Small Cap Index	15.79%	(21.39%)	(0.93%)	(0.05%)	4.45%
<b>Emerging Markets Equity</b>	<b>10.63%</b>	<b>(16.06%)</b>	<b>0.67%</b>	<b>0.28%</b>	<b>6.69%</b>
DFA Emerging Markets	10.63%	(16.06%)	0.67%	0.28%	6.69%
MSCI Emerging Markets Index	9.70%	(20.09%)	(2.69%)	(1.39%)	5.17%
<b>Domestic Fixed Income</b>	<b>2.11%</b>	<b>(13.48%)</b>	<b>(1.83%)</b>	<b>0.84%</b>	<b>1.56%</b>
Met West	2.11%	(13.48%)	(1.83%)	0.84%	1.56%
Bloomberg Aggregate Index	1.87%	(13.01%)	(2.71%)	0.02%	0.89%
<b>Real Estate</b>	<b>(4.44%)</b>	<b>7.97%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Clarion Lion Fund	(5.12%)	9.71%	-	-	-
Morgan Stanley	(3.69%)	6.13%	-	-	-
NCREIF NFI-ODCE Val Wt Gr	(4.97%)	7.47%	9.93%	8.71%	8.56%
<b>Total Plan</b>	<b>7.70%</b>	<b>(9.85%)</b>	<b>5.14%</b>	<b>5.65%</b>	<b>7.37%</b>
Target*	6.74%	(14.03%)	3.35%	4.62%	6.63%

\* 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.

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

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

## Investment Manager Returns

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

	Last 10 Years	Last 15 Years	Last 20 Years	Last 28-3/4 Years
<b>Domestic Equity</b>	<b>12.41%</b>	<b>9.40%</b>	<b>10.49%</b>	-
Domestic Equity Benchmark**	11.93%	8.56%	9.81%	9.85%
Russell 1000 Value Index	10.29%	6.96%	8.83%	9.42%
S&P 500 Index	12.56%	8.81%	9.80%	9.87%
Russell 2000 Index	9.01%	7.16%	9.36%	8.46%
<b>International Equity</b>	<b>4.49%</b>	<b>2.04%</b>	<b>7.21%</b>	-
MSCI EAFE Index	4.67%	1.81%	6.43%	4.71%
<b>Domestic Fixed Income</b>	<b>1.66%</b>	<b>3.96%</b>	<b>4.53%</b>	-
Met West	1.66%	3.96%	4.53%	-
Bloomberg Aggregate Index	1.06%	2.66%	3.10%	4.52%
<b>Total Plan</b>	<b>7.31%</b>	<b>6.51%</b>	<b>7.80%</b>	<b>8.50%</b>
Target*	6.68%	5.49%	6.93%	7.20%

\* 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.

\*\* 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.

	2022	2021	2020	2019	2018
<b>Domestic Equity</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>	<b>27.71%</b>	<b>(4.64%)</b>
Domestic Equity Benchmark**	(18.54%)	25.93%	18.94%	30.32%	(5.69%)
<b>Large Cap Equity</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>	<b>27.77%</b>	<b>(6.33%)</b>
Boston Partners	(3.17%)	31.78%	2.99%	23.91%	(8.27%)
Russell 1000 Value Index	(7.54%)	25.16%	2.80%	26.54%	(8.27%)
SSgA S&P 500	(18.10%)	28.70%	18.36%	31.50%	(4.39%)
S&P 500 Index	(18.11%)	28.71%	18.40%	31.49%	(4.38%)
<b>Small Cap Equity</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>	<b>27.38%</b>	<b>1.78%</b>
Atlanta Capital	(11.15%)	21.00%	11.67%	27.38%	1.78%
Russell 2000 Index	(20.44%)	14.82%	19.96%	25.52%	(11.01%)
<b>International Equity</b>	<b>(11.20%)</b>	<b>9.37%</b>	<b>8.48%</b>	<b>20.83%</b>	<b>(13.93%)</b>
International Benchmark***	(17.10%)	7.67%	11.39%	21.78%	(14.76%)
<b>International Large Cap</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>	<b>22.34%</b>	<b>(11.25%)</b>
SSgA EAFE	(14.08%)	11.52%	8.27%	22.49%	(13.49%)
Pyrford	(6.49%)	8.22%	4.09%	22.30%	(10.31%)
MSCI EAFE Index	(14.45%)	11.26%	7.82%	22.01%	(13.79%)
<b>International Small Cap</b>	<b>(10.89%)</b>	<b>13.52%</b>	<b>7.35%</b>	<b>21.73%</b>	<b>(19.94%)</b>
AQR	(10.89%)	13.52%	7.35%	21.73%	(19.94%)
MSCI EAFE Small Cap Index	(21.39%)	10.10%	12.34%	24.96%	(17.89%)
<b>Emerging Markets Equity</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>	<b>16.64%</b>	<b>(14.80%)</b>
DFA Emerging Markets	(16.06%)	6.25%	14.40%	16.64%	(14.80%)
MSCI Emerging Markets Index	(20.09%)	(2.54%)	18.31%	18.44%	(14.57%)
<b>Domestic Fixed Income</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>	<b>9.41%</b>	<b>0.75%</b>
Met West	(13.48%)	(0.46%)	9.85%	9.41%	0.75%
Bloomberg Aggregate Index	(13.01%)	(1.54%)	7.51%	8.72%	0.01%
<b>Real Estate</b>	<b>7.97%</b>	-	-	-	-
Clarion Lion Fund	9.71%	-	-	-	-
Morgan Stanley	6.13%	-	-	-	-
NCREIF NFI-ODCE Val Wt Gr	7.47%	22.17%	1.19%	5.34%	8.50%
<b>Total Plan</b>	<b>(9.85%)</b>	<b>15.71%</b>	<b>11.42%</b>	<b>19.25%</b>	<b>(5.05%)</b>
Target*	(14.03%)	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. 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
<b>Domestic Equity</b>	<b>(10.71%)</b>	<b>14.58%</b>	<b>0.06%</b>	<b>10.85%</b>	<b>36.44%</b>
Domestic Equity Benchmark**	(18.54%)	13.85%	0.26%	12.07%	33.61%
Boston Partners	(3.17%)	14.71%	(3.75%)	11.87%	37.52%
Russell 1000 Value Index	(7.54%)	17.34%	(3.83%)	13.45%	32.53%
S&P 500 Index	(18.11%)	11.96%	1.38%	13.69%	32.39%
Russell 2000 Index	(20.44%)	21.31%	(4.41%)	4.89%	38.82%
<b>International Equity</b>	<b>(11.20%)</b>	<b>2.55%</b>	<b>(4.17%)</b>	<b>(3.72%)</b>	<b>16.66%</b>
MSCI EAFE Index	(14.45%)	1.00%	(0.81%)	(4.90%)	22.78%
<b>Domestic Fixed Income</b>	<b>(13.48%)</b>	<b>2.87%</b>	<b>0.51%</b>	<b>6.37%</b>	<b>(1.03%)</b>
Met West	(13.48%)	2.87%	0.51%	6.37%	(1.03%)
Bloomberg Aggregate Index	(13.01%)	2.65%	0.55%	5.97%	(2.02%)
<b>Total Plan</b>	<b>(9.85%)</b>	<b>7.65%</b>	<b>(0.97%)</b>	<b>5.61%</b>	<b>17.71%</b>
Target*	(14.03%)	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.

Returns are for annualized calendar years.

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

## Investment Manager Returns

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

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Net of Fee Returns</b>					
<b>Domestic Equity</b>	<b>10.03%</b>	<b>(11.07%)</b>	<b>7.99%</b>	<b>8.78%</b>	<b>10.99%</b>
Domestic Equity Benchmark**	7.31%	(18.54%)	6.86%	8.44%	10.84%
<b>Large Cap Equity</b>	<b>10.08%</b>	<b>(10.87%)</b>	<b>8.63%</b>	<b>8.83%</b>	<b>11.07%</b>
Boston Partners	12.33%	(3.68%)	9.01%	7.82%	10.34%
Russell 1000 Value Index	12.42%	(7.54%)	5.96%	6.67%	9.12%
SSgA S&P 500	7.56%	(18.14%)	7.60%	9.37%	11.44%
S&P 500 Index	7.56%	(18.11%)	7.66%	9.42%	11.48%
<b>Small Cap Equity</b>	<b>9.84%</b>	<b>(11.86%)</b>	<b>5.50%</b>	<b>8.44%</b>	<b>10.59%</b>
Atlanta Capital	9.84%	(11.86%)	5.50%	8.44%	10.59%
Russell 2000 Index	6.23%	(20.44%)	3.10%	4.13%	7.90%
<b>International Equity</b>	<b>15.51%</b>	<b>(11.63%)</b>	<b>1.20%</b>	<b>1.27%</b>	<b>4.78%</b>
International Equity Benchmark***	15.24%	(17.10%)	(0.19%)	0.63%	4.71%
<b>International Large Cap</b>	<b>16.15%</b>	<b>(9.45%)</b>	<b>1.20%</b>	<b>2.19%</b>	<b>4.61%</b>
SSgA EAFE	17.35%	(14.17%)	1.13%	1.81%	4.80%
Pyrford	15.58%	(6.97%)	1.11%	2.27%	-
MSCI EAFE Index	17.34%	(14.45%)	0.87%	1.54%	4.53%
<b>International Small Cap</b>	<b>19.79%</b>	<b>(11.65%)</b>	<b>1.92%</b>	<b>0.27%</b>	<b>-</b>
AQR	19.79%	(11.65%)	1.92%	0.27%	-
MSCI EAFE Small Cap Index	15.79%	(21.39%)	(0.93%)	(0.05%)	4.45%
<b>Emerging Markets Equity</b>	<b>10.52%</b>	<b>(16.39%)</b>	<b>0.25%</b>	<b>(0.19%)</b>	<b>6.16%</b>
DFA Emerging Markets	10.52%	(16.39%)	0.25%	(0.19%)	6.16%
MSCI Emerging Markets Index	9.70%	(20.09%)	(2.69%)	(1.39%)	5.17%
<b>Domestic Fixed Income</b>	<b>2.04%</b>	<b>(13.72%)</b>	<b>(2.10%)</b>	<b>0.57%</b>	<b>1.28%</b>
Met West	2.04%	(13.72%)	(2.10%)	0.57%	1.28%
Bloomberg Aggregate Index	1.87%	(13.01%)	(2.71%)	0.02%	0.89%
Real Estate	(4.68%)	6.65%	-	-	-
Clarion Lion Fund	(5.39%)	8.51%	-	-	-
Morgan Stanley	(3.90%)	4.69%	-	-	-
NCREIF NFI-ODCE Val Wt Gr	(4.97%)	7.47%	9.93%	8.71%	8.56%
<b>Total Plan</b>	<b>7.59%</b>	<b>(10.28%)</b>	<b>4.70%</b>	<b>5.22%</b>	<b>6.95%</b>
Target*	6.74%	(14.03%)	3.35%	4.62%	6.63%

\* 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.

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

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



# Domestic Equity

## Period Ended December 31, 2022

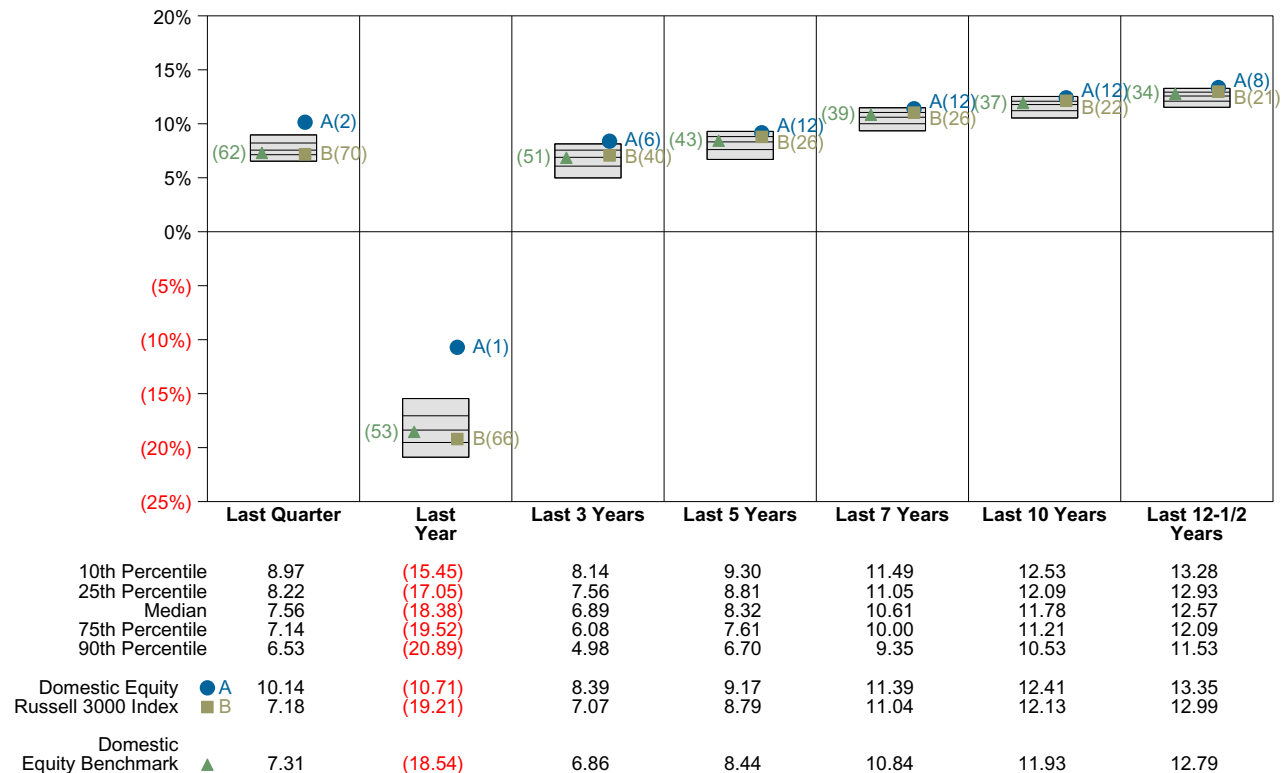
### Investment Philosophy

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.

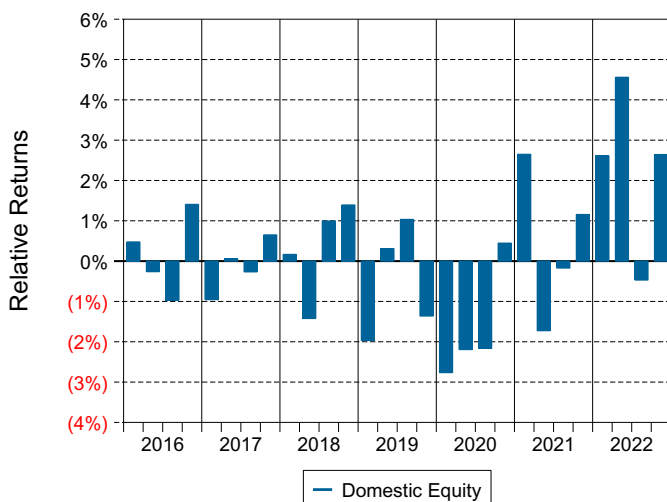
### Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 10.14% return for the quarter placing it in the 2 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 1 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 2.84% for the quarter and outperformed the Domestic Equity Benchmark for the year by 7.83%.

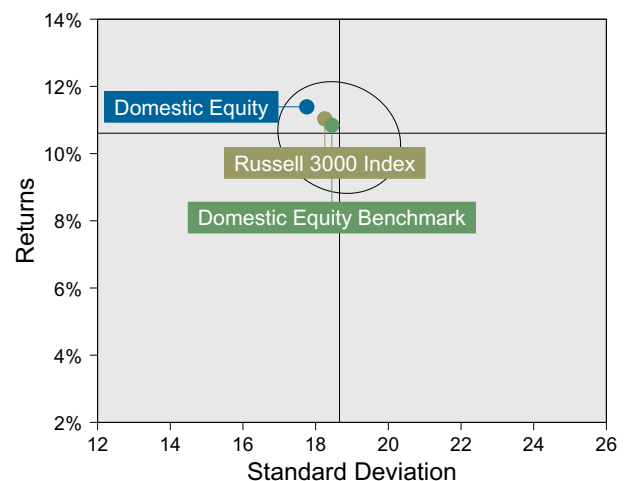
### Performance vs Fund Sponsor - Domestic Equity (Gross)



### Relative Returns vs Domestic Equity Benchmark



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

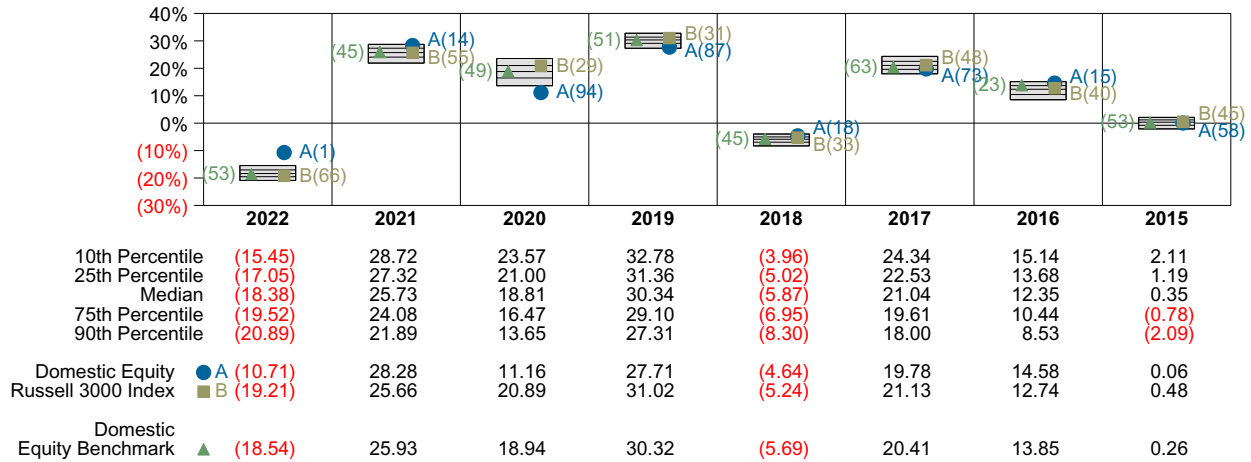


# Domestic Equity Return Analysis Summary

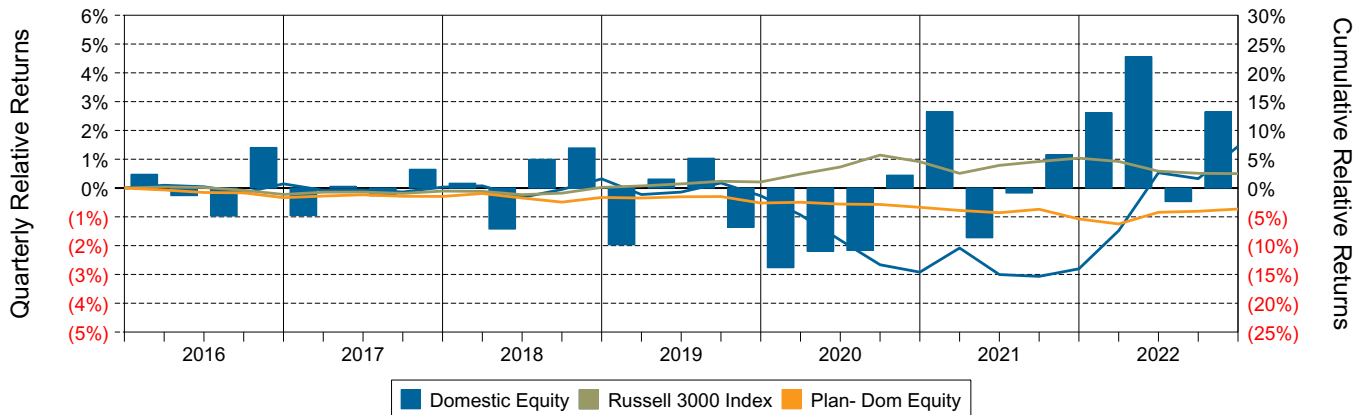
## Return Analysis

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

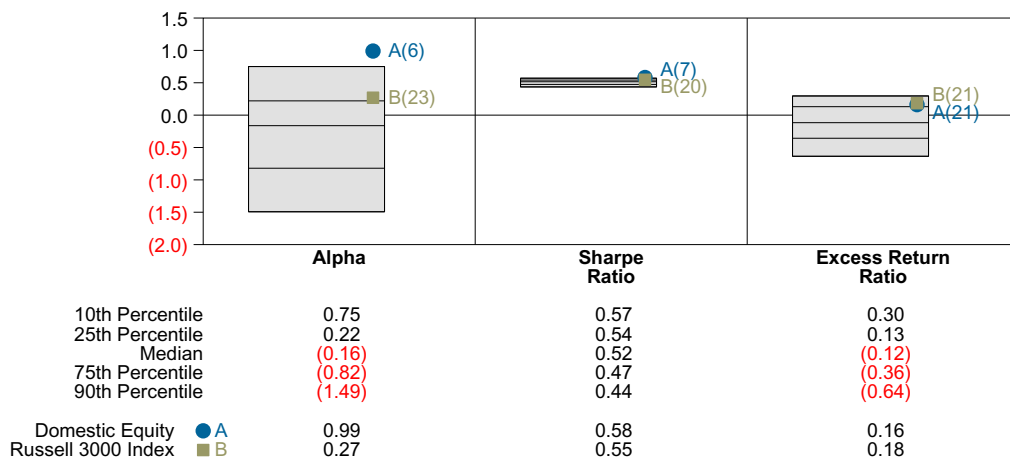
### Performance vs Fund Sponsor - Domestic Equity (Gross)



### Cumulative and Quarterly Relative Returns vs Domestic Equity Benchmark



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

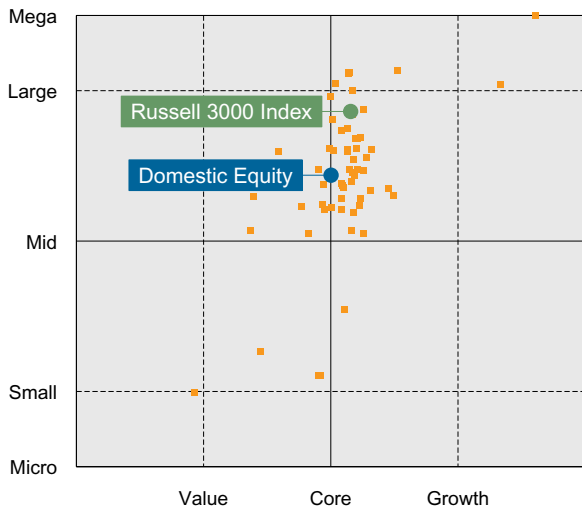




# Current Holdings Based Style Analysis Domestic Equity As of December 31, 2022

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.

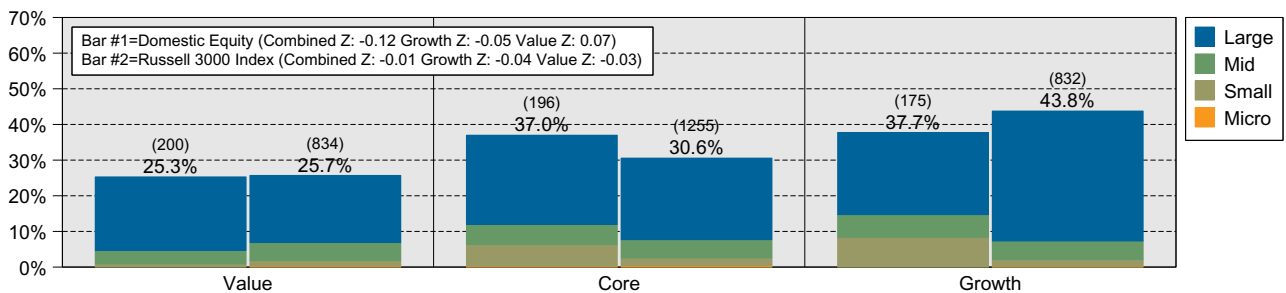
**Style Map vs Plan- Dom Equity Holdings as of December 31, 2022**



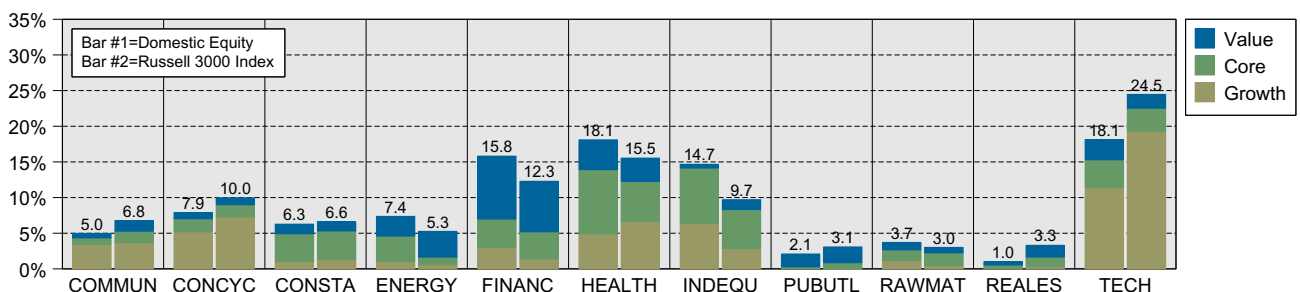
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Large	20.5% (89)	25.0% (97)	23.0% (95)	68.5% (281)
	18.8% (91)	22.9% (95)	36.4% (106)	78.1% (292)
Mid	3.9% (104)	5.7% (80)	6.4% (56)	15.9% (240)
	5.1% (173)	5.1% (213)	5.2% (198)	15.4% (584)
Small	0.9% (7)	6.1% (18)	8.3% (24)	15.3% (49)
	1.6% (313)	2.3% (490)	2.0% (366)	5.8% (1169)
Micro	0.0% (0)	0.2% (1)	0.0% (0)	0.2% (1)
	0.2% (257)	0.3% (457)	0.1% (162)	0.7% (876)
Total	25.3% (200)	37.0% (196)	37.7% (175)	100.0% (571)
	25.7% (834)	30.6% (1255)	43.8% (832)	100.0% (2921)

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



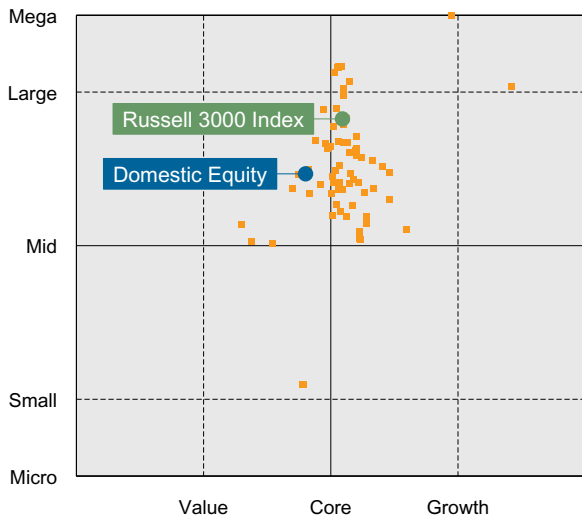
**Sector Weights Distribution Holdings as of December 31, 2022**



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

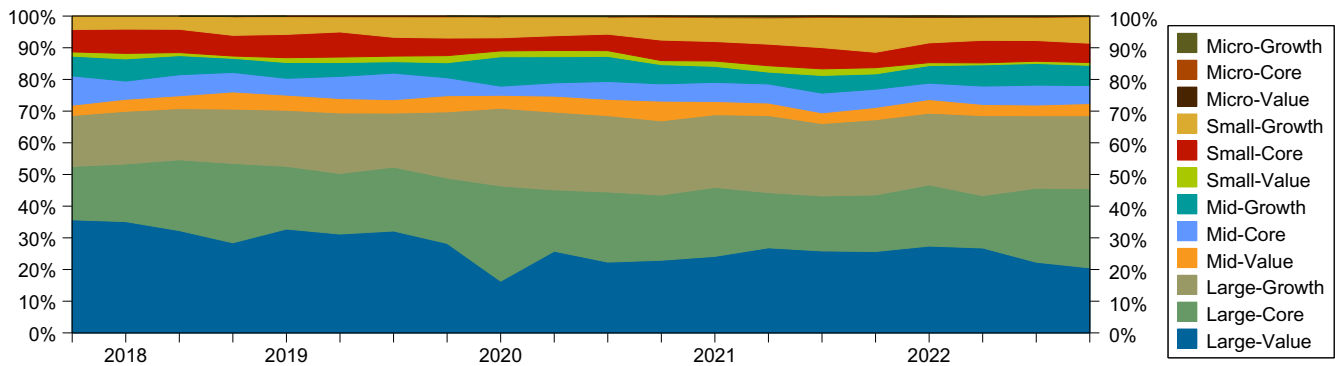
**Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended December 31, 2022**



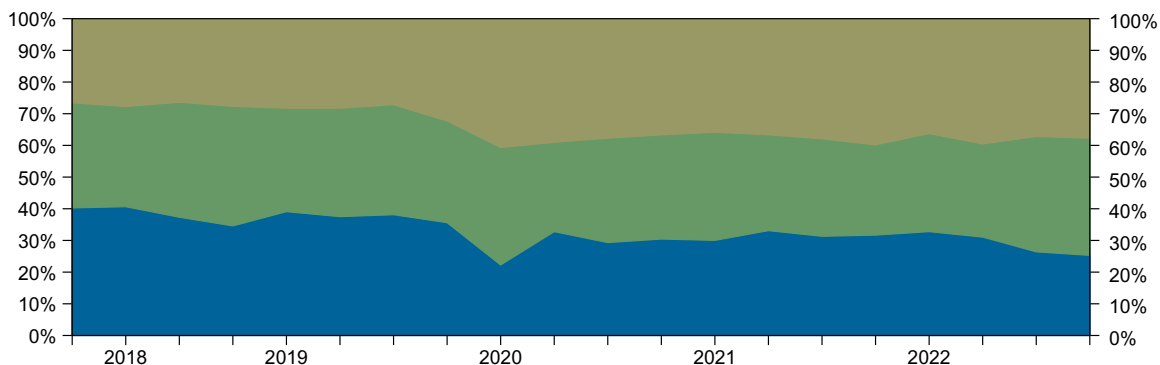
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

	27.1% (99)	20.6% (97)	21.3% (87)	<b>69.0% (283)</b>
Large	21.6% (100)	20.8% (97)	34.6% (101)	<b>77.0% (298)</b>
Mid	4.3% (100)	6.0% (84)	5.9% (59)	<b>16.1% (243)</b>
	4.7% (169)	5.4% (207)	5.8% (221)	<b>16.0% (597)</b>
Small	1.5% (10)	6.3% (22)	6.7% (21)	<b>14.5% (53)</b>
	1.7% (312)	2.5% (496)	2.1% (386)	<b>6.3% (1194)</b>
Micro	0.0% (0)	0.1% (1)	0.1% (0)	<b>0.3% (1)</b>
	0.3% (309)	0.3% (406)	0.2% (180)	<b>0.8% (895)</b>
<b>Total</b>	<b>33.0% (209)</b>	<b>33.1% (204)</b>	<b>34.0% (167)</b>	<b>100.0% (580)</b>
	<b>28.3% (890)</b>	<b>29.0% (1206)</b>	<b>42.7% (888)</b>	<b>100.0% (2984)</b>
	Value	Core	Growth	<b>Total</b>

## Domestic Equity Historical Cap/Style Exposures



## Domestic Equity Historical Style Only Exposures

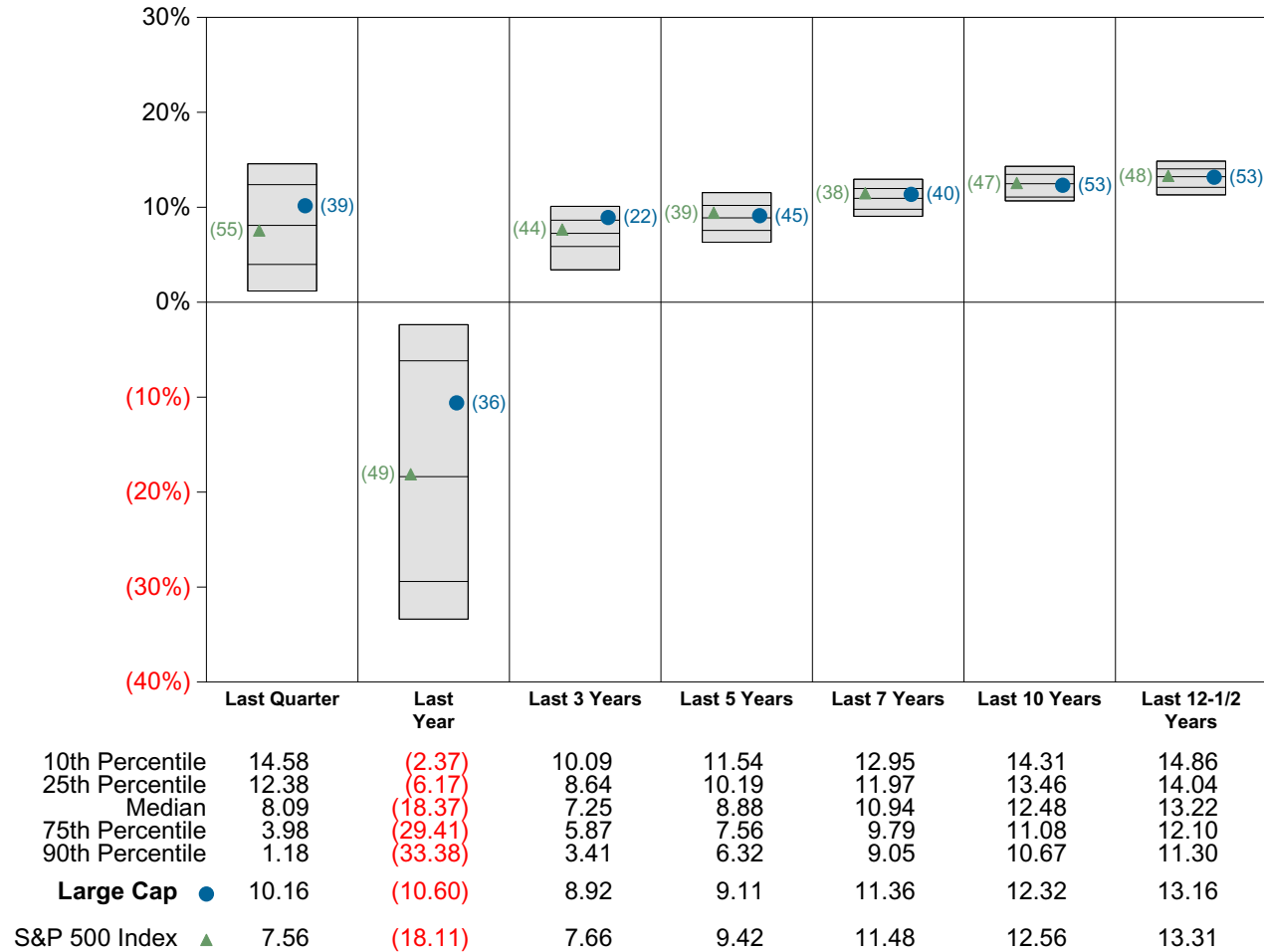


# Large Cap Period Ended December 31, 2022

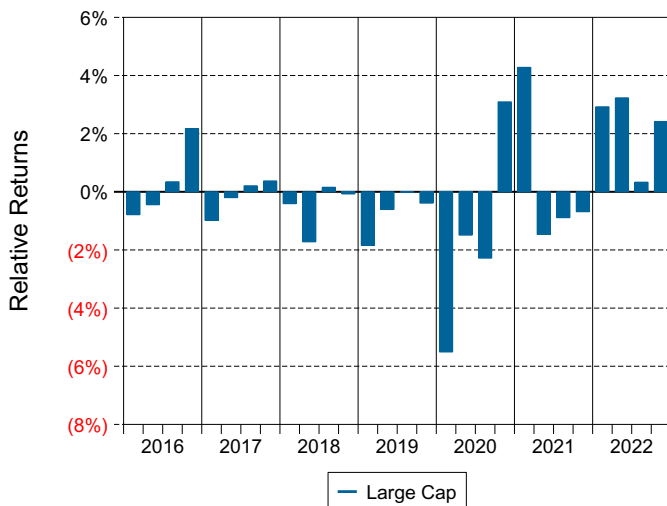
## Quarterly Summary and Highlights

- Large Cap's portfolio posted a 10.16% return for the quarter placing it in the 39 percentile of the Callan Large Capitalization group for the quarter and in the 36 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 2.60% for the quarter and outperformed the S&P 500 Index for the year by 7.51%.

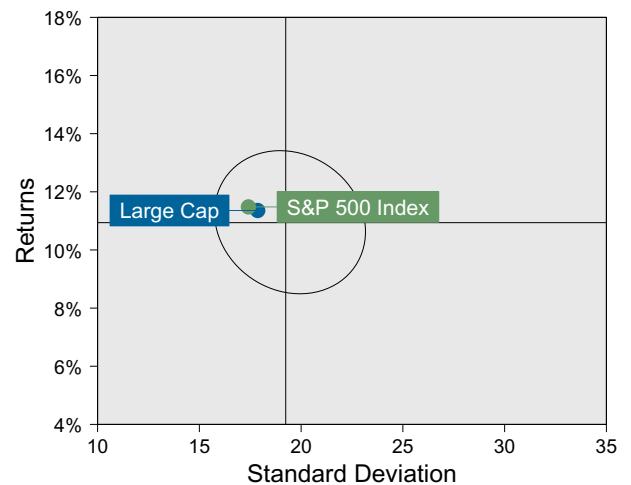
## Performance vs Callan Large Capitalization (Gross)



Relative Return vs S&P 500 Index



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

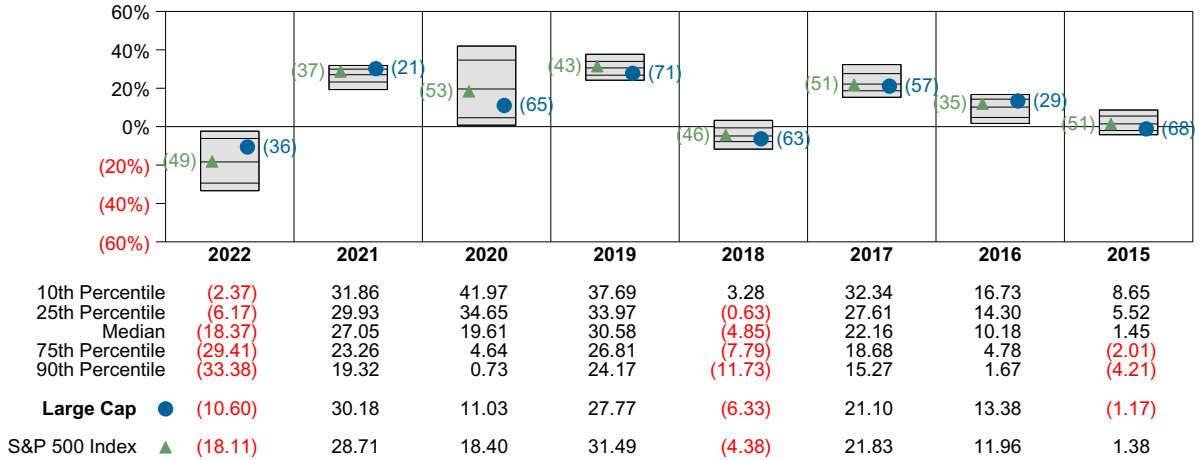


# Large Cap Return Analysis Summary

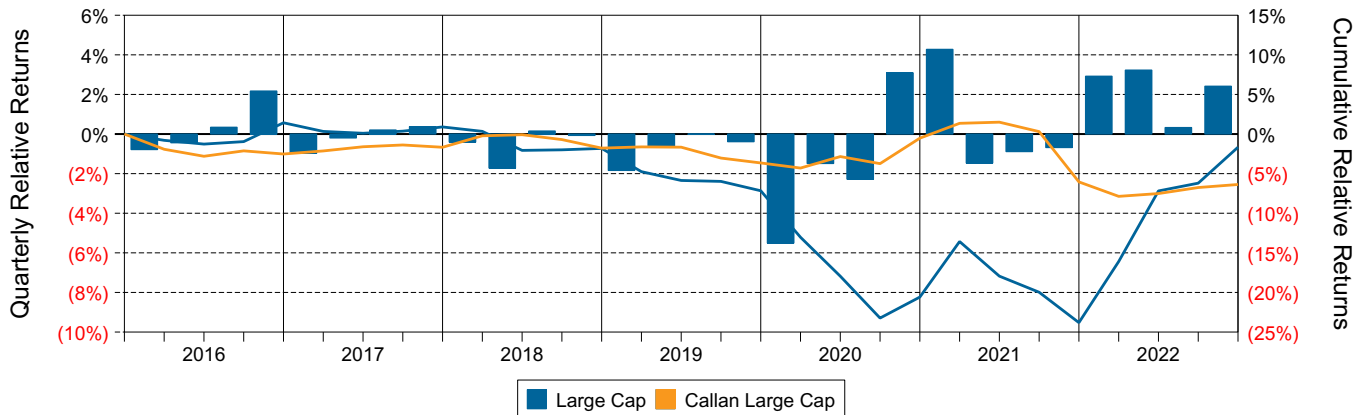
## Return Analysis

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.

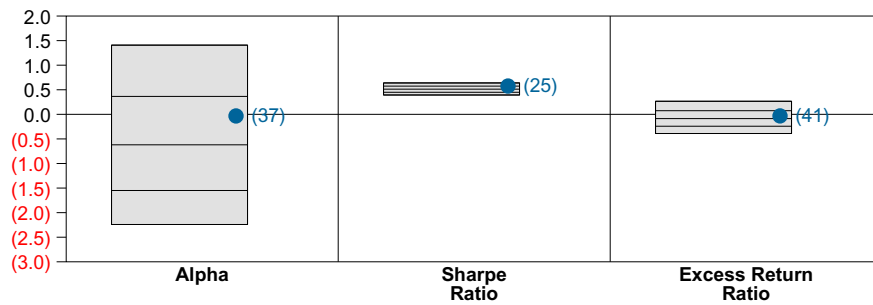
### Performance vs Callan Large Capitalization (Gross)



### 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 December 31, 2022



10th Percentile	1.41	0.64	0.27
25th Percentile	0.36	0.57	0.07
Median	(0.62)	0.51	(0.09)
75th Percentile	(1.55)	0.45	(0.24)
90th Percentile	(2.24)	0.39	(0.39)
<b>Large Cap</b>	<b>(0.03)</b>	<b>0.58</b>	<b>(0.03)</b>

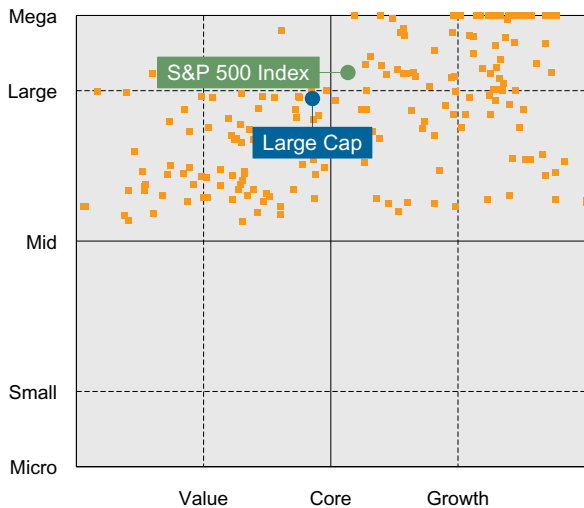
# Current Holdings Based Style Analysis

## Large Cap

### As of December 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.

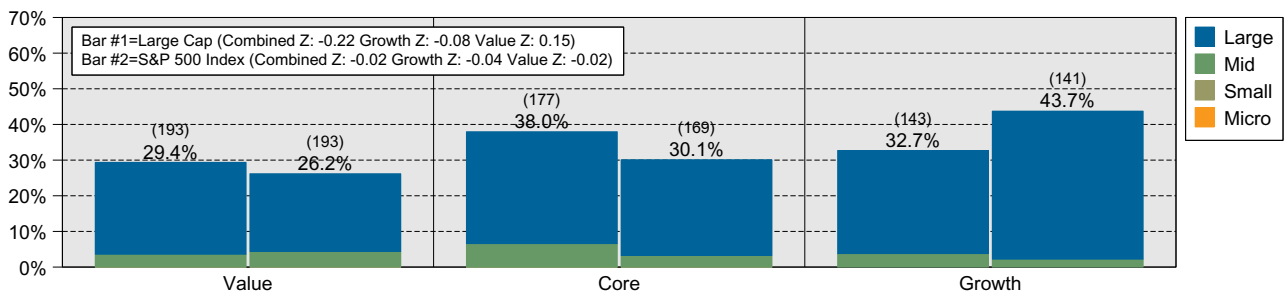
**Style Map vs Callan Large Cap Holdings as of December 31, 2022**



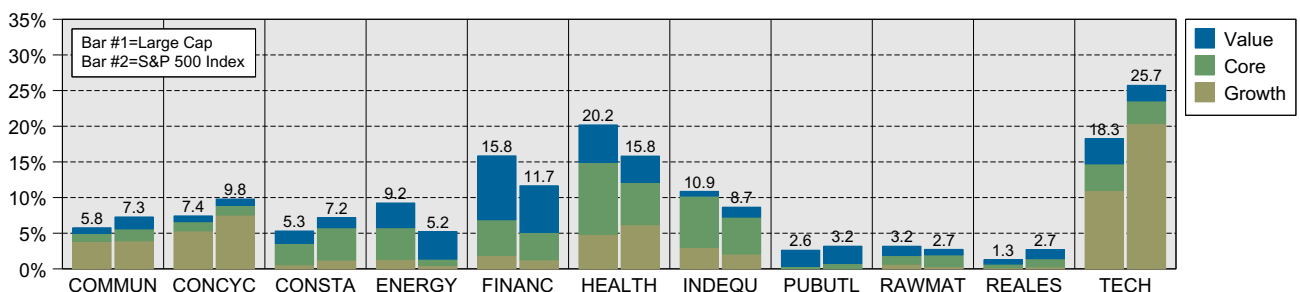
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Large	25.8% (89)	31.4% (97)	28.9% (95)	86.0% (281)
	21.7% (89)	26.8% (94)	41.5% (95)	90.0% (278)
Mid	3.6% (101)	6.6% (79)	3.8% (48)	14.0% (228)
	4.4% (101)	3.3% (74)	2.2% (46)	9.9% (221)
Small	0.0% (3)	0.0% (1)	0.0% (0)	0.0% (4)
	0.0% (3)	0.0% (1)	0.0% (0)	0.0% (4)
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	29.4% (193)	38.0% (177)	32.7% (143)	100.0% (513)
	26.2% (193)	30.1% (169)	43.7% (141)	100.0% (503)

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



**Sector Weights Distribution Holdings as of December 31, 2022**



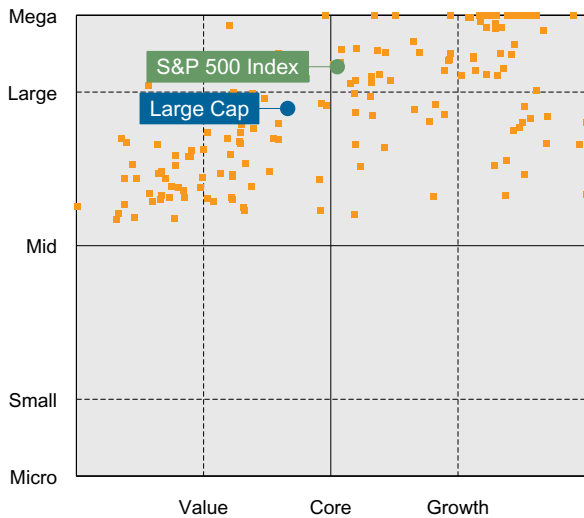
# Historical Holdings Based Style Analysis

## Large Cap

### For Five Years Ended December 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.

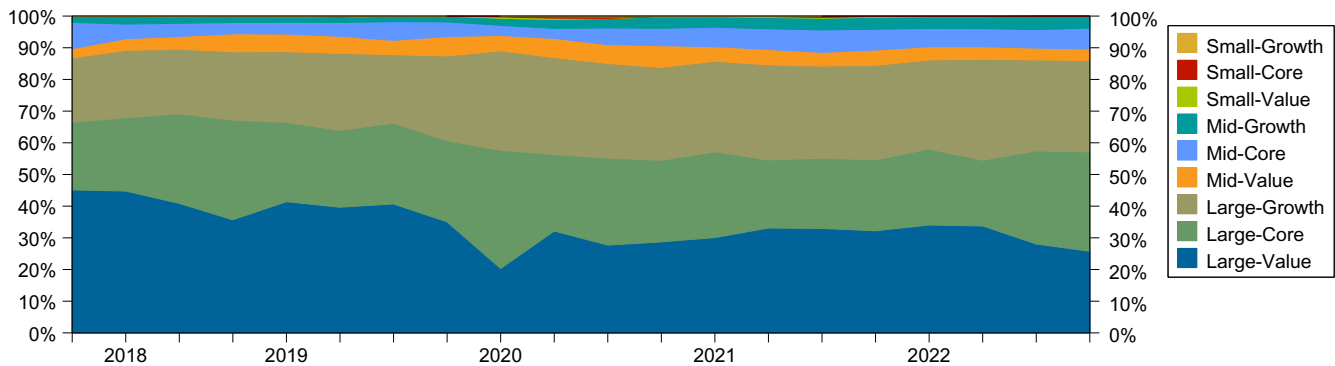
**Average Style Map vs Callan Large Cap Holdings for Five Years Ended December 31, 2022**



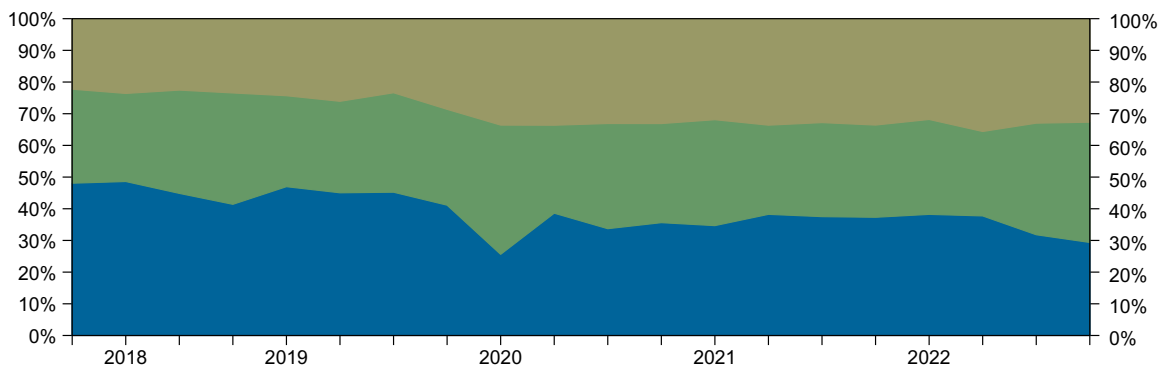
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

Large	34.1% (99)	25.9% (97)	26.7% (87)	<b>86.7% (283)</b>
	25.7% (98)	24.8% (95)	39.5% (85)	<b>90.0% (278)</b>
Mid	4.8% (99)	5.3% (80)	2.8% (51)	<b>12.9% (230)</b>
	4.0% (97)	3.5% (76)	2.3% (47)	<b>9.9% (220)</b>
Small	0.1% (4)	0.2% (2)	0.1% (1)	<b>0.3% (7)</b>
	0.0% (4)	0.0% (1)	0.0% (1)	<b>0.1% (6)</b>
Micro	0.0% (0)	0.0% (0)	0.0% (0)	<b>0.0% (0)</b>
	0.0% (0)	0.0% (0)	0.0% (0)	<b>0.0% (0)</b>
Total	<b>39.0% (202)</b>	<b>31.4% (179)</b>	<b>29.6% (139)</b>	<b>100.0% (520)</b>
	<b>29.8% (199)</b>	<b>28.3% (172)</b>	<b>41.8% (133)</b>	<b>100.0% (504)</b>
	Value	Core	Growth	Total

### Large Cap Historical Cap/Style Exposures



### Large Cap Historical Style Only Exposures



# SSgA S&P 500

## Period Ended December 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.

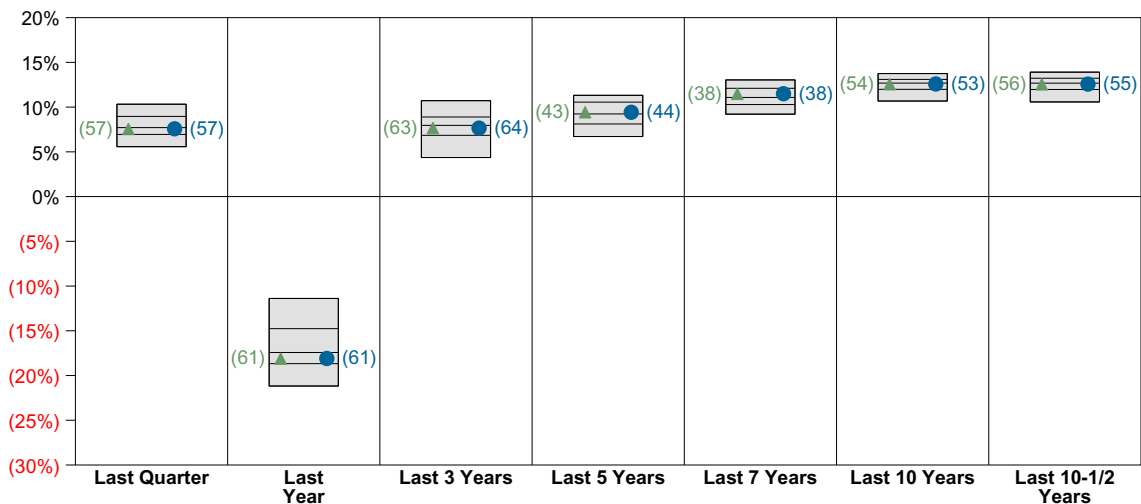
### Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 7.58% return for the quarter placing it in the 57 percentile of the Callan Large Cap Core group for the quarter and in the 61 percentile for the last year.
- SSgA S&P 500's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.01%.

### Quarterly Asset Growth

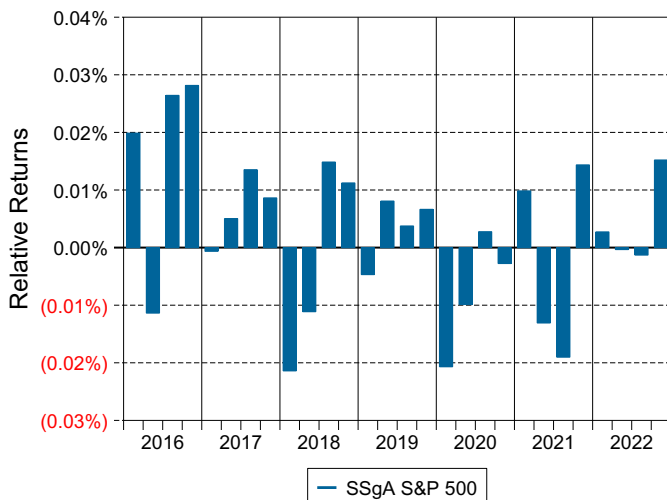
Beginning Market Value	\$49,452,199
Net New Investment	\$0
Investment Gains/(Losses)	\$3,740,642
Ending Market Value	\$53,192,841

### Performance vs Callan Large Cap Core (Gross)

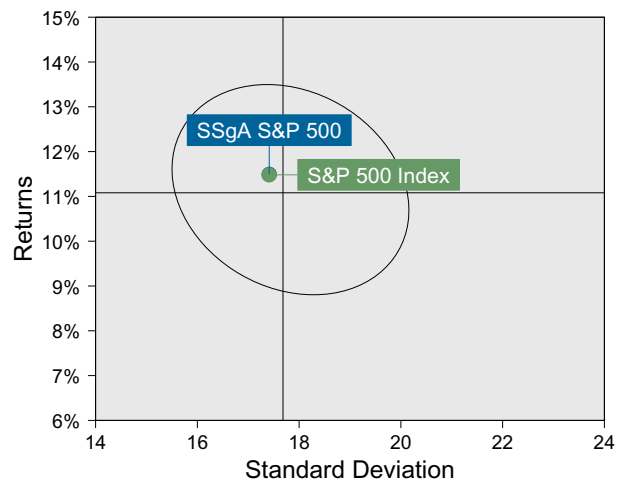


10th Percentile	10.33	(11.38)	10.72	11.32	13.04	13.75	13.91
25th Percentile	8.96	(14.76)	8.89	10.56	12.10	13.10	13.23
Median	7.71	(17.42)	7.96	9.24	11.08	12.68	12.68
75th Percentile	6.95	(18.67)	6.85	8.12	10.29	11.99	11.97
90th Percentile	5.58	(21.18)	4.36	6.71	9.21	10.68	10.58
<b>SSgA S&amp;P 500</b>	<b>● 7.58</b>	<b>(18.10)</b>	<b>7.65</b>	<b>9.42</b>	<b>11.49</b>	<b>12.58</b>	<b>12.57</b>
<b>S&amp;P 500 Index</b>	<b>▲ 7.56</b>	<b>(18.11)</b>	<b>7.66</b>	<b>9.42</b>	<b>11.48</b>	<b>12.56</b>	<b>12.55</b>

### Relative Return vs S&P 500 Index



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

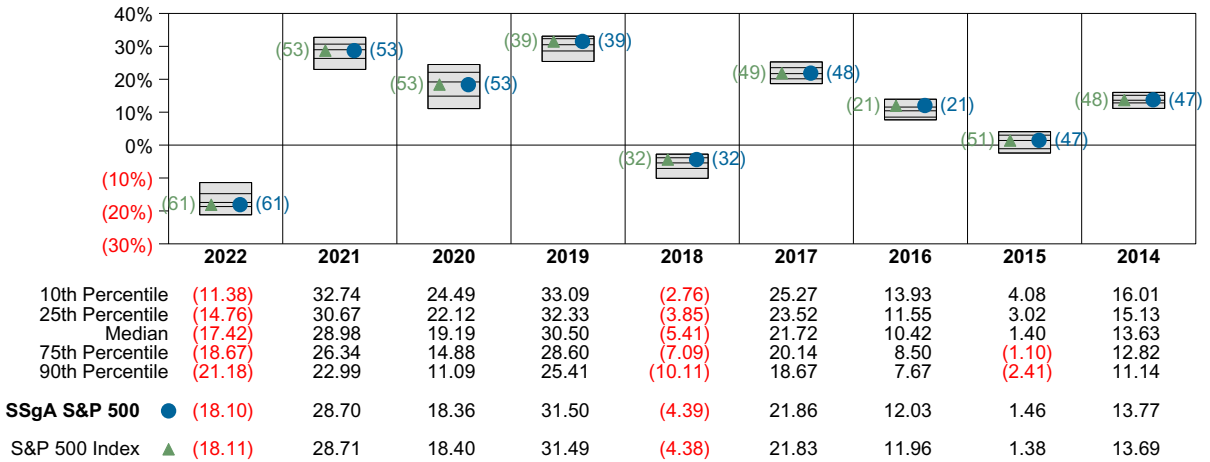


# SSgA S&P 500 Return Analysis Summary

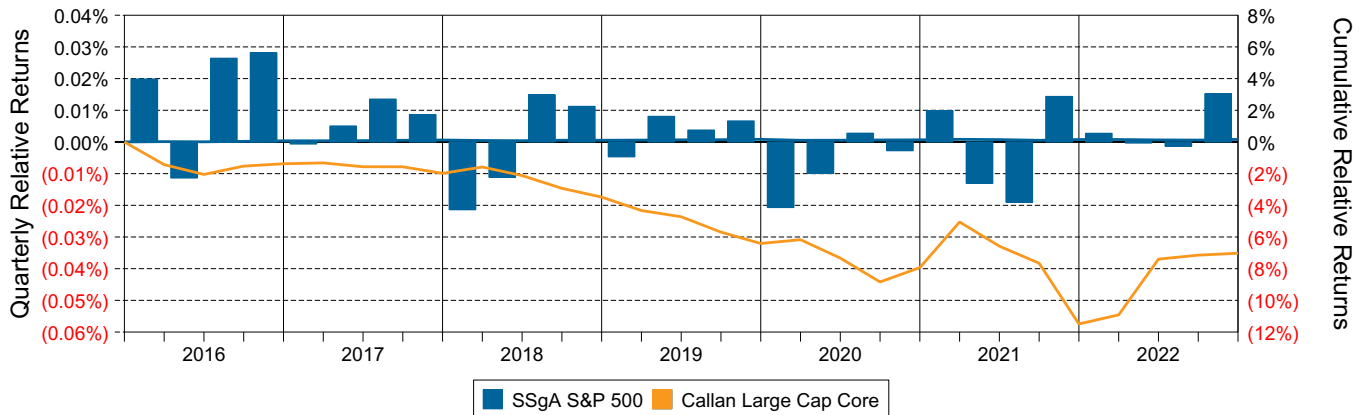
## Return Analysis

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.

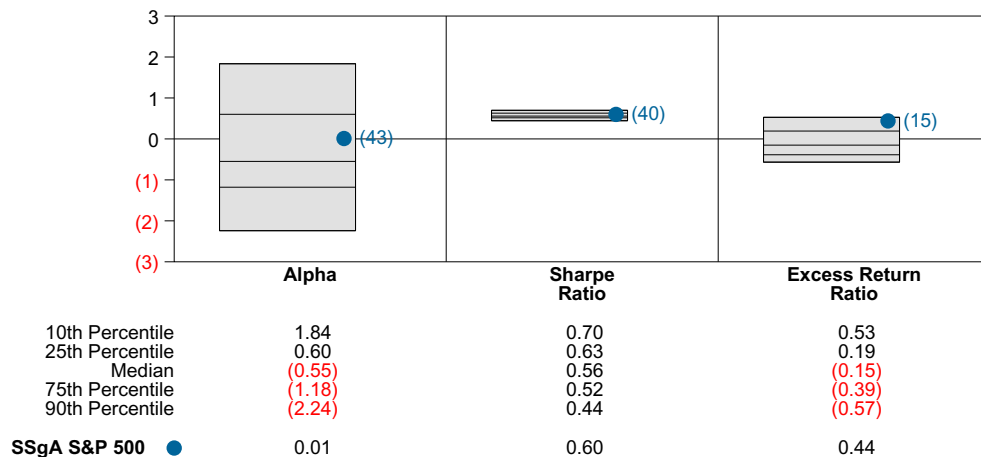
### Performance vs Callan Large Cap Core (Gross)



### 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 December 31, 2022



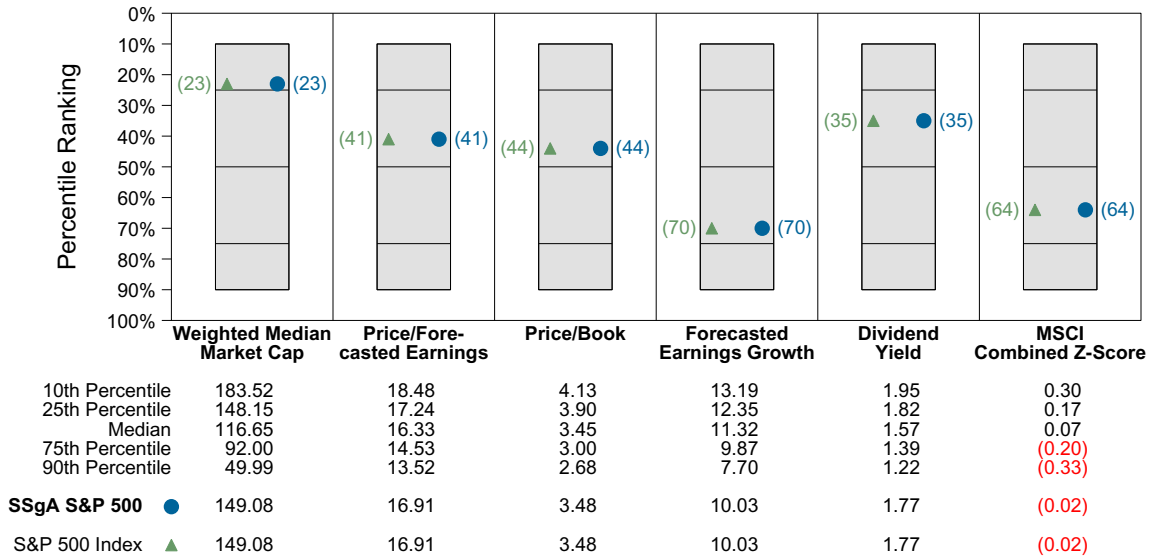


# SSgA S&P 500 Equity Characteristics Analysis Summary

## Portfolio Characteristics

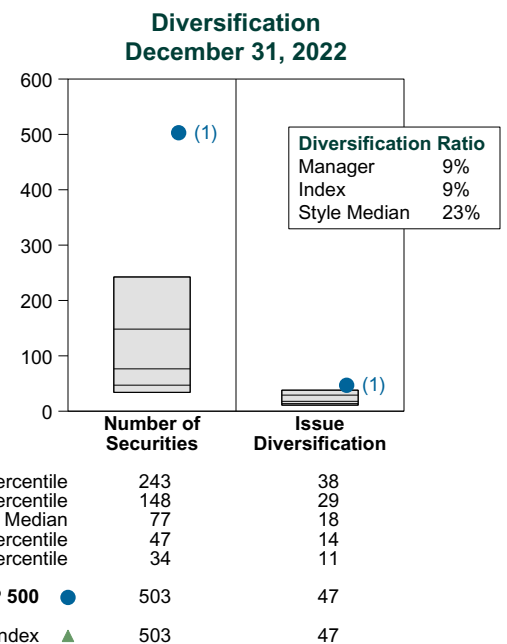
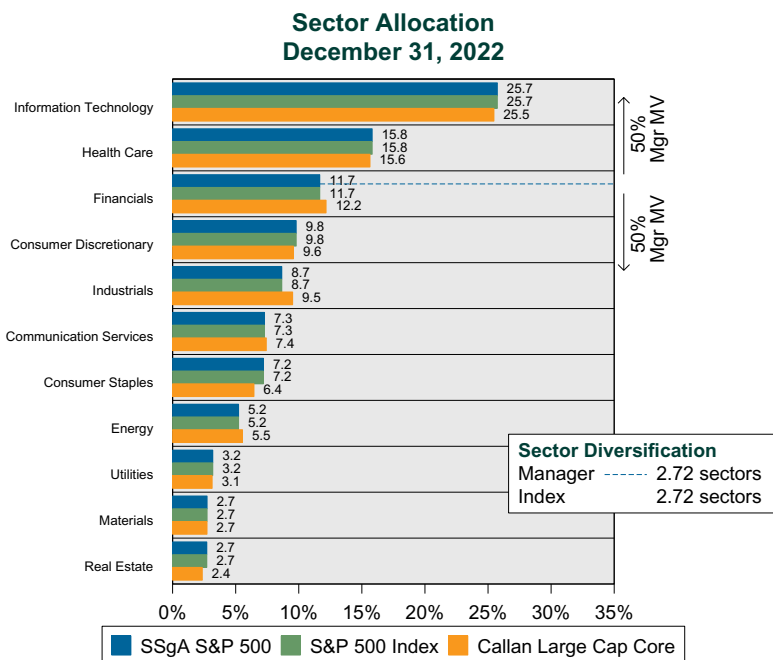
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



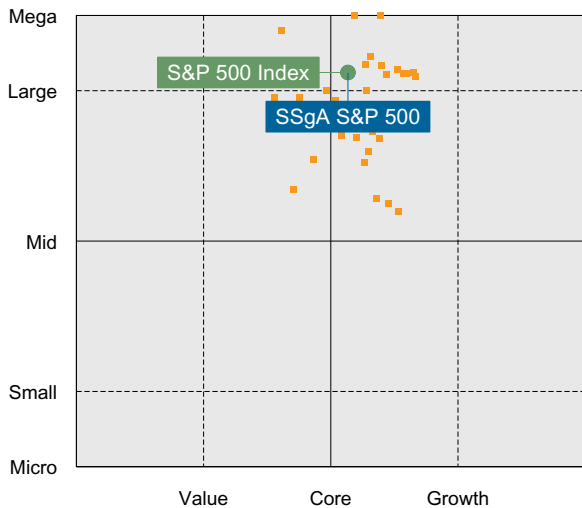
# Current Holdings Based Style Analysis

## SSgA S&P 500

### As of December 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.

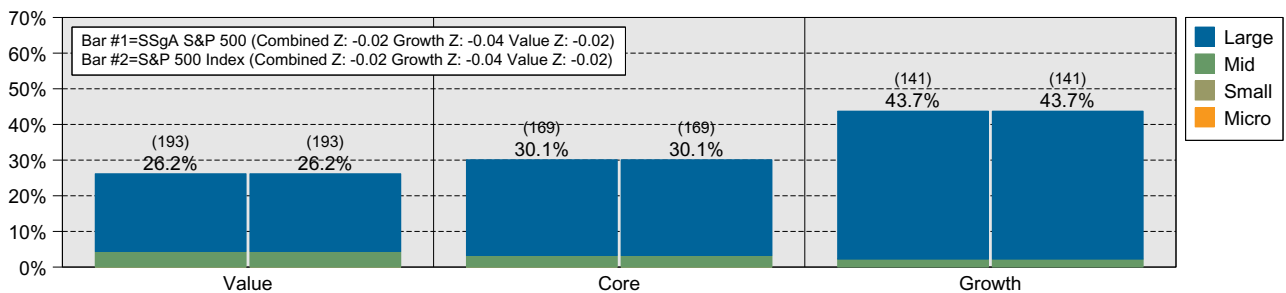
**Style Map vs Callan Large Cap Core Holdings as of December 31, 2022**



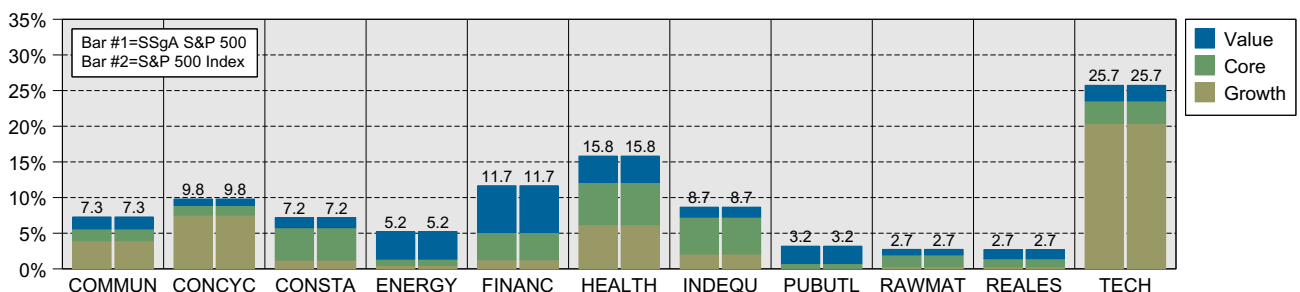
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Large	21.7% (89)	26.8% (94)	41.5% (95)	90.0% (278)
Mid	4.4% (101)	3.3% (74)	2.2% (46)	9.9% (221)
Small	0.0% (3)	0.0% (1)	0.0% (0)	0.0% (4)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Total</b>	<b>26.2% (193)</b>	<b>30.1% (169)</b>	<b>43.7% (141)</b>	<b>100.0% (503)</b>

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



**Sector Weights Distribution Holdings as of December 31, 2022**



# Boston Partners

## Period Ended December 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.

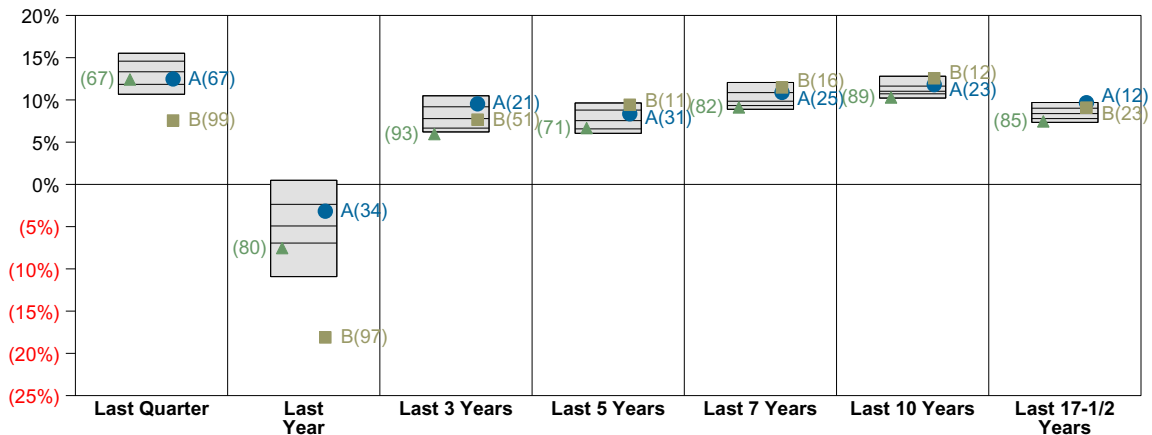
### Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 12.48% return for the quarter placing it in the 67 percentile of the Callan Large Cap Value group for the quarter and in the 34 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 0.06% for the quarter and outperformed the Russell 1000 Value Index for the year by 4.37%.

### Quarterly Asset Growth

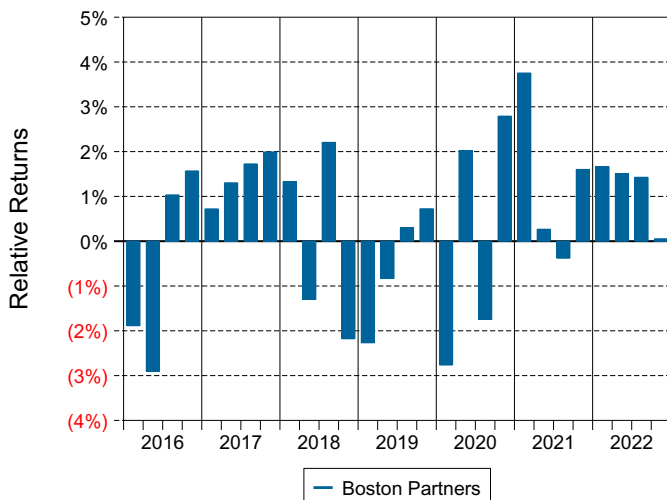
Beginning Market Value	\$55,065,337
Net New Investment	\$-805,855
Investment Gains/(Losses)	\$6,838,439
Ending Market Value	\$61,097,921

### Performance vs Callan Large Cap Value (Gross)

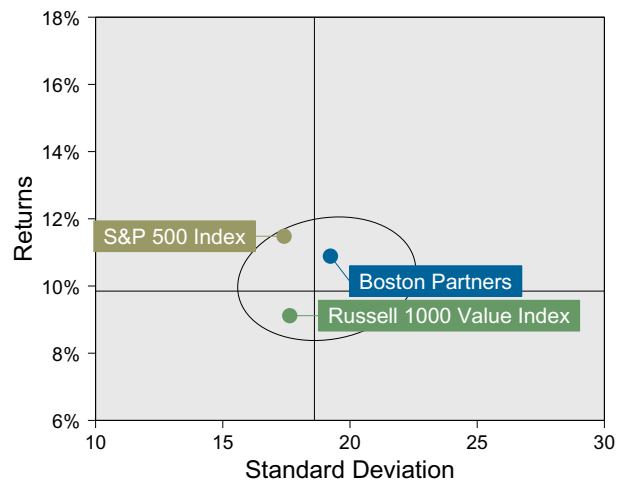


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 17-1/2 Years
10th Percentile	15.52	0.49	10.49	9.64	12.06	12.80	9.69
25th Percentile	14.59	(2.36)	9.19	8.80	10.86	11.63	9.02
Median	13.33	(4.92)	7.79	7.55	9.85	11.03	8.38
75th Percentile	11.84	(6.95)	6.66	6.57	9.33	10.72	7.79
90th Percentile	10.67	(10.92)	6.21	6.05	8.89	10.22	7.34
Boston Partners	● A 12.48	(3.17)	9.54	8.36	10.89	11.81	9.67
S&P 500 Index	■ B 7.56	(18.11)	7.66	9.42	11.48	12.56	9.09
Russell 1000 Value Index	▲ 12.42	(7.54)	5.96	6.67	9.12	10.29	7.46

### Relative Return vs Russell 1000 Value Index



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

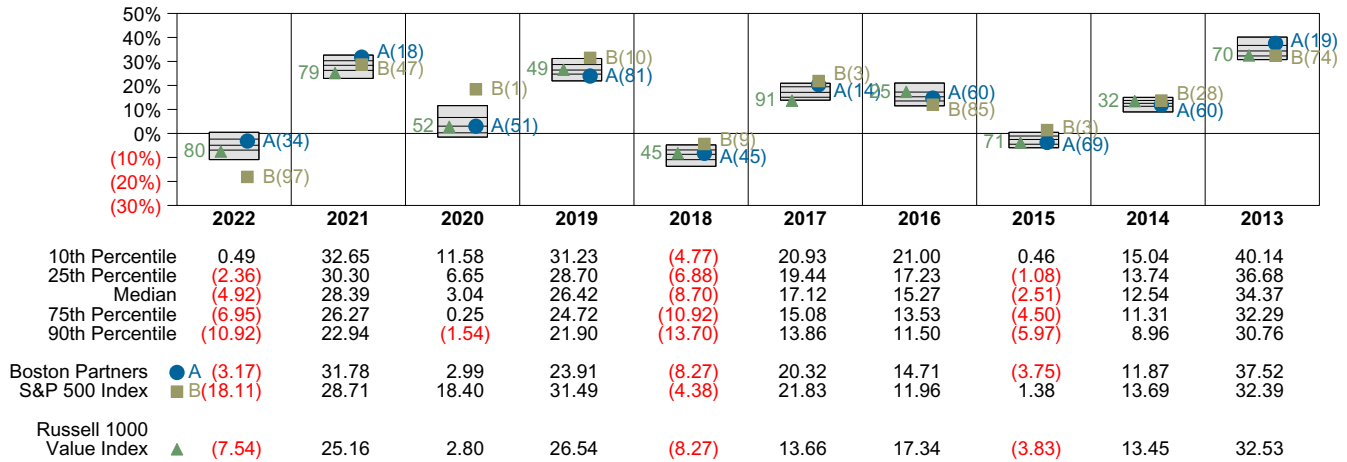


# Boston Partners Return Analysis Summary

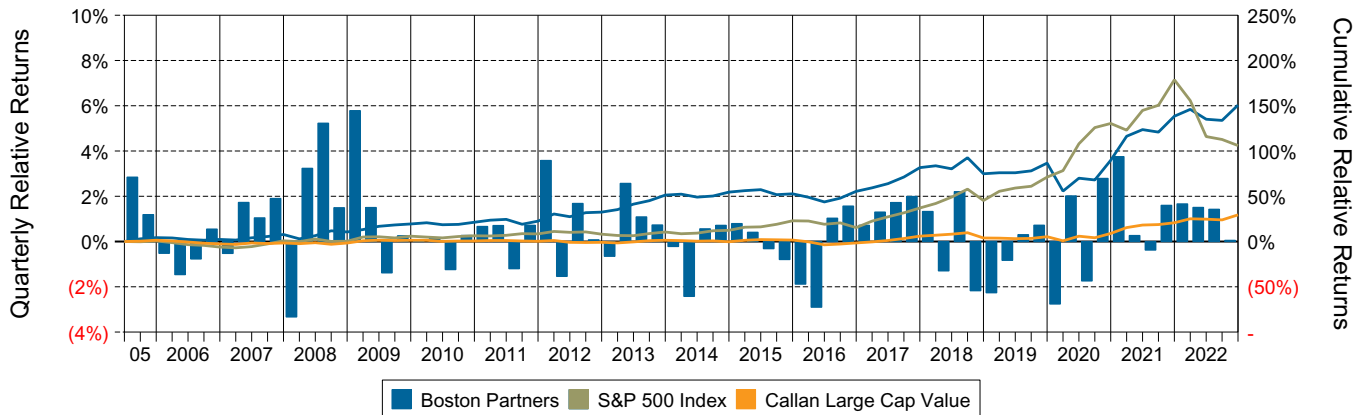
## Return Analysis

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.

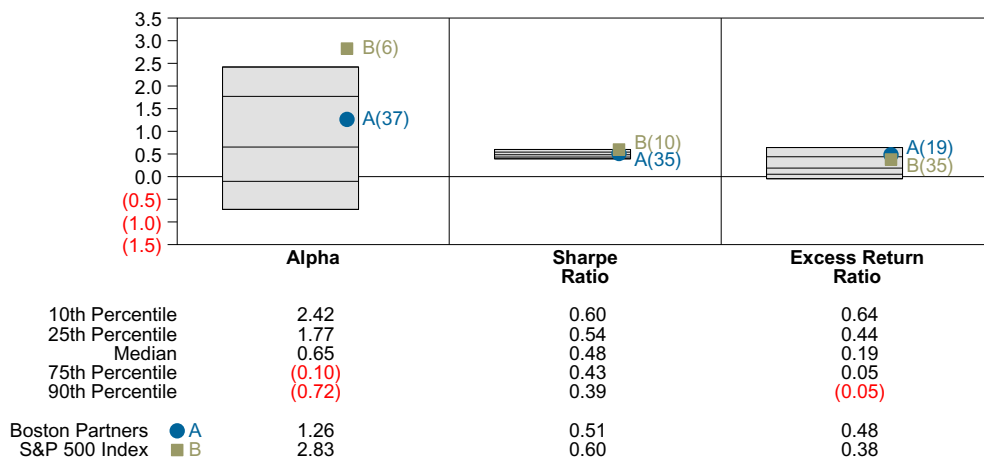
### Performance vs Callan Large Cap Value (Gross)



### 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 December 31, 2022

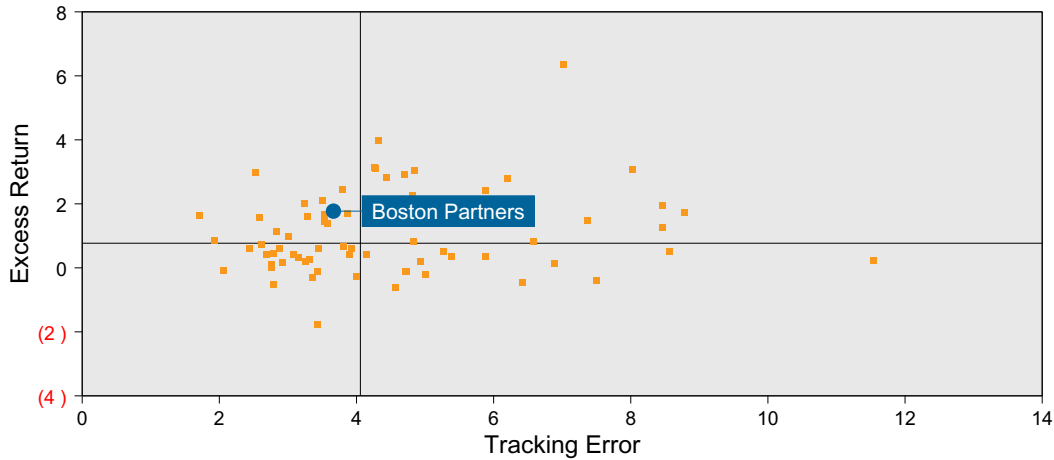


# Boston Partners Risk Analysis Summary

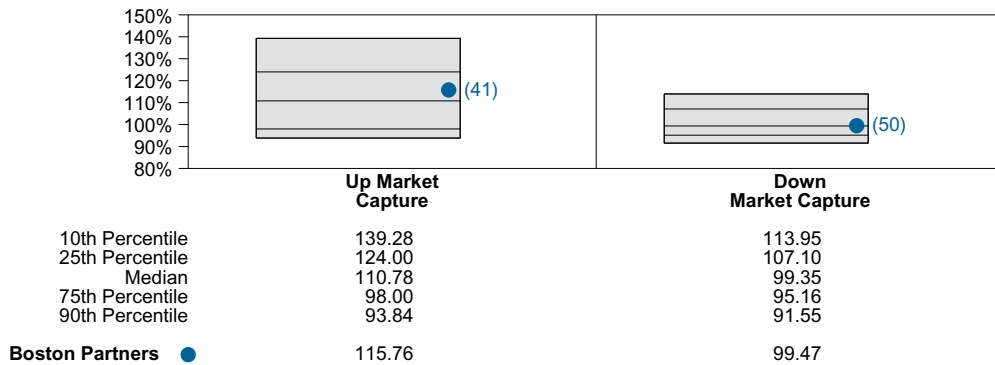
## Risk Analysis

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.

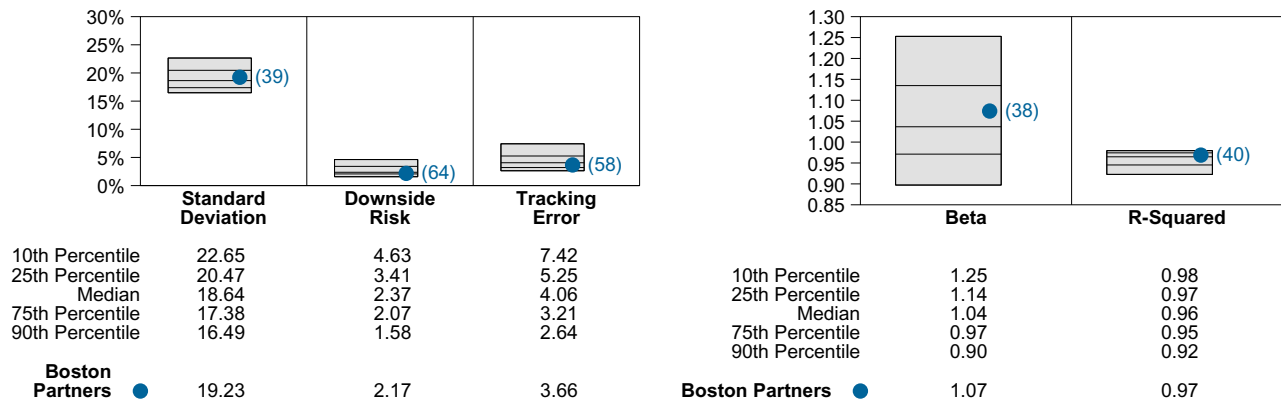
### Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended December 31, 2022



### Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2022



### Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended December 31, 2022

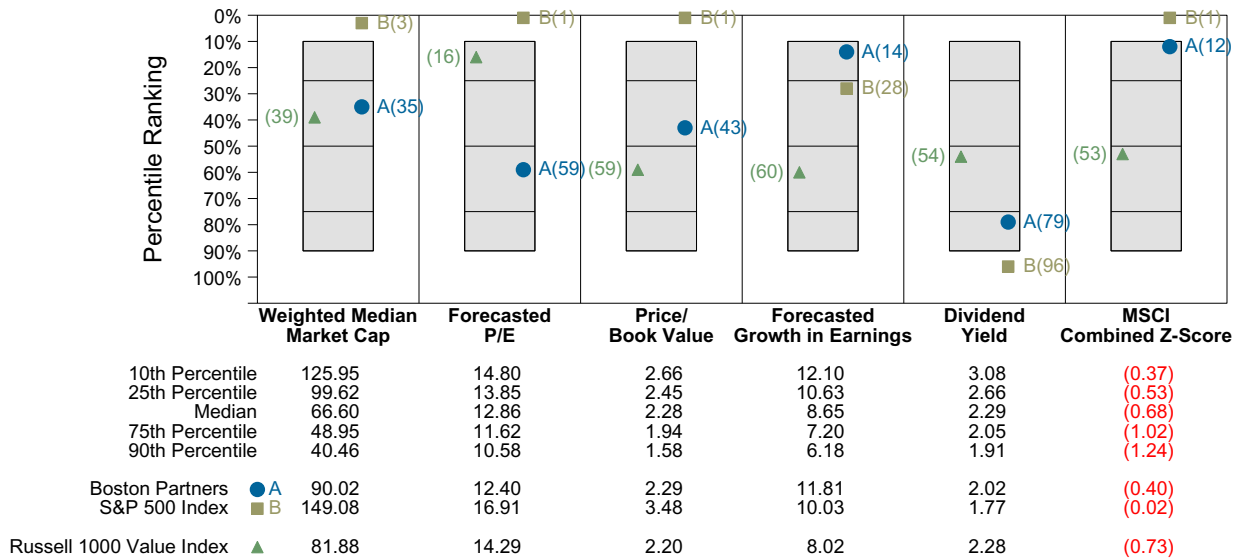


# Boston Partners Equity Characteristics Analysis Summary

## Portfolio Characteristics

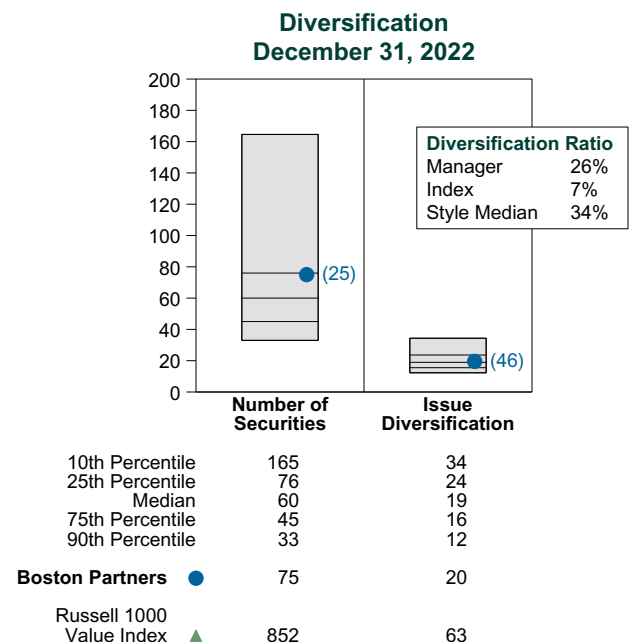
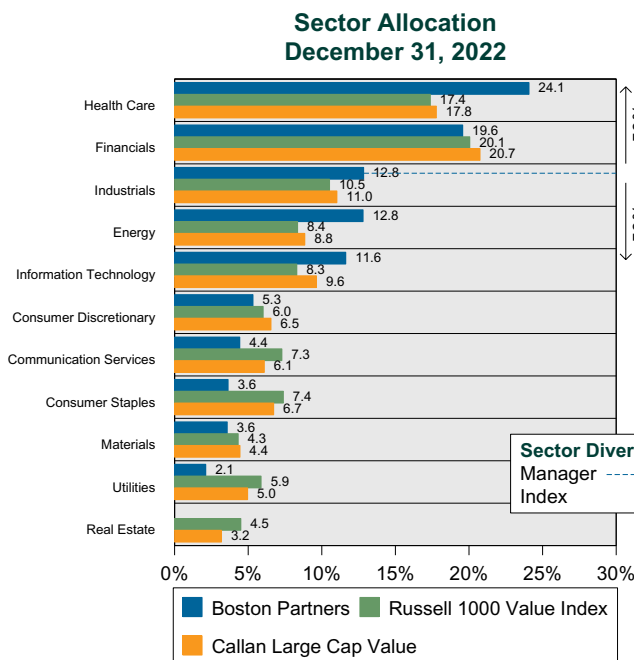
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of December 31, 2022



## Sector Weights

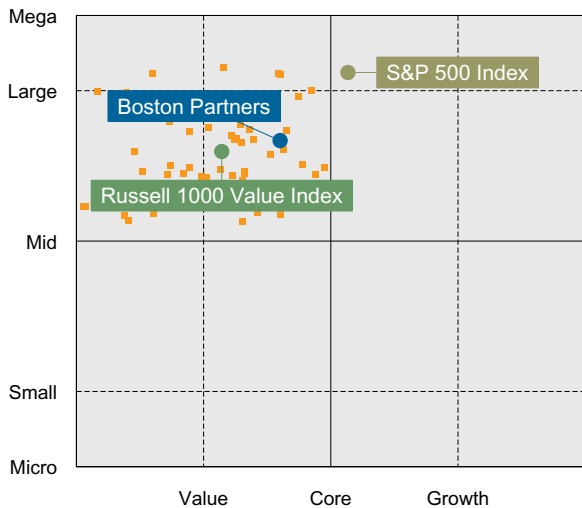
The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration 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 Boston Partners As of December 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.

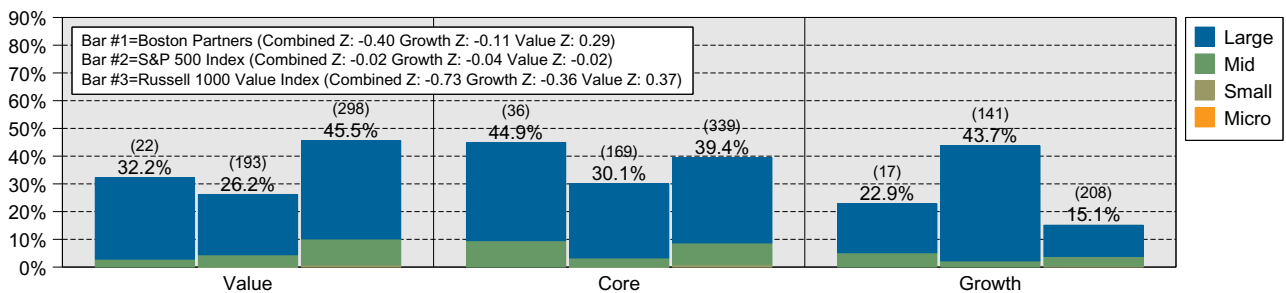
**Style Map vs Callan Large Cap Value Holdings as of December 31, 2022**



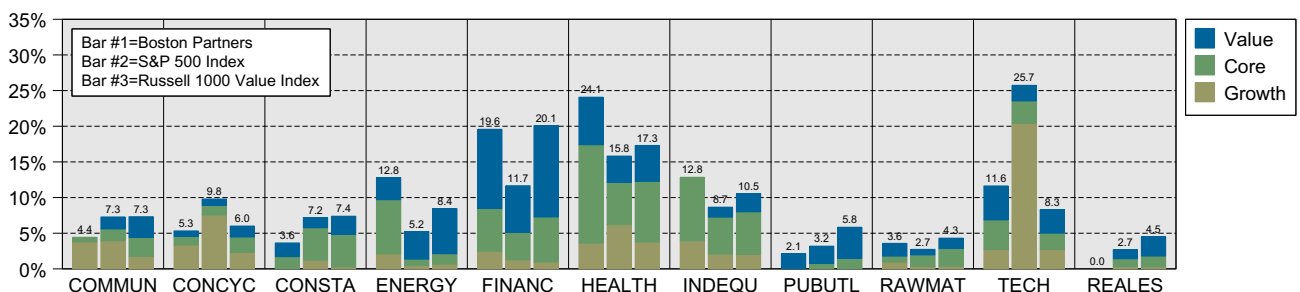
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Large	29.3% (19)	35.4% (22)	17.7% (12)	82.4% (53)
	21.7% (89)	26.8% (94)	41.5% (95)	90.0% (278)
	35.4% (89)	30.7% (86)	11.2% (57)	77.3% (232)
Mid	2.9% (3)	9.5% (14)	5.2% (5)	17.6% (22)
	4.4% (101)	3.3% (74)	2.2% (46)	9.9% (221)
	9.3% (159)	7.9% (186)	3.5% (114)	20.7% (459)
Small	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (3)	0.0% (1)	0.0% (0)	0.0% (4)
	0.8% (50)	0.9% (67)	0.3% (37)	2.0% (154)
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)
<b>Total</b>	<b>32.2% (22)</b>	<b>44.9% (36)</b>	<b>22.9% (17)</b>	<b>100.0% (75)</b>
	26.2% (193)	30.1% (169)	43.7% (141)	100.0% (503)
	45.5% (298)	39.4% (339)	15.1% (208)	100.0% (845)

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



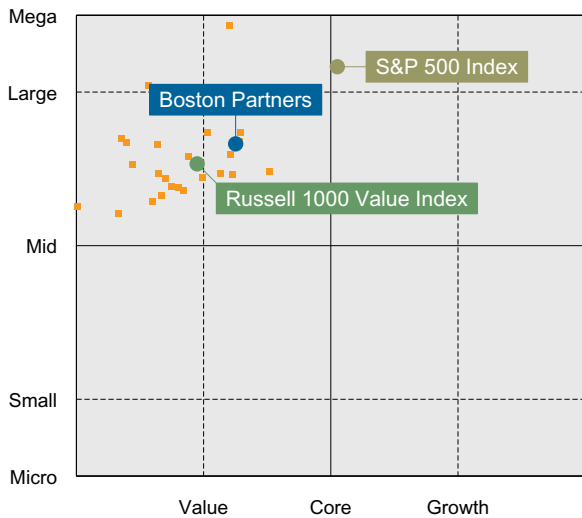
**Sector Weights Distribution Holdings as of December 31, 2022**



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

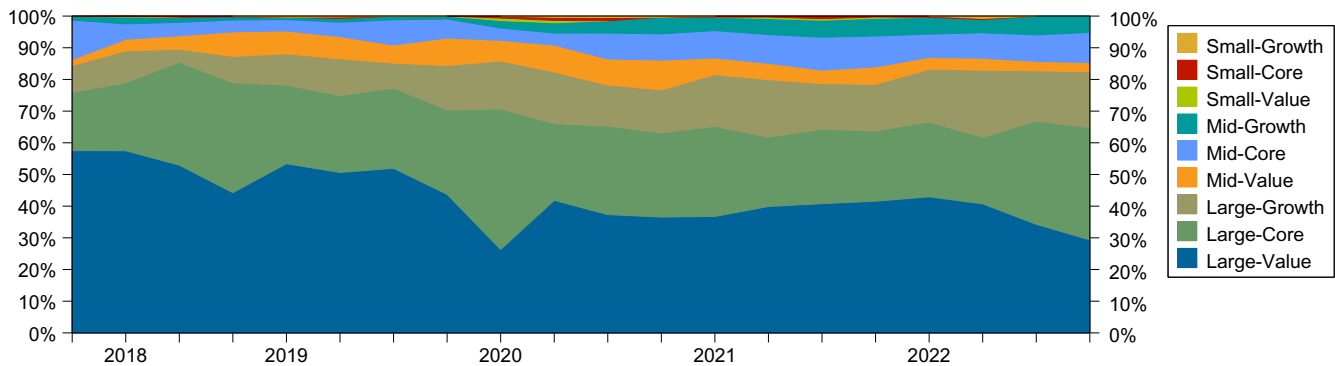
**Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended December 31, 2022**



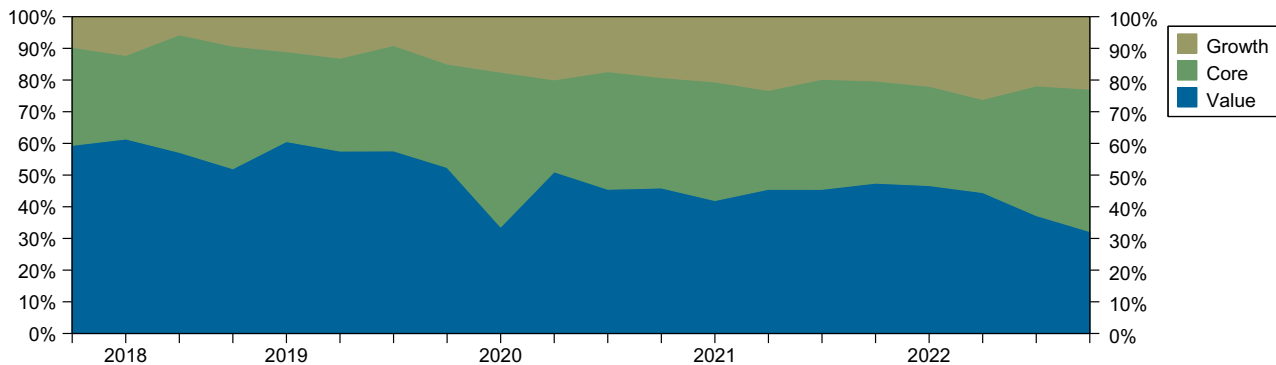
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

	Value	Core	Growth	Total
Large	43.0% (27)	27.0% (21)	13.4% (12)	83.4% (60)
	25.7% (98)	24.8% (95)	39.5% (85)	90.0% (278)
Mid	42.8% (99)	26.8% (83)	6.9% (37)	76.5% (219)
	5.6% (8)	7.1% (12)	3.3% (5)	16.0% (25)
Small	4.0% (97)	3.5% (76)	2.3% (47)	9.9% (220)
	9.7% (161)	8.2% (173)	3.3% (99)	21.2% (433)
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	1.0% (57)	0.9% (56)	0.4% (29)	2.3% (142)
	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	48.8% (35)	34.4% (34)	16.8% (17)	100.0% (86)
	29.8% (199)	28.3% (172)	41.8% (133)	100.0% (504)
Total	53.5% (317)	35.8% (312)	10.6% (165)	100.0% (794)

## Boston Partners Historical Cap/Style Exposures



## Boston Partners Historical Style Only Exposures





# Atlanta Capital Period Ended December 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.

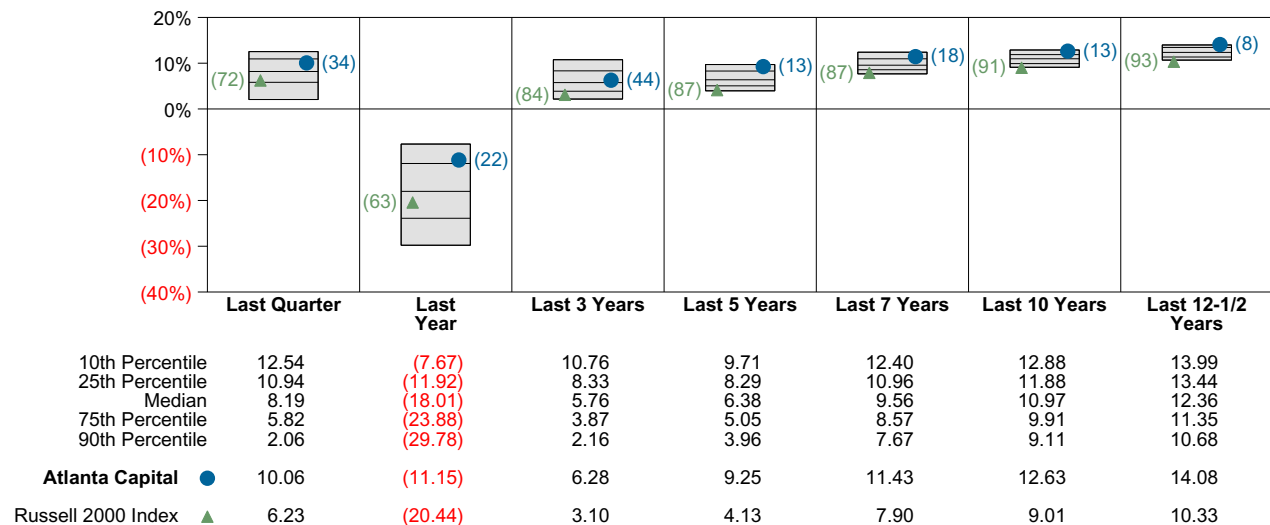
## Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 10.06% return for the quarter placing it in the 34 percentile of the Callan Small Capitalization group for the quarter and in the 22 percentile for the last year.
- Atlanta Capital's portfolio outperformed the Russell 2000 Index by 3.83% for the quarter and outperformed the Russell 2000 Index for the year by 9.28%.

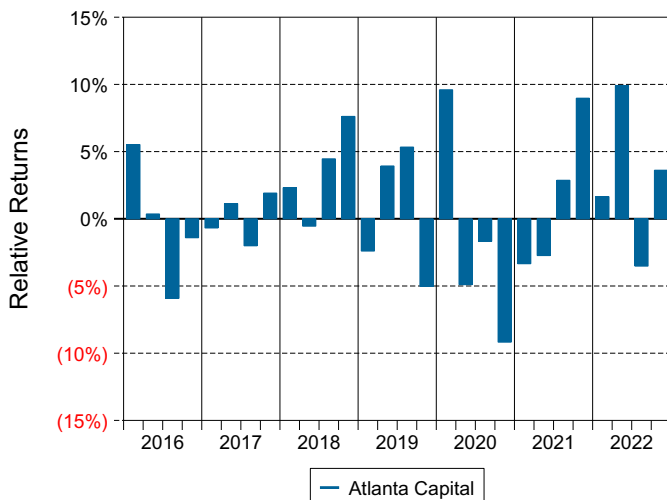
## Quarterly Asset Growth

Beginning Market Value	\$27,381,070
Net New Investment	\$-179,958
Investment Gains/(Losses)	\$2,704,193
Ending Market Value	\$29,905,305

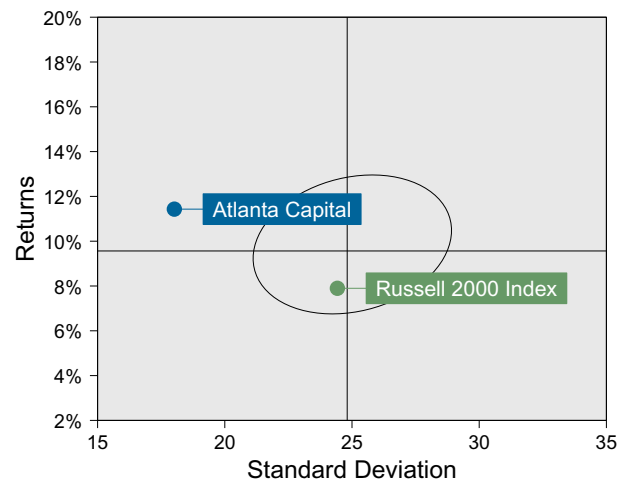
## Performance vs Callan Small Capitalization (Gross)



## Relative Return vs Russell 2000 Index



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

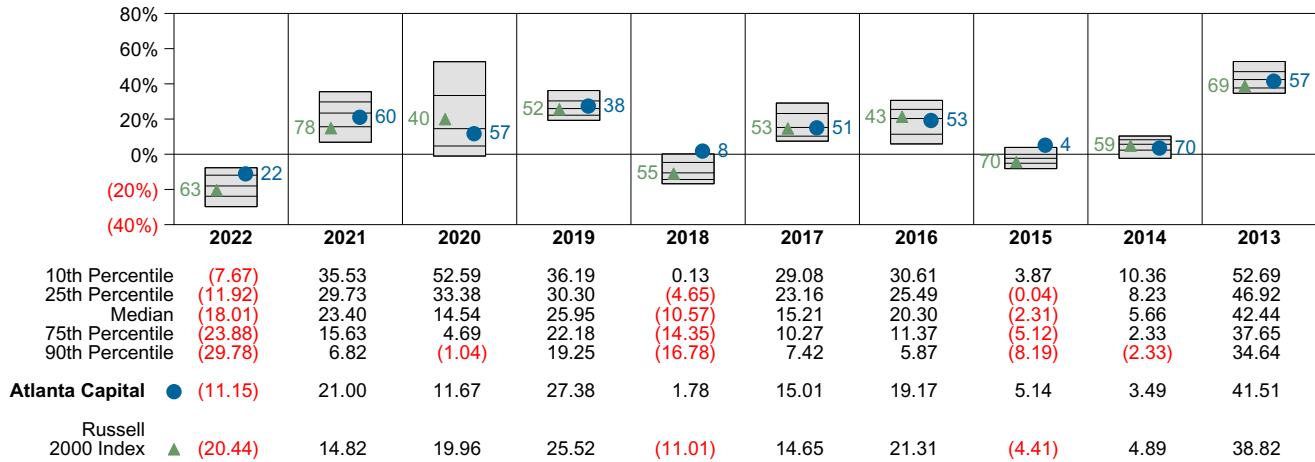


# Atlanta Capital Return Analysis Summary

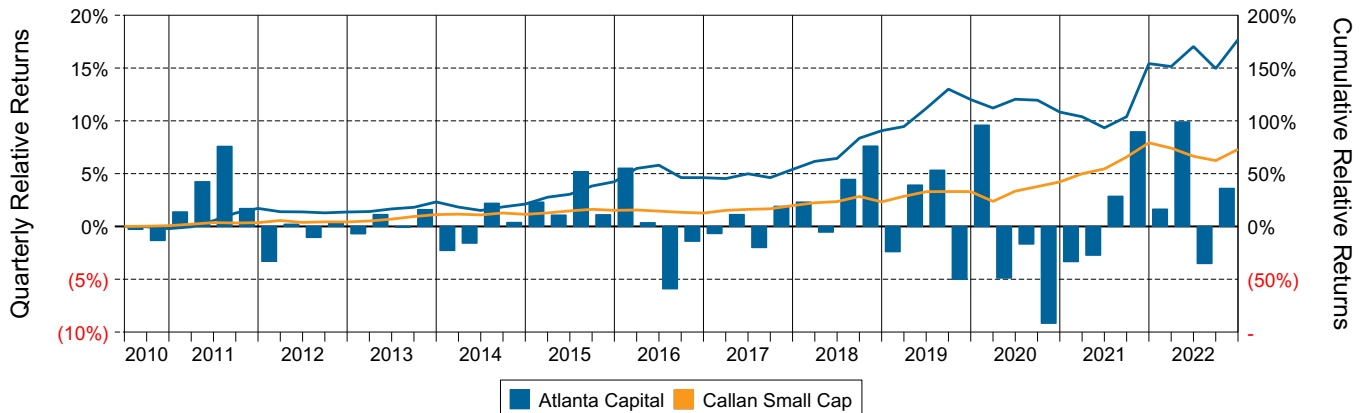
## Return Analysis

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.

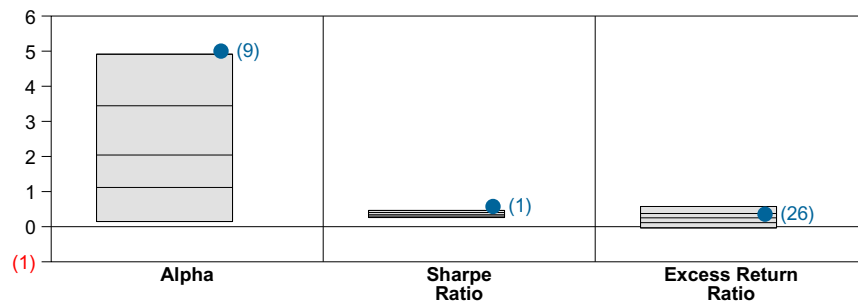
### Performance vs Callan Small Capitalization (Gross)



### 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 December 31, 2022

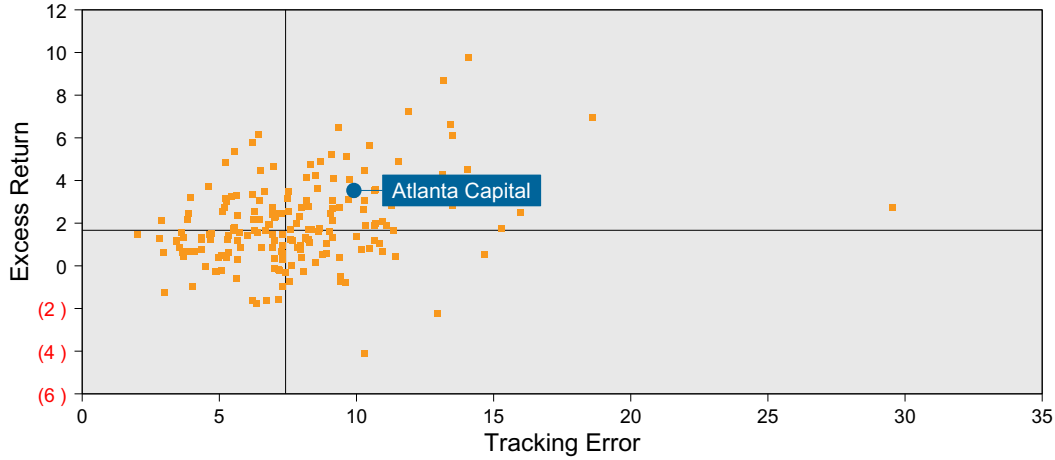


# Atlanta Capital Risk Analysis Summary

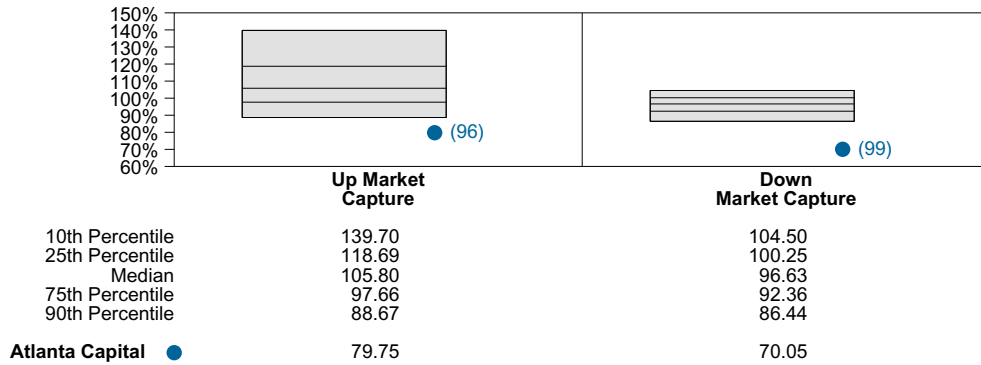
## Risk Analysis

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.

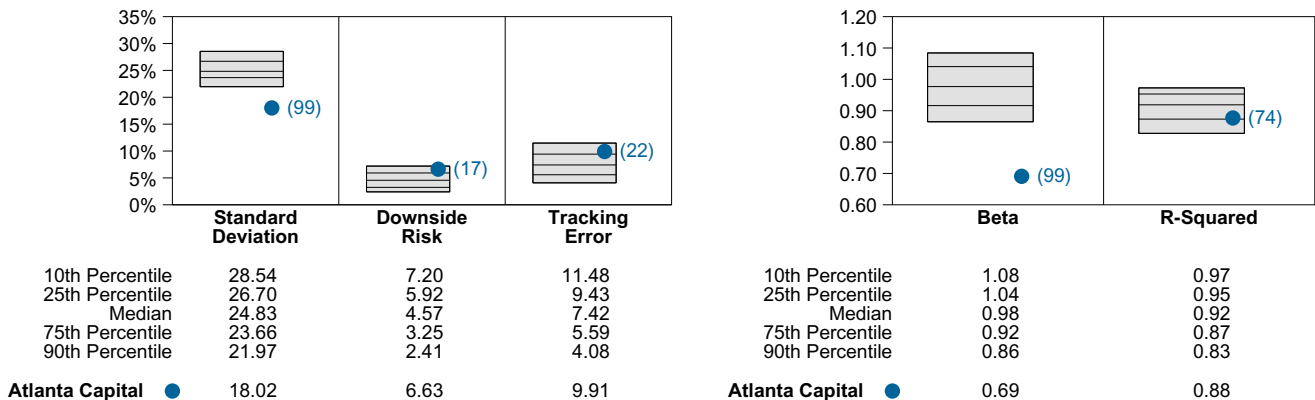
### Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended December 31, 2022



### Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2022



### Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended December 31, 2022

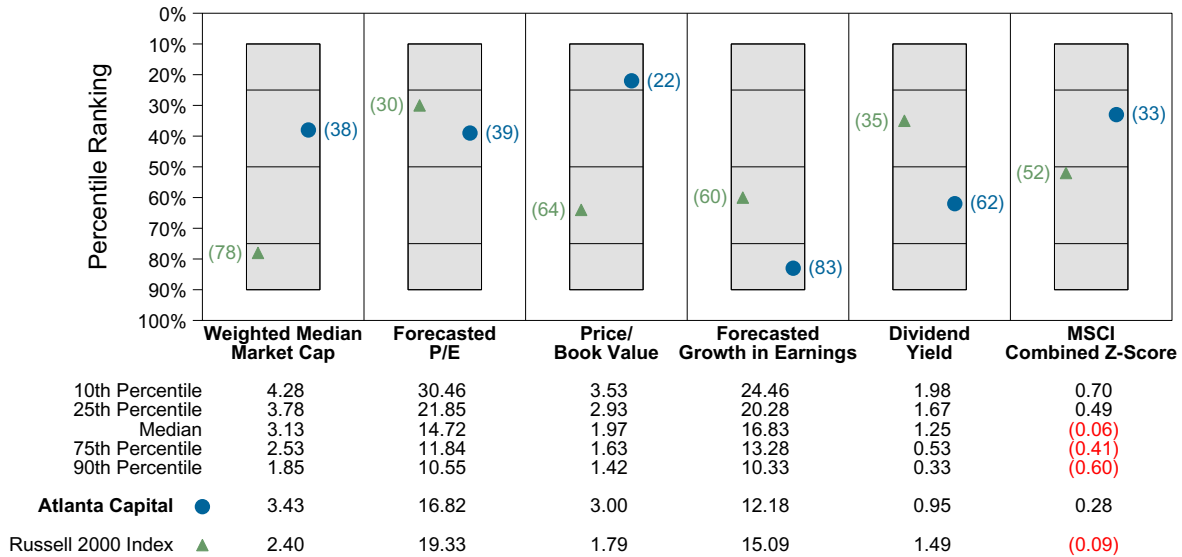


# Atlanta Capital Equity Characteristics Analysis Summary

## Portfolio Characteristics

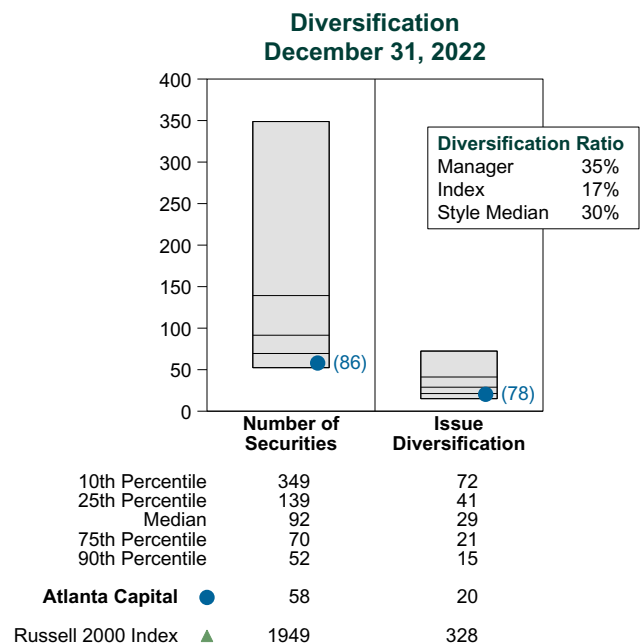
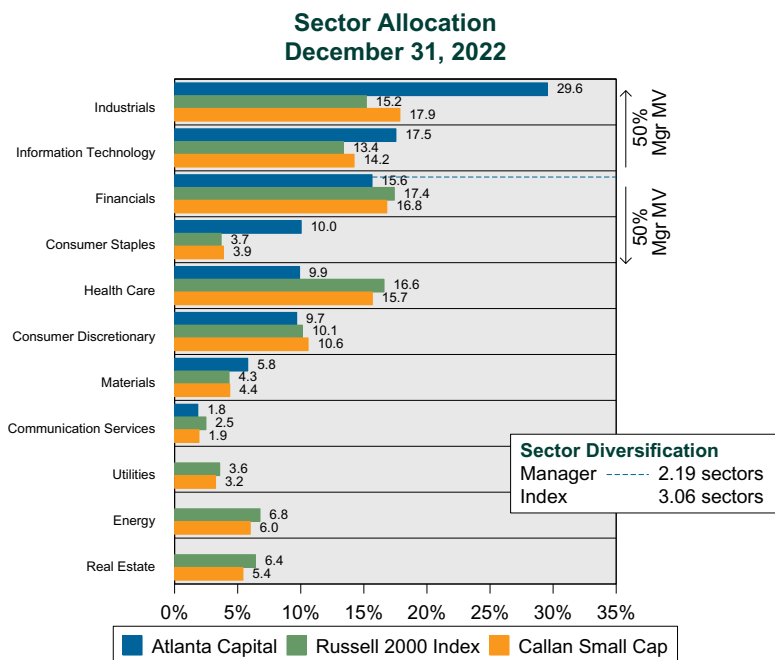
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



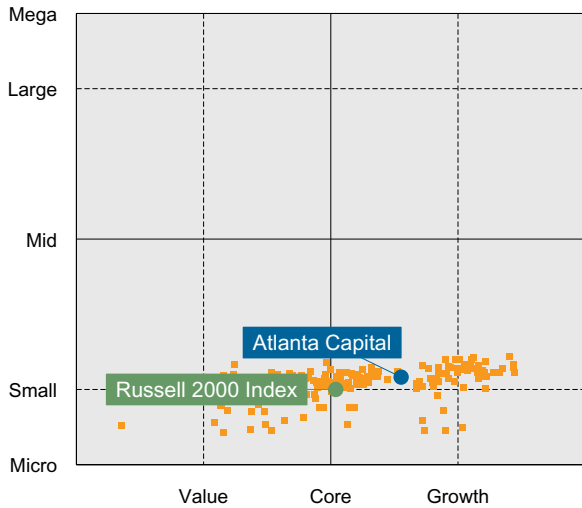
# Current Holdings Based Style Analysis

## Atlanta Capital

### As of December 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.

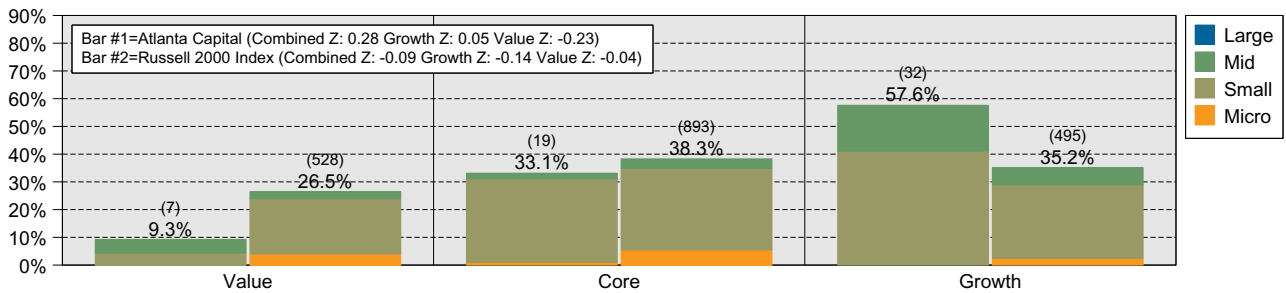
**Style Map vs Callan Small Cap Holdings as of December 31, 2022**



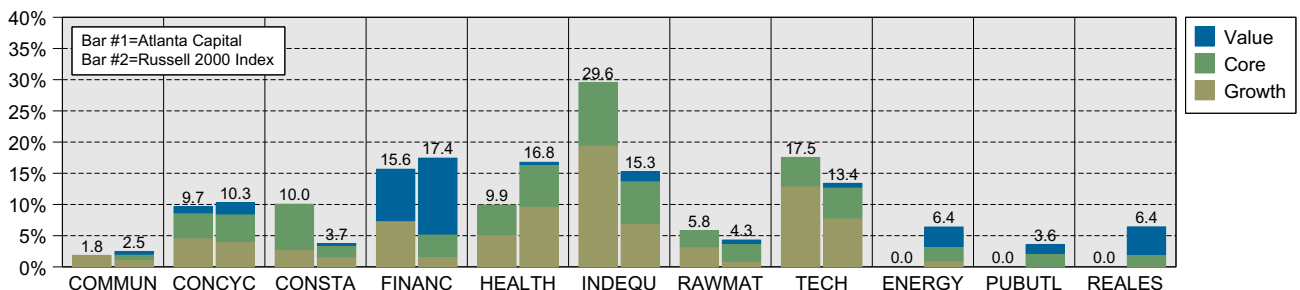
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	4.9% (3)	2.1% (1)	16.5% (8)	23.5% (12)
Small	4.3% (4)	30.0% (17)	41.1% (24)	75.4% (45)
Micro	0.0% (0)	1.1% (1)	0.0% (0)	1.1% (1)
<b>Total</b>	<b>9.3% (7)</b>	<b>33.1% (19)</b>	<b>57.6% (32)</b>	<b>100.0% (58)</b>
	26.5% (528)	38.3% (893)	35.2% (495)	100.0% (1916)

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



**Sector Weights Distribution Holdings as of December 31, 2022**



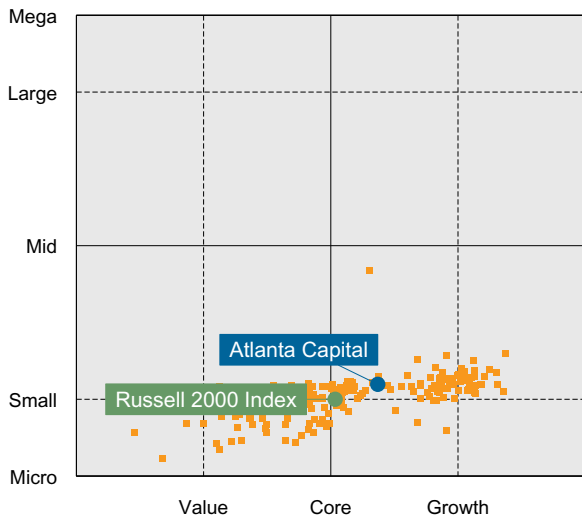
# Historical Holdings Based Style Analysis

## Atlanta Capital

### For Five Years Ended December 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.

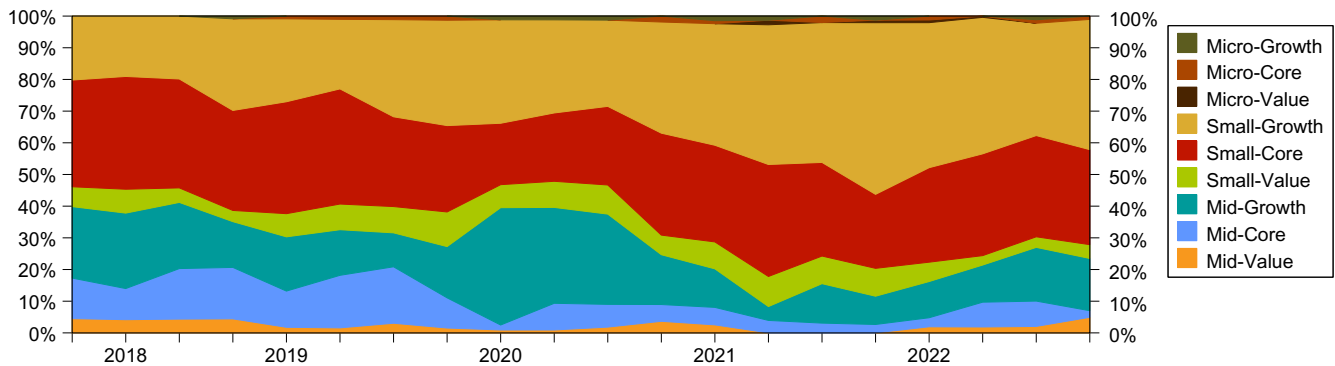
**Average Style Map vs Callan Small Cap Holdings for Five Years Ended December 31, 2022**



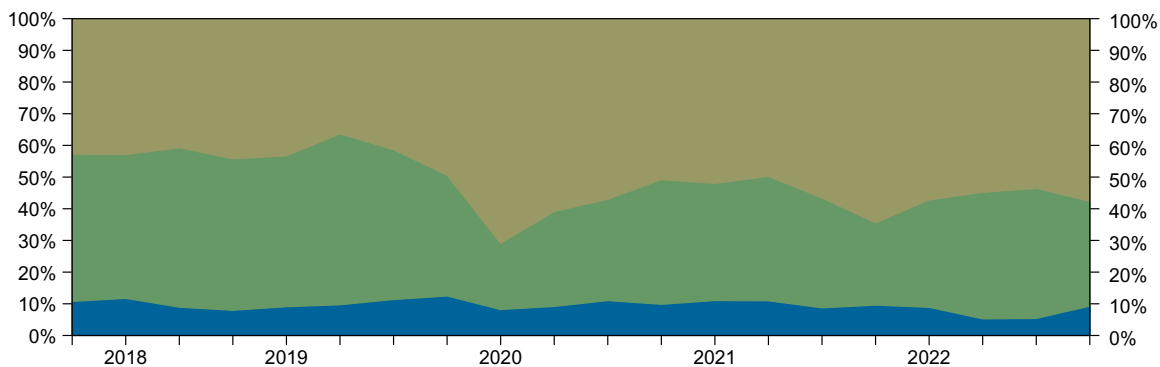
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	2.3% (2)	8.4% (4)	17.3% (8)	28.0% (14)
Small	7.0% (6)	30.2% (20)	33.5% (20)	70.7% (46)
Micro	0.2% (0)	0.6% (1)	0.5% (0)	1.3% (1)
<b>Total</b>	<b>9.5% (8)</b>	<b>39.2% (25)</b>	<b>51.3% (28)</b>	<b>100.0% (61)</b>
	23.6% (568)	38.4% (857)	38.0% (562)	100.0% (1987)
	Value	Core	Growth	Total

**Atlanta Capital Historical Cap/Style Exposures**



**Atlanta Capital Historical Style Only Exposures**





# International Equity Period Ended December 31, 2022

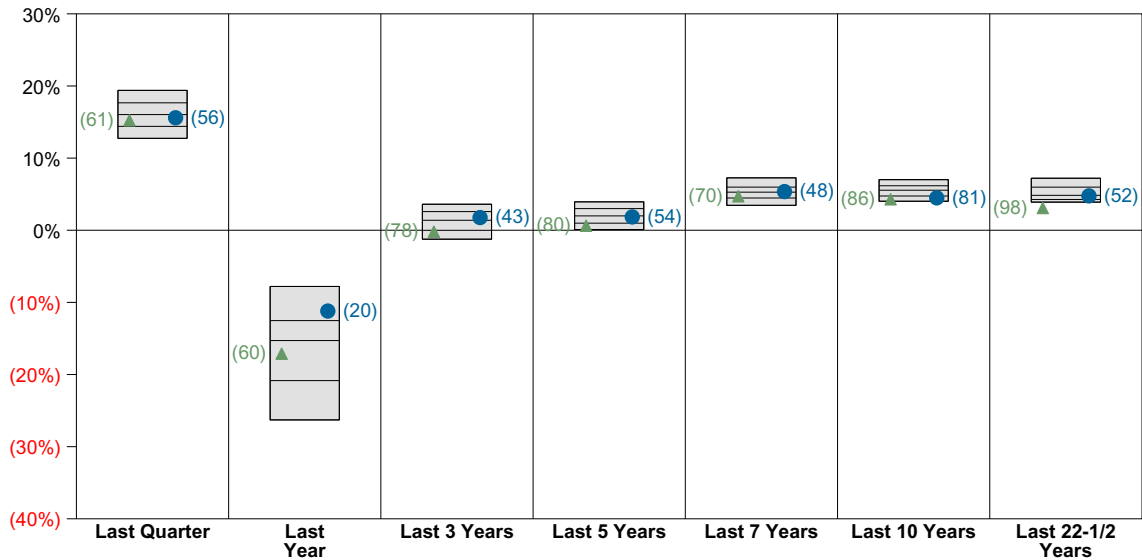
## Investment Philosophy

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

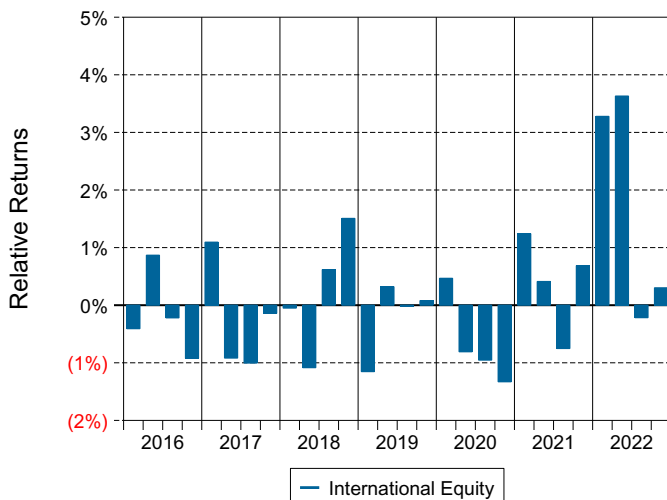
- International Equity's portfolio posted a 15.59% return for the quarter placing it in the 56 percentile of the Callan Non-US Equity group for the quarter and in the 20 percentile for the last year.
- International Equity's portfolio outperformed the International Benchmark by 0.35% for the quarter and outperformed the International Benchmark for the year by 5.90%.

## Performance vs Callan Non-US Equity (Gross)

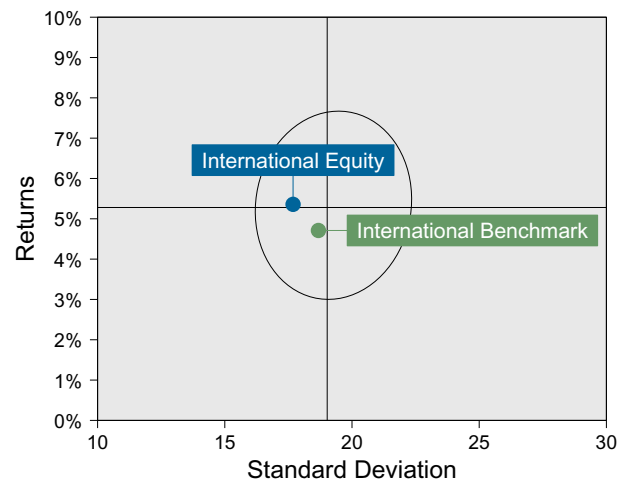


10th Percentile	19.39	(7.79)	3.60	3.94	7.27	7.01	7.21
25th Percentile	17.66	(12.53)	2.59	3.00	5.98	6.17	5.98
Median	16.03	(15.29)	1.39	1.99	5.28	5.55	4.84
75th Percentile	14.40	(20.84)	(0.01)	0.98	4.47	4.75	4.27
90th Percentile	12.74	(26.29)	(1.24)	0.10	3.46	4.02	3.90
<b>International Equity</b>	<b>15.59</b>	<b>(11.20)</b>	<b>1.76</b>	<b>1.85</b>	<b>5.36</b>	<b>4.49</b>	<b>4.77</b>
International Benchmark	15.24	(17.10)	(0.19)	0.63	4.71	4.29	3.09

Relative Return vs International Benchmark



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



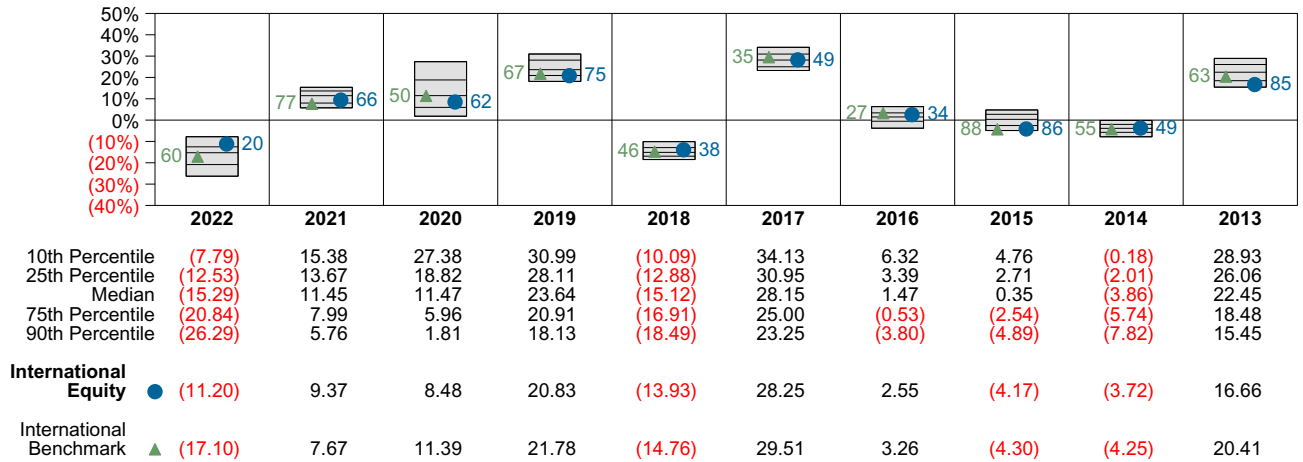


# International Equity Return Analysis Summary

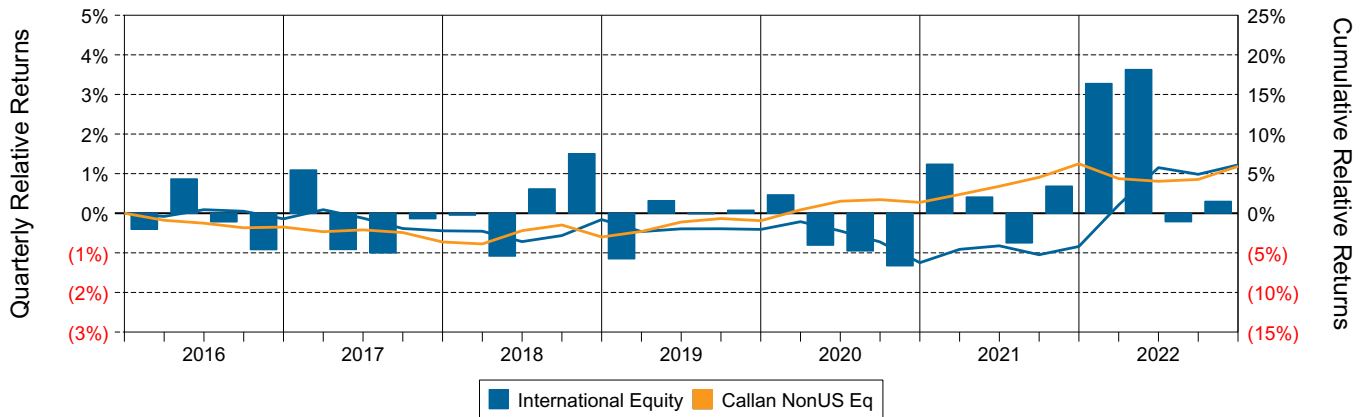
## Return Analysis

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.

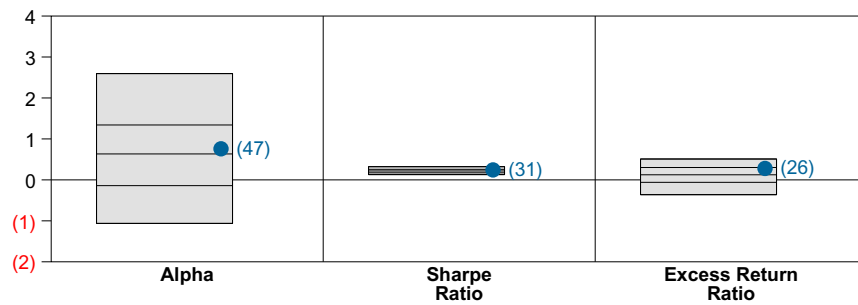
### Performance vs Callan Non-US Equity (Gross)



### 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 December 31, 2022

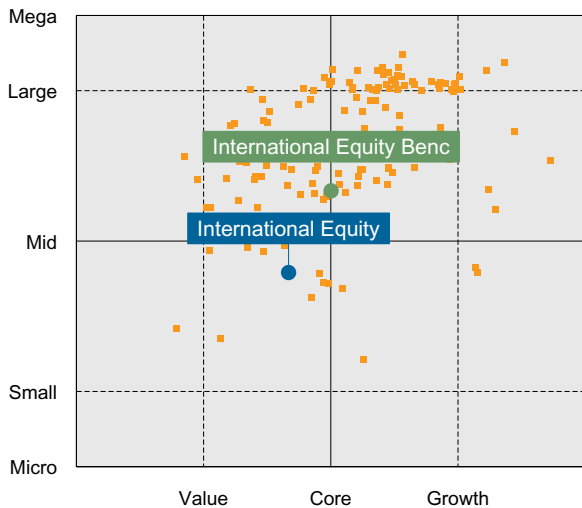


	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.60	0.32	0.51
25th Percentile	1.34	0.26	0.30
Median	0.63	0.22	0.12
75th Percentile	(0.14)	0.17	(0.06)
90th Percentile	(1.06)	0.13	(0.36)
<b>International Equity</b>	<b>0.76</b>	<b>0.24</b>	<b>0.28</b>

# Current Holdings Based Style Analysis International Equity As of December 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.

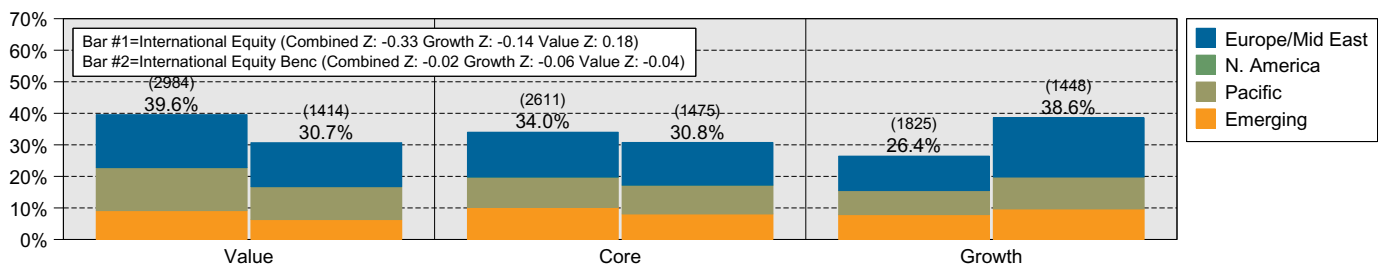
**Style Map vs Callan NonUS Eq Holdings as of December 31, 2022**



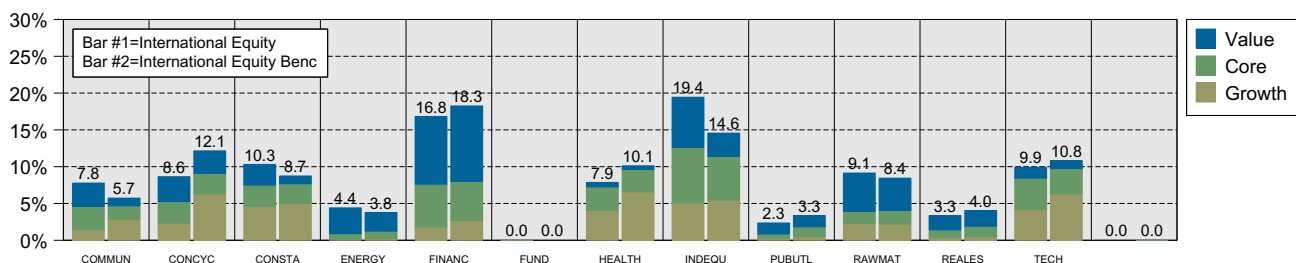
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	16.8% (267)	14.2% (171)	10.9% (164)	41.9% (602)
N. America	13.9% (489)	13.5% (525)	18.8% (482)	46.2% (1496)
Pacific	0.0% (1)	0.0% (9)	0.0% (0)	0.0% (10)
Emerging	0.0% (1)	0.0% (8)	0.0% (0)	0.0% (9)
<b>Total</b>	<b>39.6% (2984)</b>	<b>34.0% (2611)</b>	<b>26.4% (1825)</b>	<b>100.0% (7420)</b>
	30.7% (1414)	30.8% (1475)	38.6% (1448)	100.0% (4337)

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



**Sector Weights Distribution Holdings as of December 31, 2022**



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

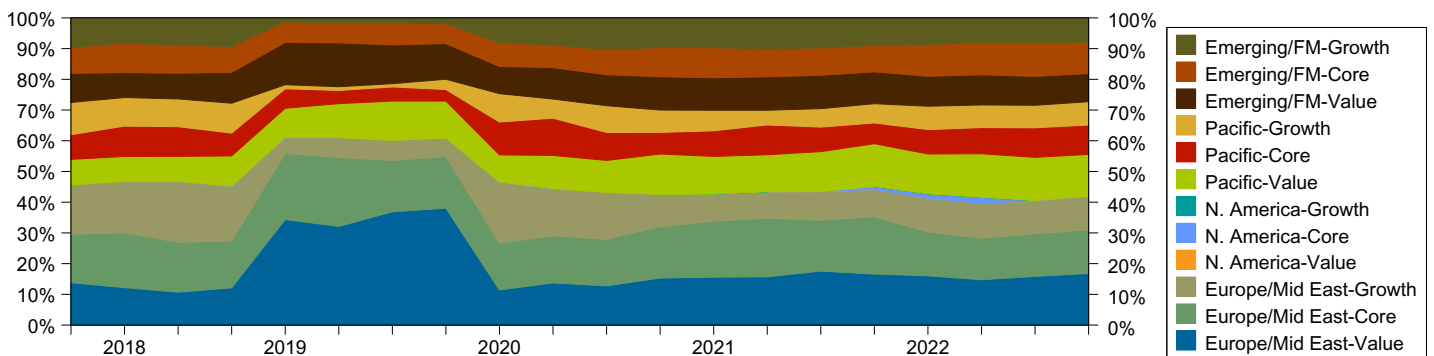
**Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended December 31, 2022**



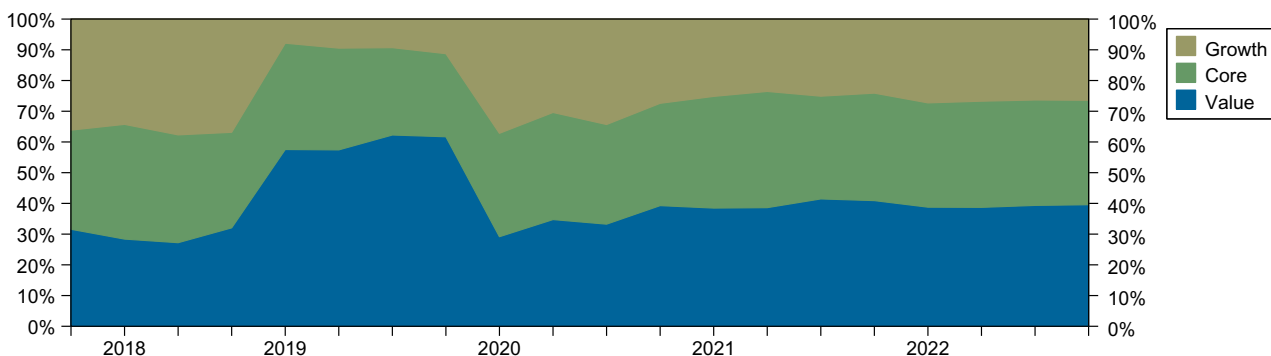
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

Europe/ Mid East	18.6% (234)	16.7% (213)	11.8% (215)	47.1% (662)
	13.6% (463)	14.4% (527)	18.6% (505)	46.5% (1495)
N. America	0.0% (1)	0.2% (4)	0.0% (0)	0.2% (5)
	0.0% (1)	0.0% (3)	0.0% (1)	0.0% (5)
Pacific	11.5% (284)	8.1% (238)	6.5% (209)	26.1% (731)
	9.5% (571)	9.1% (566)	11.0% (556)	29.6% (1693)
Emerging/ FM	10.4% (2099)	8.7% (1739)	7.5% (1243)	26.7% (5081)
	6.5% (447)	7.5% (402)	9.9% (404)	23.8% (1253)
<b>Total</b>	<b>40.5% (2618)</b>	<b>33.6% (2194)</b>	<b>25.8% (1667)</b>	<b>100.0% (6479)</b>
	<b>29.5% (1482)</b>	<b>31.0% (1498)</b>	<b>39.5% (1466)</b>	<b>100.0% (4446)</b>
	Value	Core	Growth	Total

**International Equity Historical Region/Style Exposures**



**International Equity Historical Style Only Exposures**



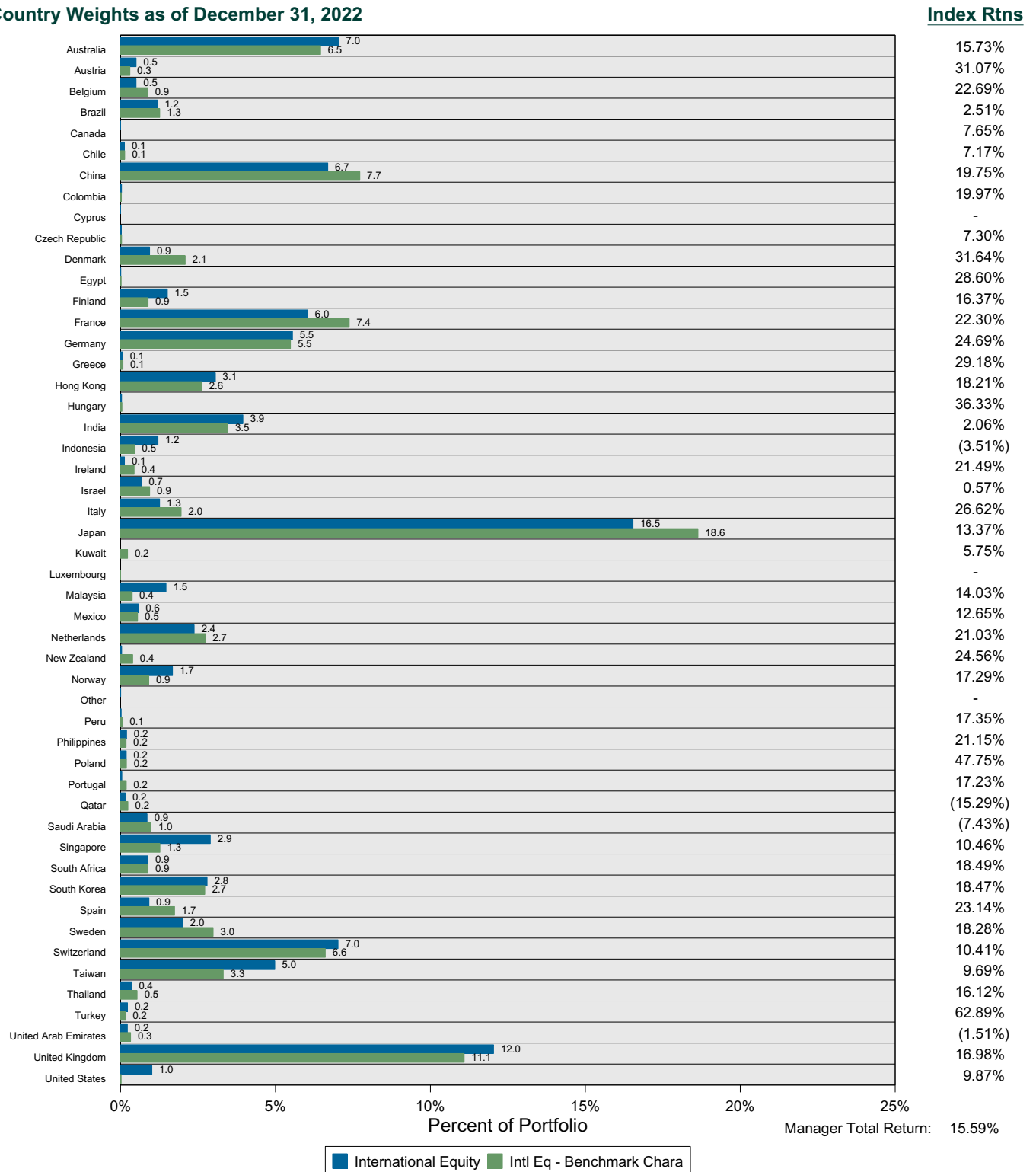
# Country Allocation

## International Equity VS Intl Eq - Benchmark Characteristics

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2022



# SSgA EAFE

## Period Ended December 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.

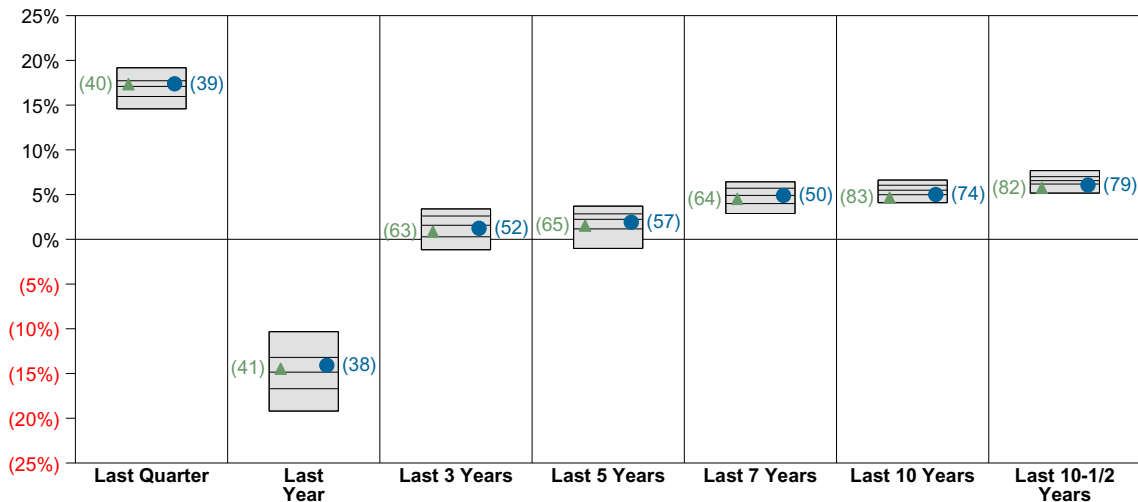
### Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 17.38% return for the quarter placing it in the 39 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 38 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.04% for the quarter and outperformed the MSCI EAFE Index for the year by 0.37%.

### Quarterly Asset Growth

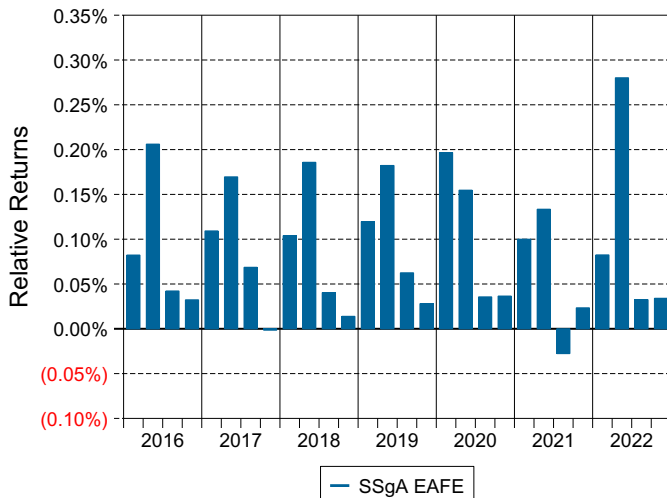
Beginning Market Value	\$13,580,950
Net New Investment	\$0
Investment Gains/(Losses)	\$2,356,574
Ending Market Value	\$15,937,524

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

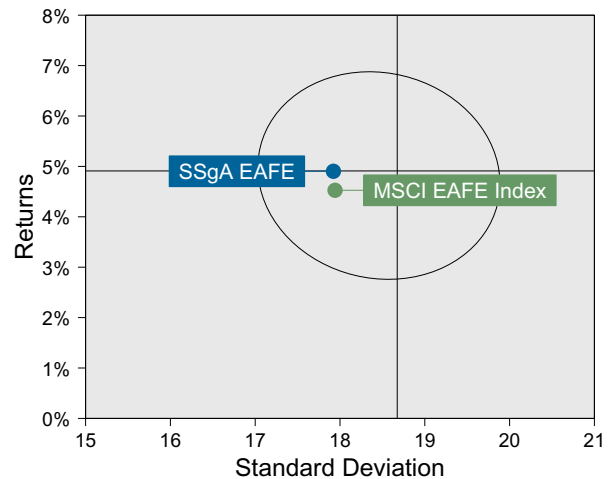


10th Percentile	19.17	(10.32)	3.40	3.71	6.43	6.63	7.68
25th Percentile	17.72	(13.20)	2.61	2.84	5.71	6.04	7.00
Median	17.09	(14.85)	1.57	2.24	4.91	5.49	6.56
75th Percentile	15.96	(16.70)	0.28	1.17	3.99	4.99	6.18
90th Percentile	14.58	(19.20)	(1.16)	(1.02)	2.89	4.09	5.16
<b>SSgA EAFE</b>	<b>17.38</b>	<b>(14.08)</b>	<b>1.23</b>	<b>1.91</b>	<b>4.90</b>	<b>5.00</b>	<b>6.07</b>
<b>MSCI EAFE Index</b>	<b>17.34</b>	<b>(14.45)</b>	<b>0.87</b>	<b>1.54</b>	<b>4.53</b>	<b>4.67</b>	<b>5.75</b>

### Relative Return vs MSCI EAFE Index



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

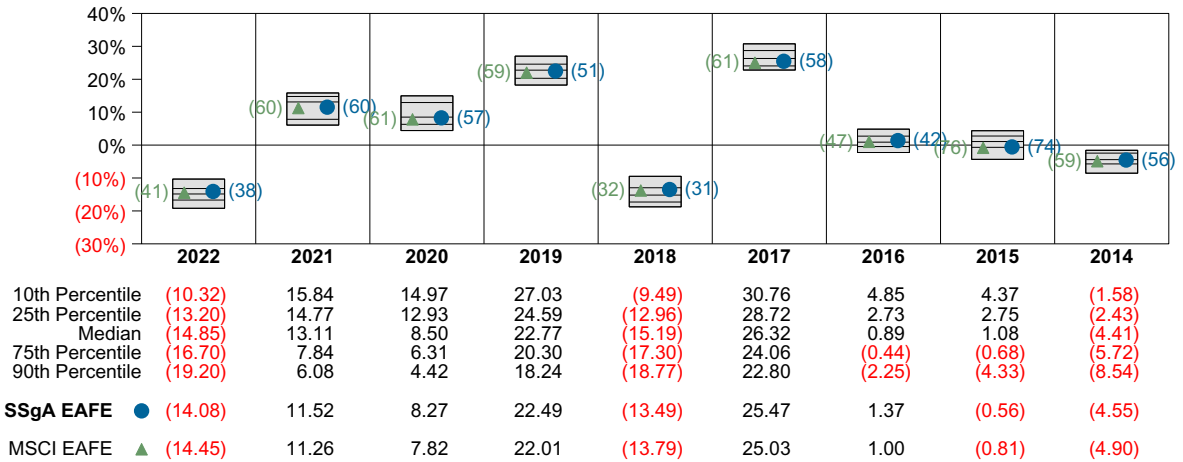


# SSgA EAFE Return Analysis Summary

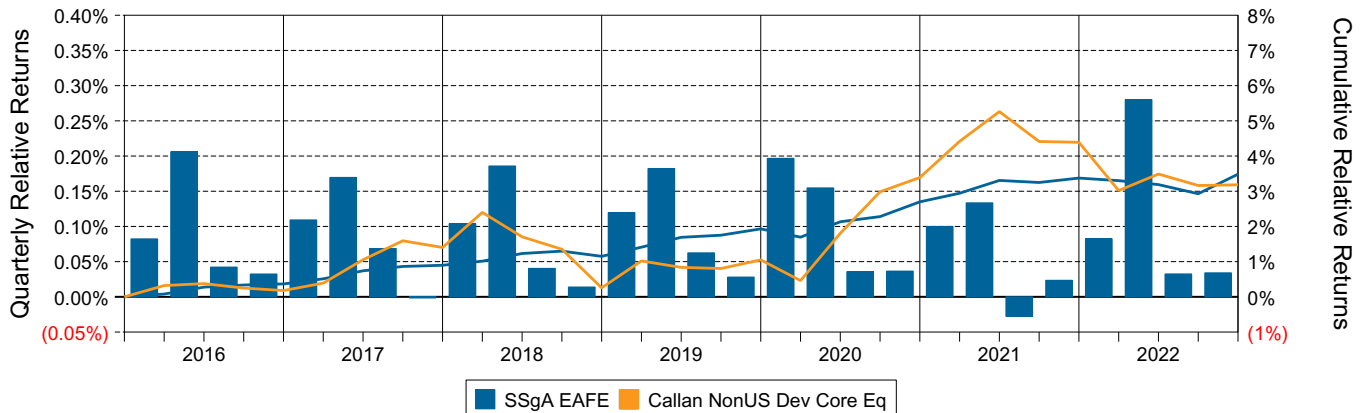
## Return Analysis

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.

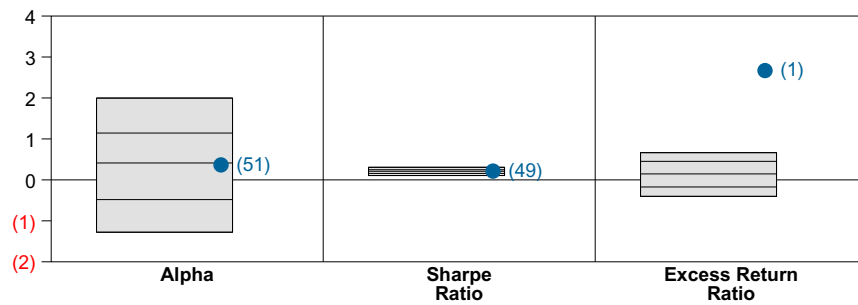
### Performance vs Callan Non-US Developed Core Equity (Gross)



### 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 December 31, 2022



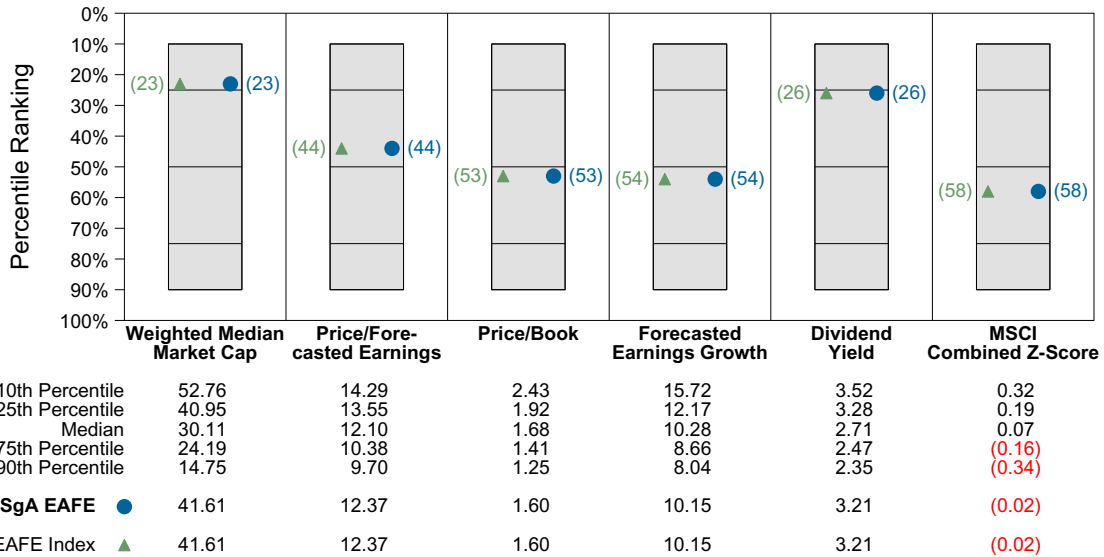
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.00	0.31	0.66
25th Percentile	1.14	0.25	0.45
Median	0.41	0.21	0.15
75th Percentile	(0.48)	0.16	(0.17)
90th Percentile	(1.28)	0.11	(0.40)
<b>SSgA EAFE</b>	● 0.36	0.21	2.67

# SSgA EAFE Equity Characteristics Analysis Summary

## Portfolio Characteristics

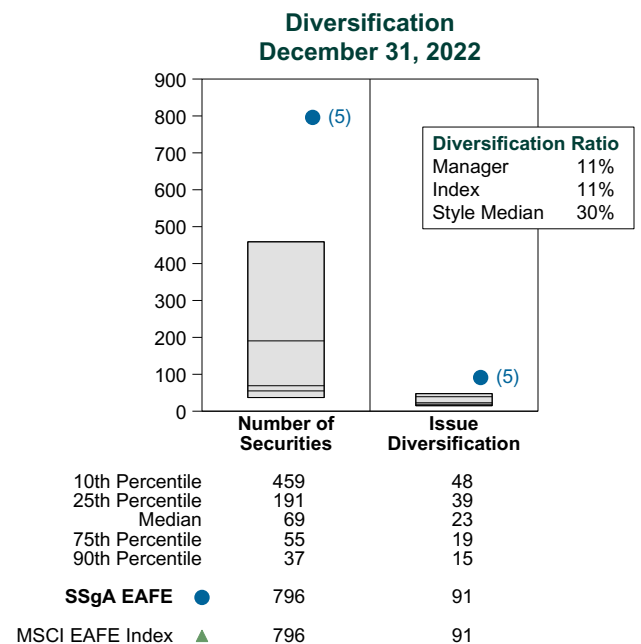
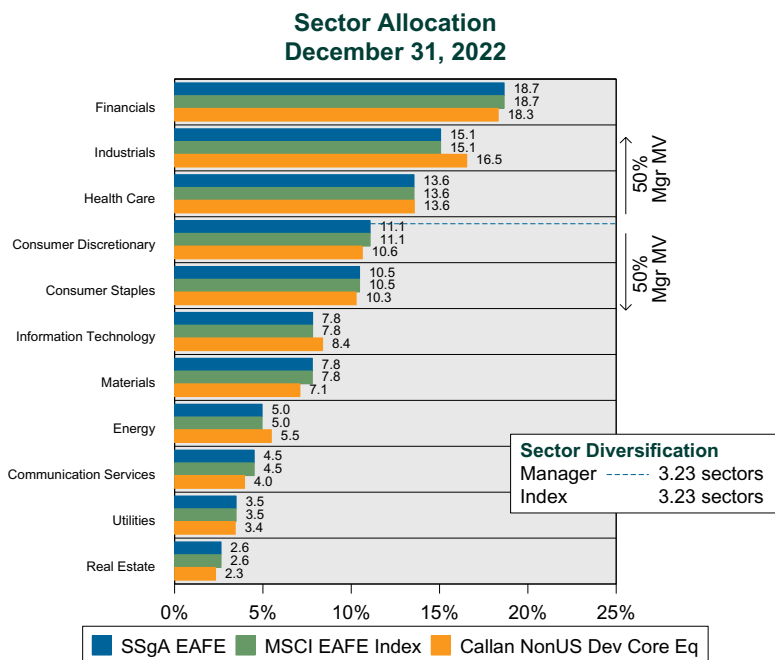
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



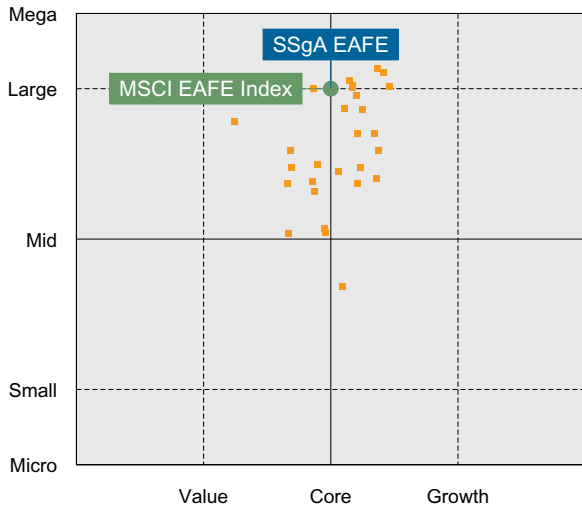
# Current Holdings Based Style Analysis

## SSgA EAFE

### As of December 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.

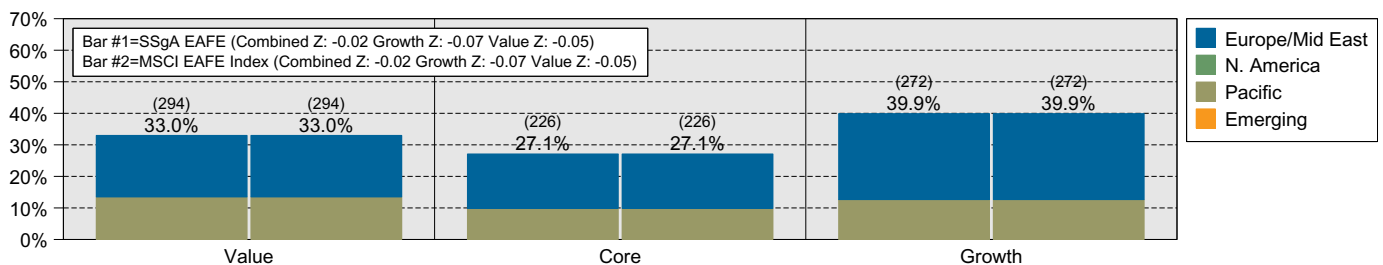
**Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2022**



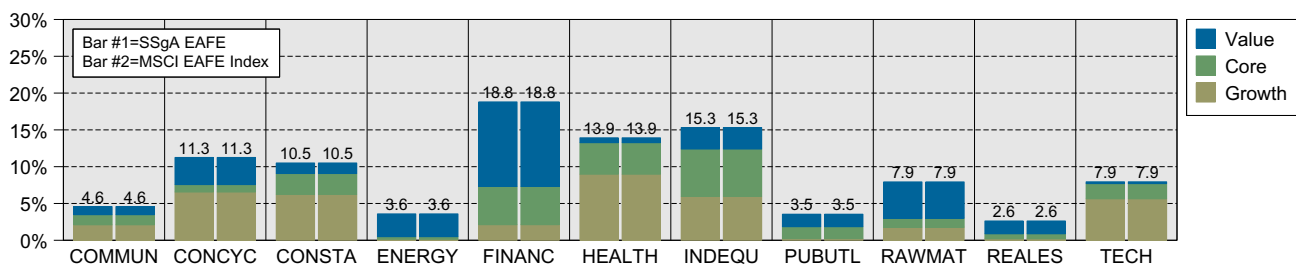
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	19.5% (157)	17.2% (127)	27.3% (153)	64.0% (437)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	13.5% (137)	9.9% (99)	12.7% (119)	36.0% (355)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Total</b>	<b>33.0% (294)</b>	<b>27.1% (226)</b>	<b>39.9% (272)</b>	<b>100.0% (792)</b>

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



**Sector Weights Distribution Holdings as of December 31, 2022**





# Country Allocation

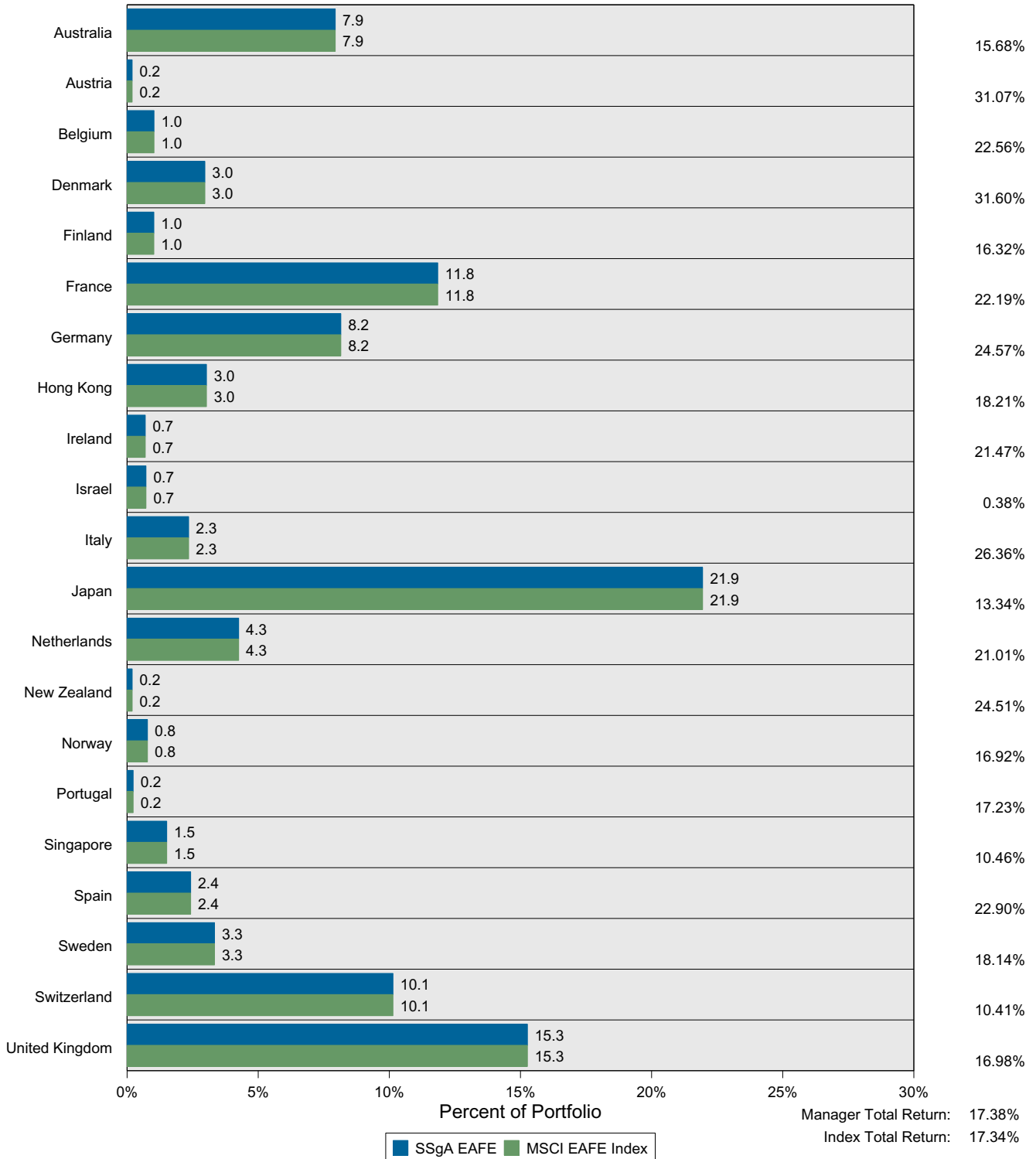
## SSgA EAFE VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 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 December 31, 2022

Index Rtns



## SSgA EAFE Top 10 Portfolio Holdings Characteristics as of December 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	\$356,433	2.2%	7.74%	318.46	20.93	2.61%	8.26%
Novo Nordisk B	Health Care	\$249,428	1.6%	33.29%	234.58	30.63	1.19%	19.10%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$246,902	1.5%	(0.95)%	220.60	13.90	3.20%	6.30%
Asml Holding N V Asml Rev Stk Spl	Information Technology	\$244,617	1.5%	29.30%	218.56	26.87	1.28%	18.05%
Astrazeneca Plc Ord	Health Care	\$234,025	1.5%	24.27%	209.10	18.15	1.87%	15.64%
Lvmh Moet Hennessy Lou Vuitt Ord	Consumer Discretionary	\$224,798	1.4%	28.93%	365.18	21.55	1.76%	14.50%
Novartis	Health Care	\$218,763	1.4%	15.52%	217.18	14.08	3.71%	3.83%
Bhp Billiton Ltd Shs	Materials	\$175,451	1.1%	24.27%	156.76	10.73	10.15%	(15.83)%
Total Sa Act	Energy	\$174,319	1.1%	35.30%	163.95	5.30	1.71%	10.65%
Toyota Motor Corp	Consumer Discretionary	\$163,048	1.0%	5.22%	224.12	8.40	2.92%	7.20%

### 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
Rentokil Initial	Industrials	\$17,160	0.1%	463.60%	15.40	21.07	1.32%	15.83%
Zalando	Consumer Discretionary	\$8,857	0.1%	83.15%	9.50	65.16	0.00%	17.90%
Antofagasta Plc Ord	Materials	\$8,205	0.1%	70.59%	18.33	27.38	6.65%	(41.01)%
Siemens Energy Ag	Industrials	\$9,153	0.1%	68.99%	13.67	20.41	0.00%	-
Rockwool B	Industrials	\$2,333	0.0%	62.14%	2.51	15.57	2.14%	5.40%
Vestas Wind Sys As Shs	Industrials	\$32,784	0.2%	59.58%	29.29	104.69	0.18%	(14.95)%
Deutsche Bank Ag Namen Akt	Financials	\$26,140	0.2%	53.85%	23.46	6.14	1.88%	17.90%
Nitori Holdings Co Ltd Shs New	Consumer Discretionary	\$11,586	0.1%	53.73%	14.79	22.54	0.84%	(2.20)%
Sands China Ltd Usd0.01 Reg's	Consumer Discretionary	\$9,018	0.1%	52.87%	26.86	89.68	0.00%	(6.74)%
ABN AMRO Group NV Cva Dutch Cert	Financials	\$6,236	0.0%	52.58%	12.97	8.90	7.20%	26.60%

### 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
Nippon Yusen Kk Shs	Industrials	\$12,786	0.1%	(62.38)%	12.02	3.05	24.65%	(70.00)%
Mapletree Coml.Trust	Real Estate	\$3,282	0.0%	(49.82)%	6.52	17.54	5.72%	6.87%
Koito Manufacturing Co Ltd Shs	Consumer Discretionary	\$3,523	0.0%	(47.44)%	4.84	12.45	1.36%	(14.85)%
Fastighets Ab Balder Shs B	Real Estate	\$3,289	0.0%	(35.50)%	4.90	11.53	0.00%	16.04%
Lixil Group Corp Shs	Industrials	\$4,873	0.0%	(25.75)%	4.35	12.50	4.50%	3.78%
Tele2 Ab Shs B New	Communication Services	\$5,208	0.0%	(24.73)%	5.47	14.11	7.52%	6.10%
Thq Nordic	Communication Services	\$3,302	0.0%	(24.20)%	5.41	19.00	0.00%	19.35%
Konami Hldgs Corp Shs	Communication Services	\$4,724	0.0%	(22.72)%	6.49	14.21	2.50%	11.80%
Brother Industries	Information Technology	\$4,018	0.0%	(20.59)%	3.92	8.92	3.39%	3.36%
Temenos Group Ag Glarus Namen Akt	Information Technology	\$3,904	0.0%	(20.55)%	4.11	17.43	1.97%	9.38%

# Pyrford

## Period Ended December 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.

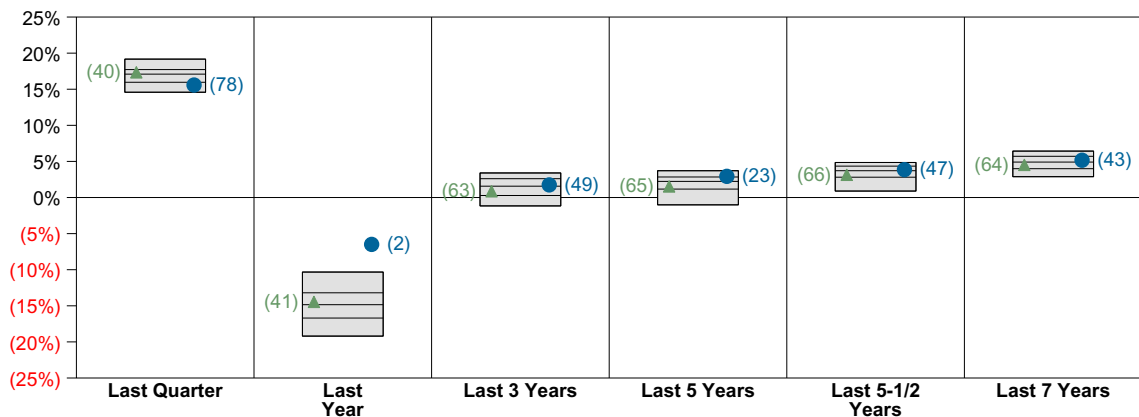
### Quarterly Summary and Highlights

- Pyrford's portfolio posted a 15.58% return for the quarter placing it in the 78 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 2 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 1.76% for the quarter and outperformed the MSCI EAFE Index for the year by 7.96%.

### Quarterly Asset Growth

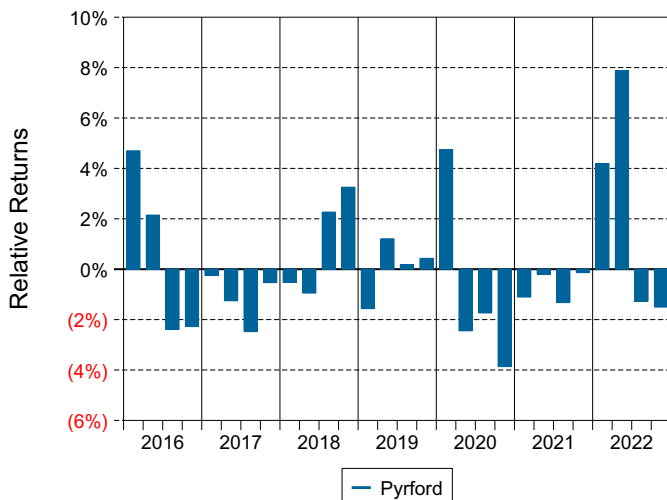
Beginning Market Value	\$28,524,012
Net New Investment	\$0
Investment Gains/(Losses)	\$4,444,205
Ending Market Value	\$32,968,217

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

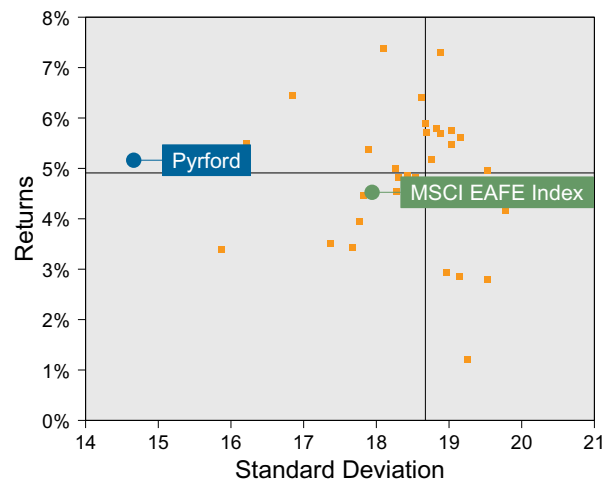


10th Percentile	19.17	(10.32)	3.40	3.71	4.85	6.43
25th Percentile	17.72	(13.20)	2.61	2.84	4.35	5.71
Median	17.09	(14.85)	1.57	2.24	3.71	4.91
75th Percentile	15.96	(16.70)	0.28	1.17	2.81	3.99
90th Percentile	14.58	(19.20)	(1.16)	(1.02)	0.89	2.89
<b>Pyrford</b> ●	15.58	(6.49)	1.75	2.93	3.86	5.16
MSCI EAFE Index ▲	17.34	(14.45)	0.87	1.54	3.15	4.53

### Relative Return vs MSCI EAFE Index



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

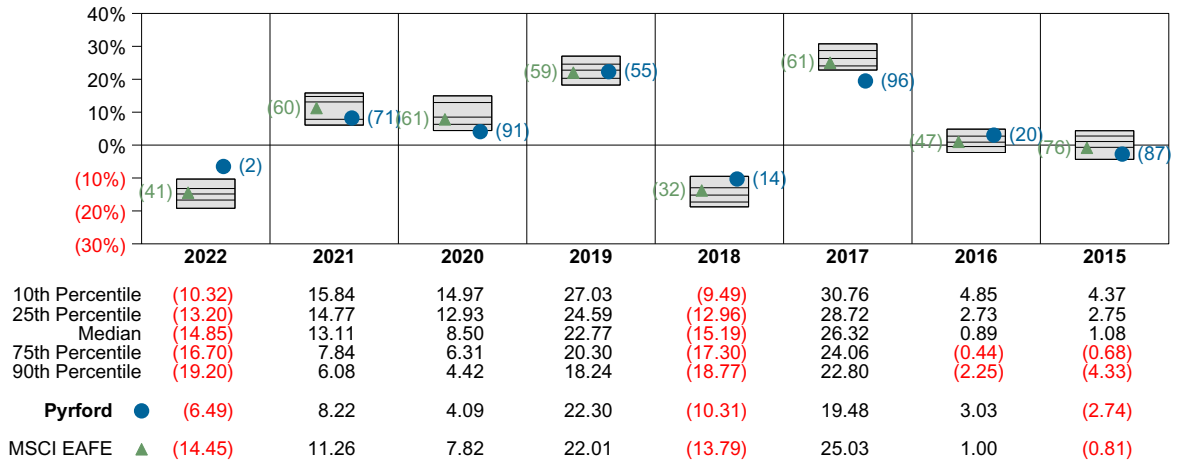


# Pyrford Return Analysis Summary

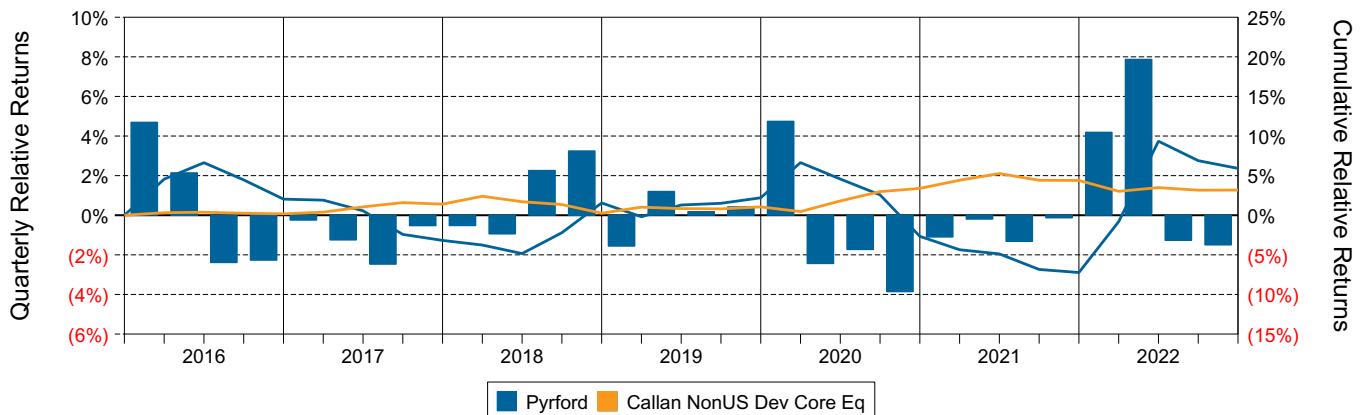
## Return Analysis

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.

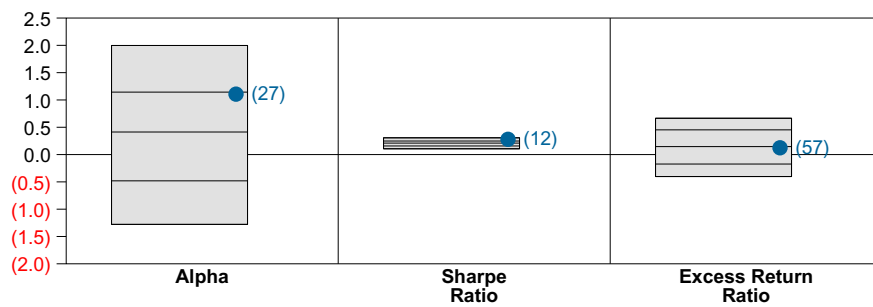
### Performance vs Callan Non-US Developed Core Equity (Gross)



### 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 December 31, 2022



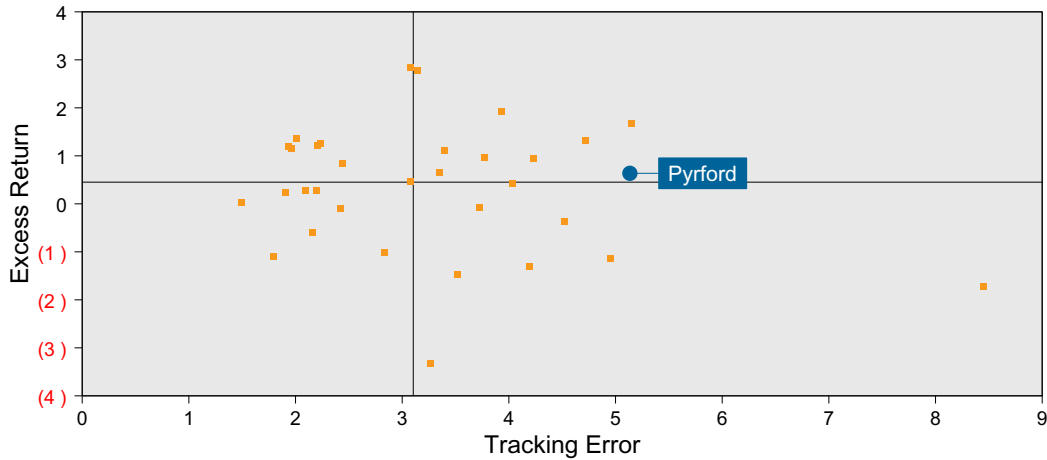
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.00	0.31	0.66
25th Percentile	1.14	0.25	0.45
Median	0.41	0.21	0.15
75th Percentile	(0.48)	0.16	(0.17)
90th Percentile	(1.28)	0.11	(0.40)
<b>Pyrford</b>	● 1.11	0.28	0.12

# Pyrford Risk Analysis Summary

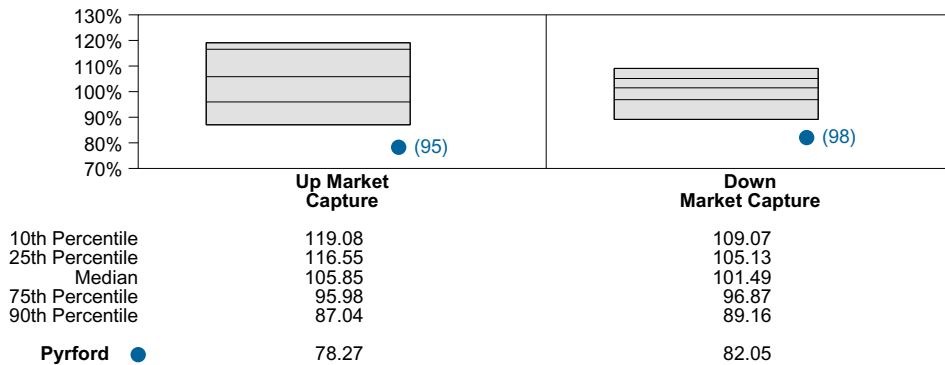
## Risk Analysis

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

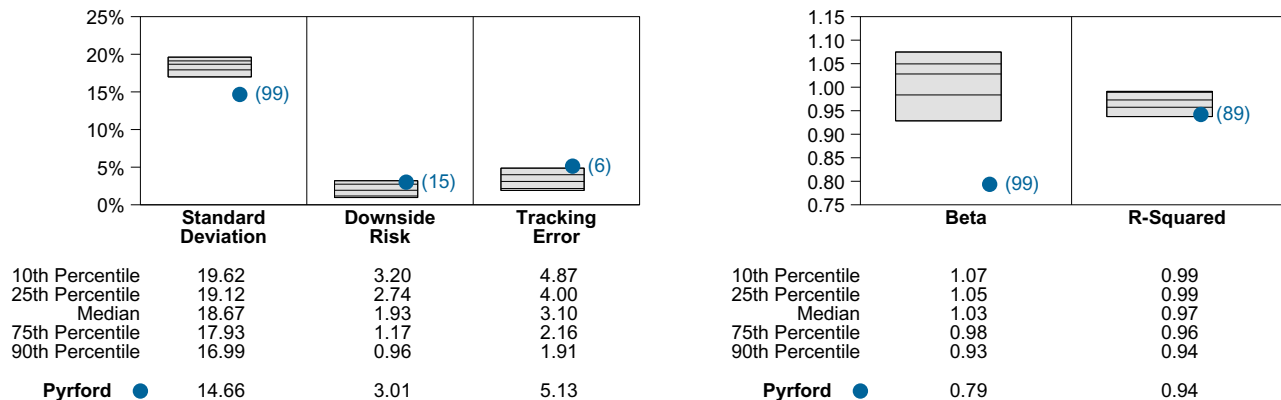
### Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2022



### Market Capture vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2022



### Risk Statistics Rankings vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended December 31, 2022

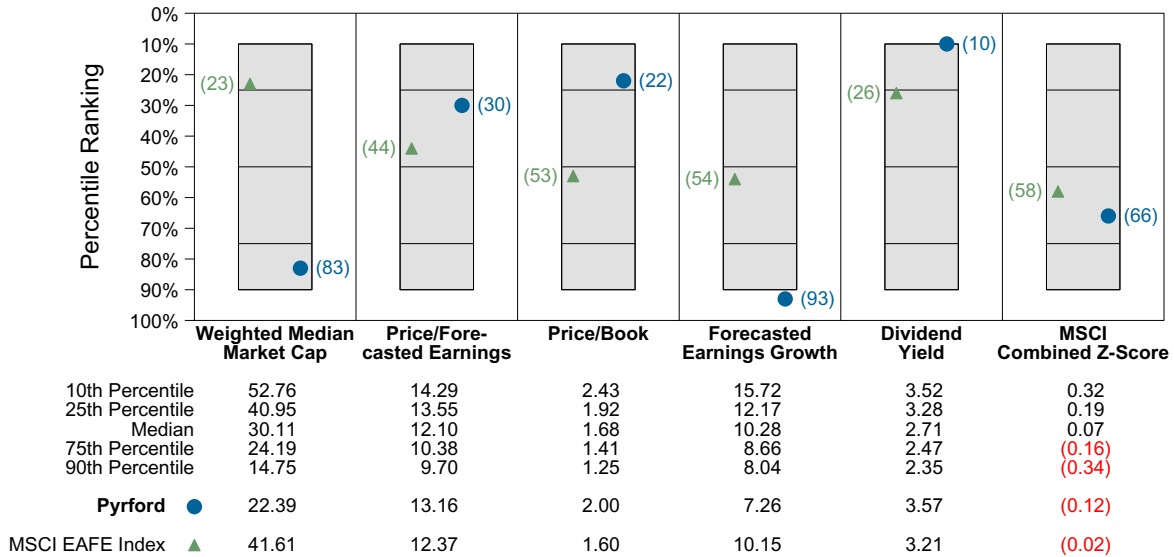


# Pyrford Equity Characteristics Analysis Summary

## Portfolio Characteristics

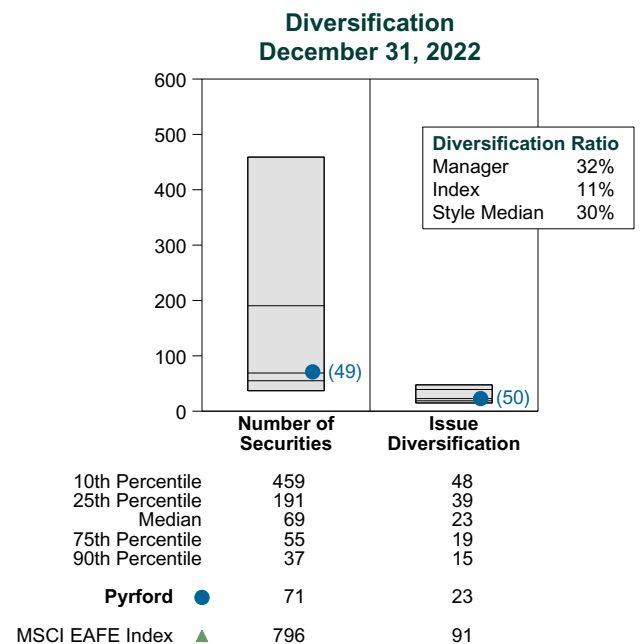
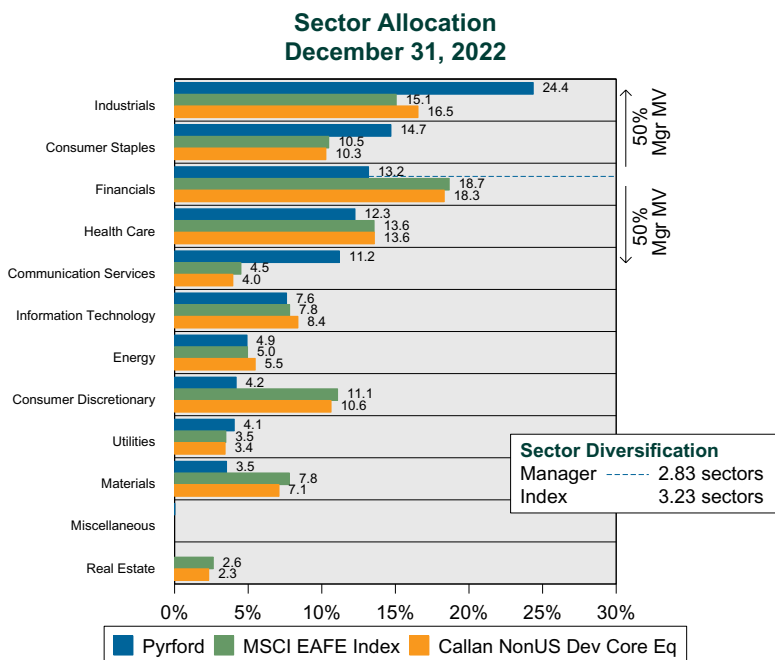
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



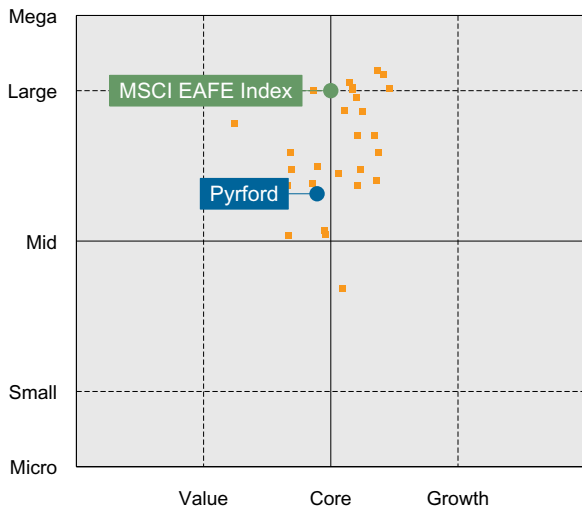
# Current Holdings Based Style Analysis

## Pyrford

### As of December 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.

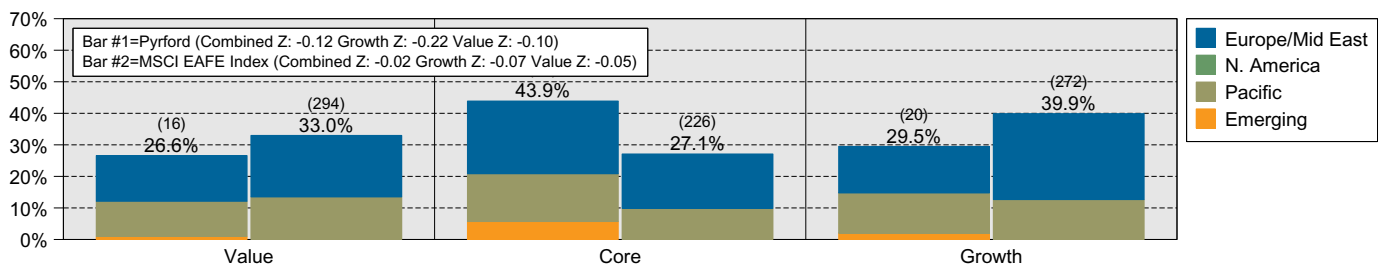
**Style Map vs Callan NonUS Dev Core Eq Holdings as of December 31, 2022**



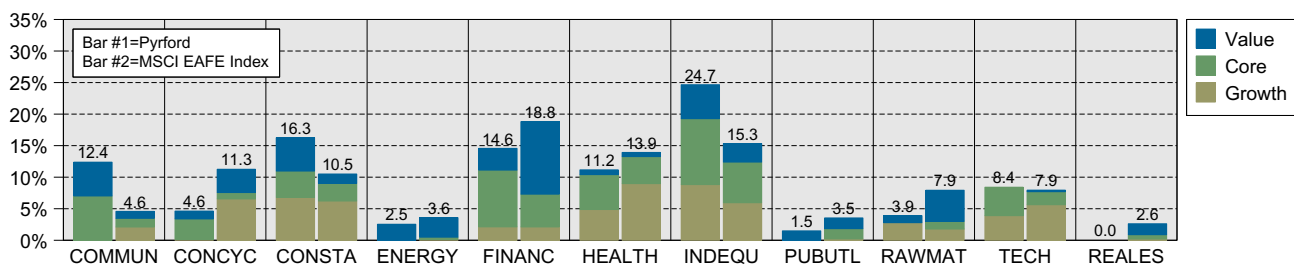
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	14.5% (9) 19.5% (157)	23.0% (14) 17.2% (127)	14.8% (10) 27.3% (153)	52.3% (33) 64.0% (437)
N. America	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (0)
Pacific	11.1% (6) 13.5% (137)	15.1% (9) 9.9% (99)	12.8% (7) 12.7% (119)	39.0% (22) 36.0% (355)
Emerging	1.0% (1) 0.0% (0)	5.7% (4) 0.0% (0)	2.0% (3) 0.0% (0)	8.7% (8) 0.0% (0)
<b>Total</b>	<b>26.6% (16)</b> <b>33.0% (294)</b>	<b>43.9% (27)</b> <b>27.1% (226)</b>	<b>29.5% (20)</b> <b>39.9% (272)</b>	<b>100.0% (63)</b> <b>100.0% (792)</b>

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



**Sector Weights Distribution Holdings as of December 31, 2022**



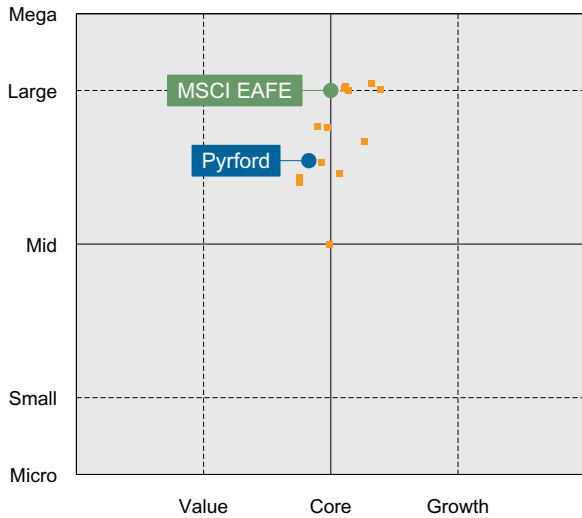
# Historical Holdings Based Style Analysis

## Pyrford

### For Five Years Ended December 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.

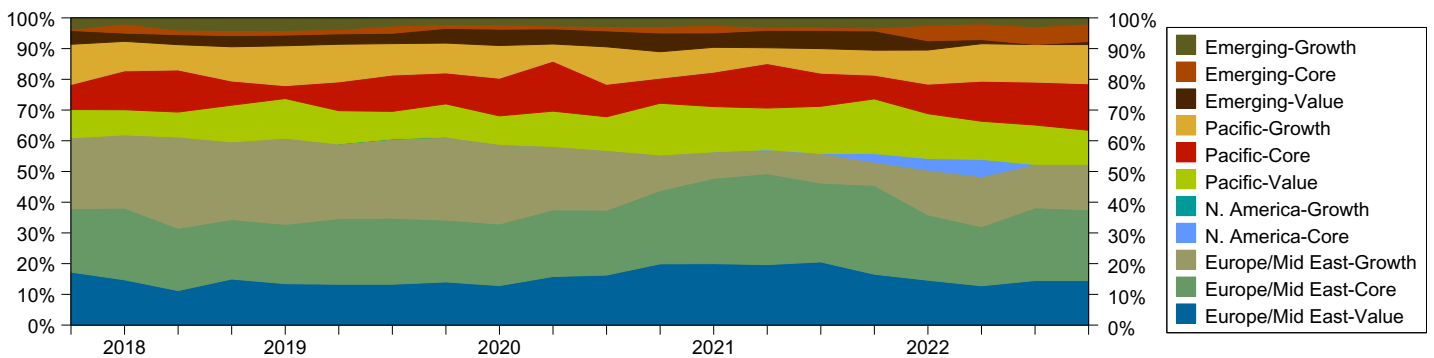
**Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended December 31, 2022**



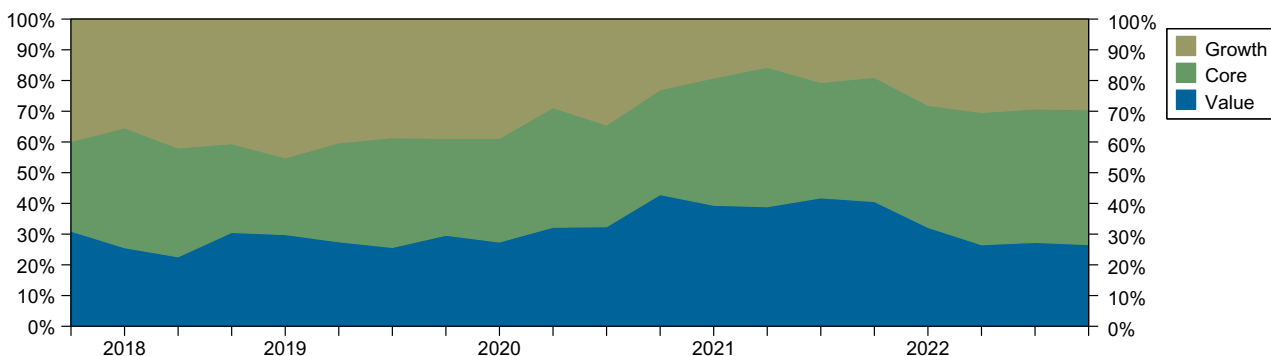
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

Europe/ Mid East	15.5% (10)	22.6% (14)	18.9% (14)	57.0% (38)
	19.0% (142)	18.0% (126)	25.8% (175)	62.9% (443)
N. America	0.0% (0)	0.6% (0)	0.0% (0)	0.6% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	12.1% (8)	11.1% (7)	10.1% (7)	33.2% (22)
	12.3% (146)	10.6% (132)	14.2% (153)	37.1% (431)
Emerging	3.9% (3)	2.3% (2)	2.9% (3)	9.1% (8)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Total</b>	<b>31.5% (21)</b>	<b>36.6% (23)</b>	<b>31.9% (24)</b>	<b>100.0% (68)</b>
	<b>31.3% (288)</b>	<b>28.7% (258)</b>	<b>40.0% (328)</b>	<b>100.0% (874)</b>
	Value	Core	Growth	Total

### Pyrford Historical Region/Style Exposures



### Pyrford Historical Style Only Exposures





# Country Allocation

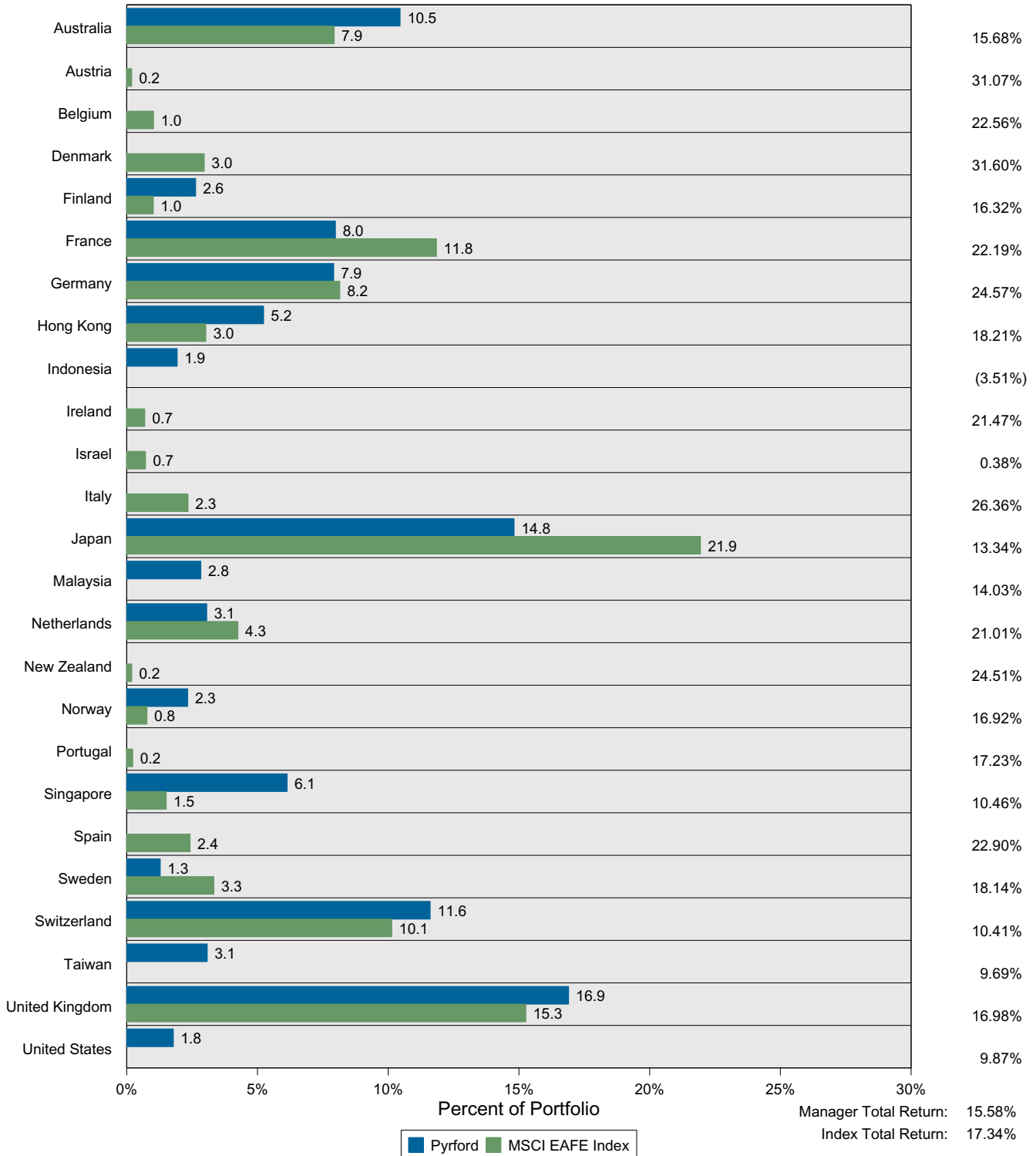
## Pyrford VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2022

Index Rtns



## Pyrford Top 10 Portfolio Holdings Characteristics as of December 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
Japan Tobacco Inc Ord	Consumer Staples	\$1,079,343	3.3%	29.60%	40.33	11.09	5.64%	5.12%
Nestle S A Shs Nom New	Consumer Staples	\$913,635	2.8%	7.74%	318.46	20.93	2.61%	8.26%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$866,884	2.6%	(0.95)%	220.60	13.90	3.20%	6.30%
Novartis	Health Care	\$822,496	2.5%	15.52%	217.18	14.08	3.71%	3.83%
Mitsubishi Elec Corp Shs	Industrials	\$799,958	2.4%	11.44%	21.38	11.90	3.05%	12.40%
Sanofi Shs	Health Care	\$782,907	2.4%	20.55%	121.53	10.46	3.71%	12.30%
Telenor Asa Shs	Communication Services	\$748,559	2.3%	(3.81)%	13.01	13.06	9.83%	7.20%
Kddi	Communication Services	\$744,111	2.3%	3.24%	69.49	12.21	3.26%	4.68%
Sap Se Shs	Information Technology	\$677,073	2.1%	24.96%	126.34	17.57	2.02%	(1.10)%
Air Liquide Sa	Materials	\$654,819	2.0%	24.66%	73.96	20.75	1.99%	12.90%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Koninklijke Vopak NV Rotterd Shs	Energy	\$411,301	1.2%	39.90%	3.72	9.71	4.50%	(1.97)%
Haleon Plc Adr	Health Care	\$191,791	0.6%	37.25%	36.94	80.81	0.00%	-
Aia Group Ltd Com Par Usd 1	Financials	\$616,411	1.9%	32.68%	131.02	17.57	1.71%	5.55%
Essity Ab	Consumer Staples	\$185,873	0.6%	31.83%	16.81	17.70	2.56%	13.55%
Japan Tobacco Inc Ord	Consumer Staples	\$1,079,343	3.3%	29.60%	40.33	11.09	5.64%	5.12%
Asm Pacific Technology Ltd Ord	Information Technology	\$250,158	0.8%	29.56%	2.94	12.19	7.01%	(8.19)%
Imperial Brands Plc Shs	Consumer Staples	\$453,090	1.4%	27.81%	23.35	6.94	7.75%	9.11%
Abc-Mart	Consumer Discretionary	\$555,805	1.7%	26.92%	4.67	22.52	2.28%	22.52%
Rio Tinto Ltd Ord	Materials	\$323,215	1.0%	26.49%	29.31	10.85	9.33%	(15.30)%
Sap Se Shs	Information Technology	\$677,073	2.1%	24.96%	126.34	17.57	2.02%	(1.10)%

### 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
Pt Telekomunikasi Indo Perse Shs Ser	Communication Services	\$288,303	0.9%	(18.07)%	23.86	13.33	4.00%	4.34%
Comfortdelgro Corporation Lt Shs	Industrials	\$477,906	1.4%	(10.79)%	1.99	12.74	4.02%	13.75%
Vodafone Group Plc New Shs New	Communication Services	\$517,062	1.6%	(7.02)%	27.67	8.94	9.39%	10.73%
Royal Philips NV Shs	Health Care	\$218,674	0.7%	(6.05)%	13.29	13.20	6.07%	(1.65)%
Sgs Ltd Reg Shs	Industrials	\$187,009	0.6%	(5.85)%	17.42	22.04	3.72%	6.08%
Merida Industry Co.	Consumer Discretionary	\$42,425	0.1%	(4.43)%	1.62	11.63	4.79%	(2.93)%
Wolters Kluwer	Industrials	\$352,120	1.1%	(4.07)%	26.87	22.75	1.61%	12.27%
Telenor Asa Shs	Communication Services	\$748,559	2.3%	(3.81)%	13.01	13.06	9.83%	7.20%
Endeavour Group Ltd/Australi	Consumer Staples	\$281,953	0.9%	(3.27)%	7.80	20.54	3.43%	7.15%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$866,884	2.6%	(0.95)%	220.60	13.90	3.20%	6.30%

# AQR

## Period Ended December 31, 2022

### Investment Philosophy

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

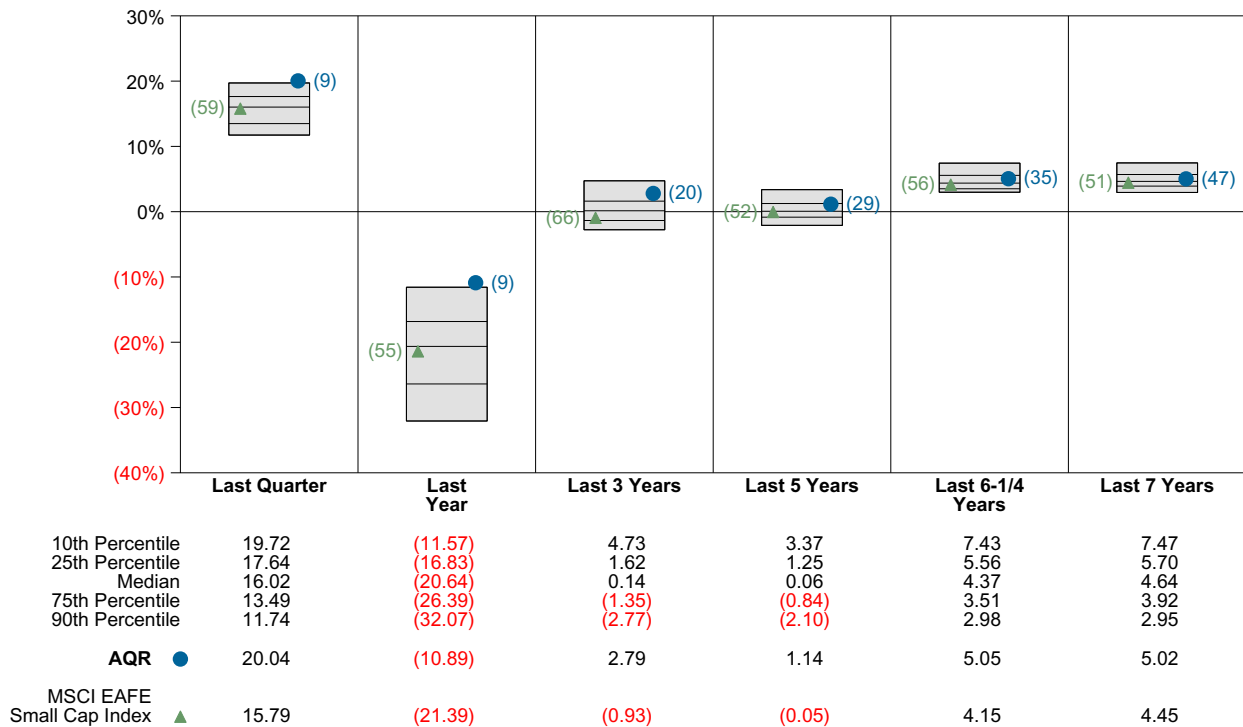
### Quarterly Summary and Highlights

- AQR's portfolio posted a 20.04% return for the quarter placing it in the 9 percentile of the Callan International Small Cap group for the quarter and in the 9 percentile for the last year.
- AQR's portfolio outperformed the MSCI EAFE Small Cap Index by 4.24% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 10.50%.

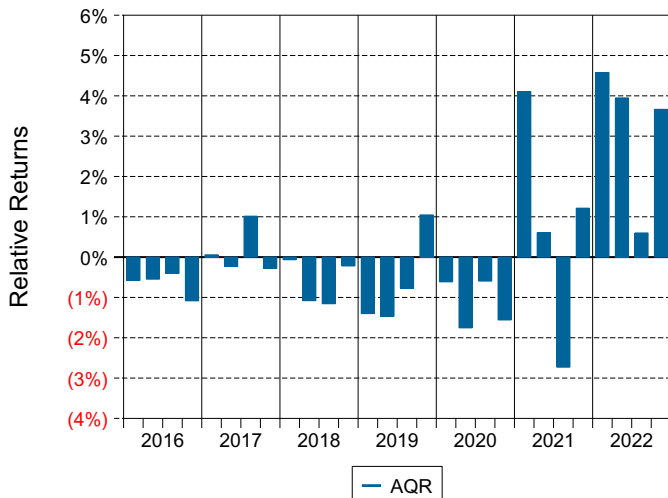
### Quarterly Asset Growth

Beginning Market Value	\$15,242,790
Net New Investment	\$0
Investment Gains/(Losses)	\$3,054,047
Ending Market Value	\$18,296,838

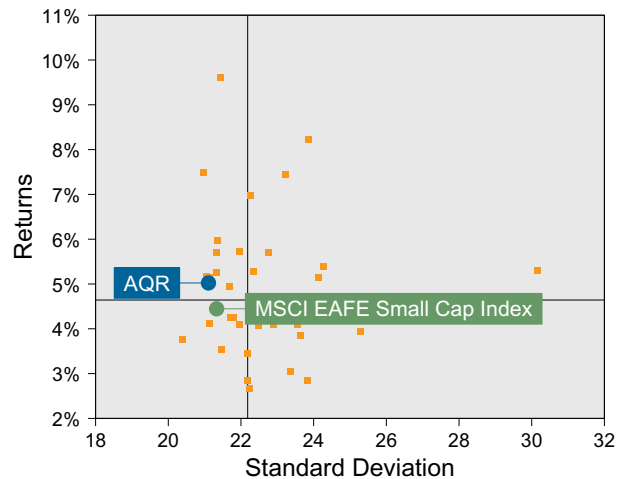
### Performance vs Callan International Small Cap (Gross)



### Relative Returns vs MSCI EAFE Small Cap Index



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

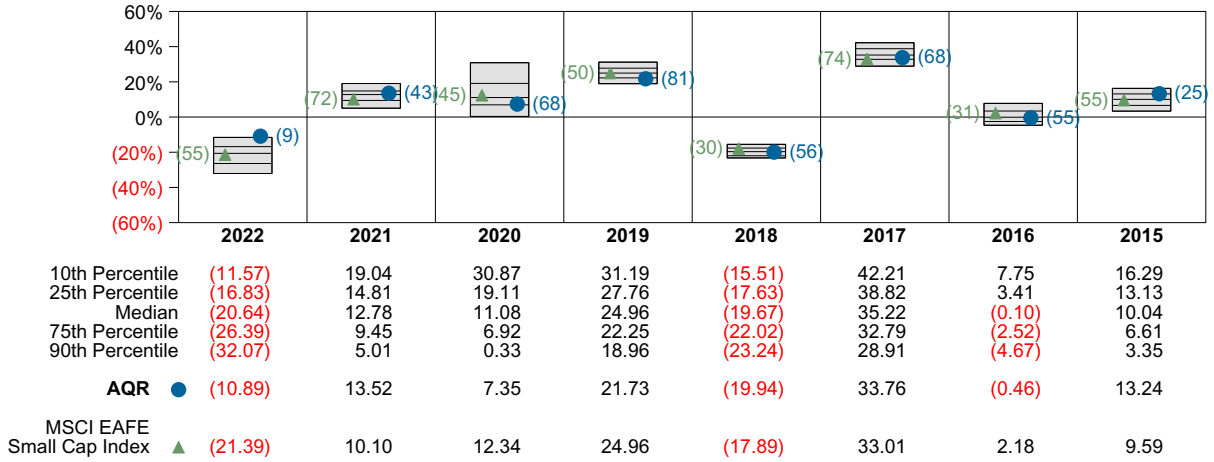


# AQR Return Analysis Summary

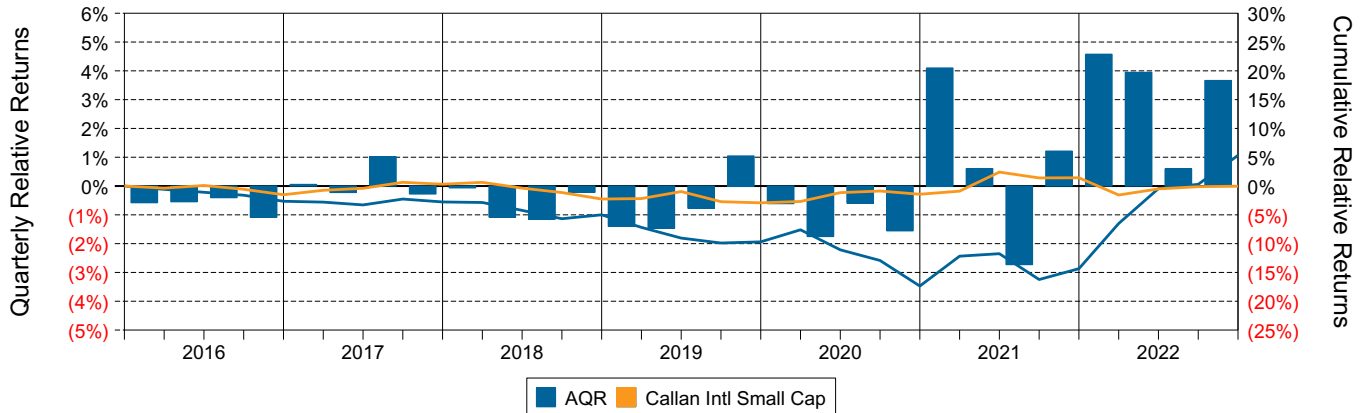
## Return Analysis

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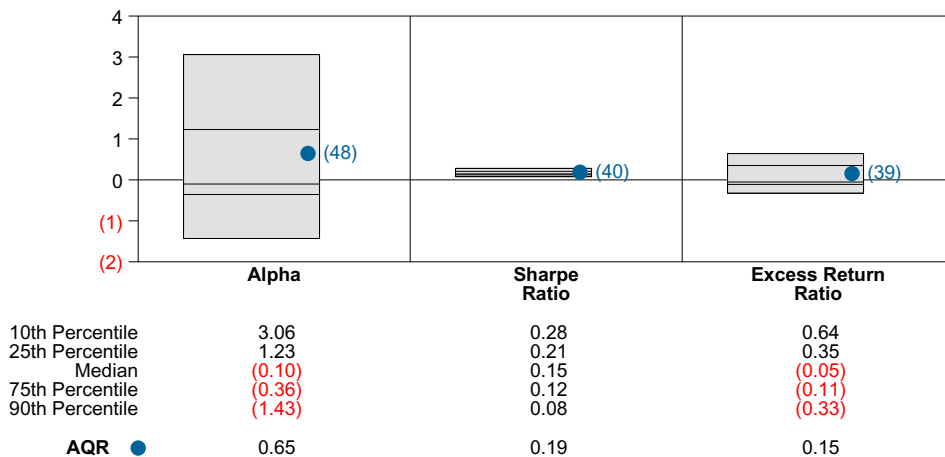
### Performance vs Callan International Small Cap (Gross)



### 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 December 31, 2022

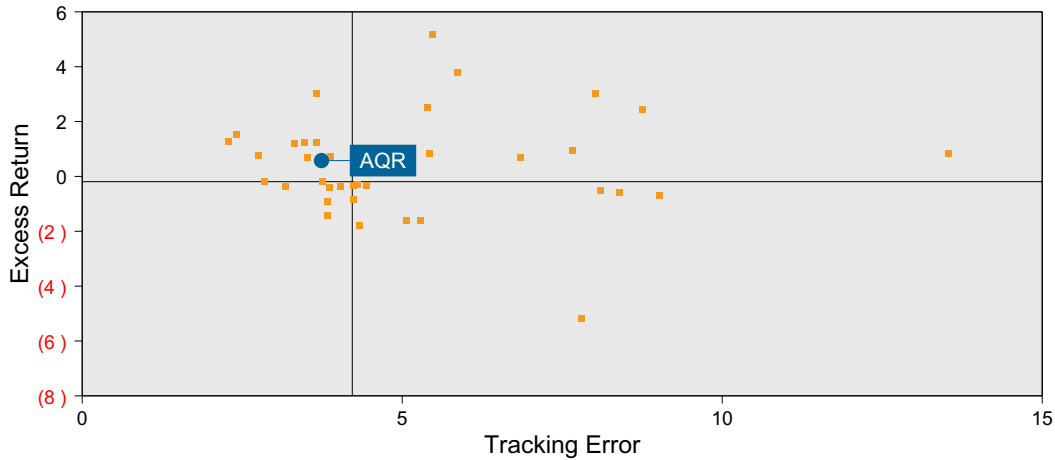


# AQR Risk Analysis Summary

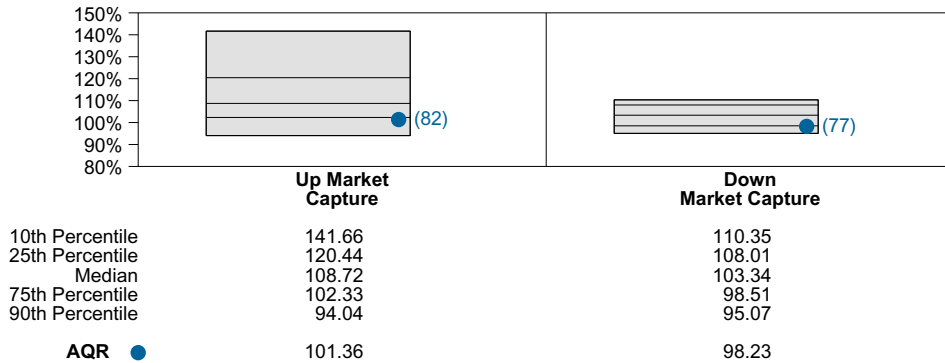
## Risk Analysis

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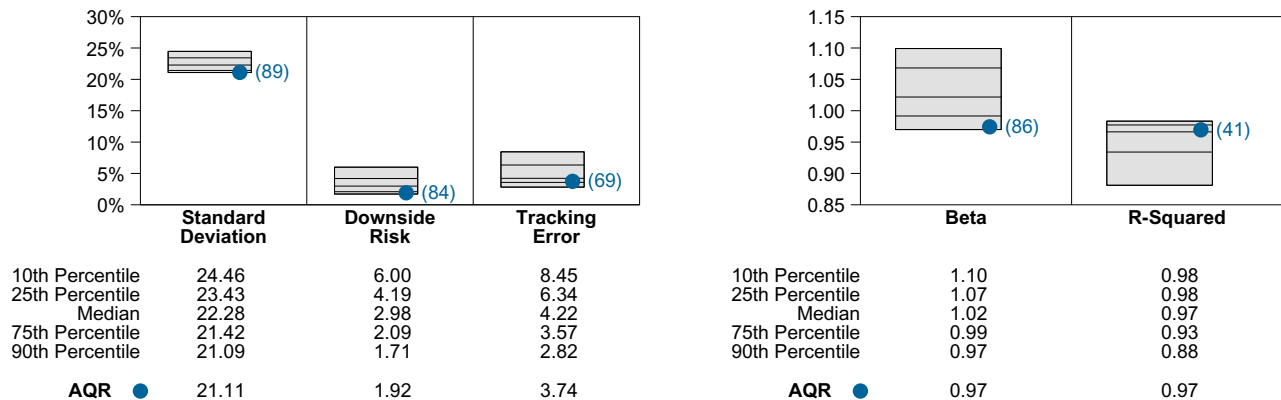
### Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended December 31, 2022



### Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2022



### Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended December 31, 2022

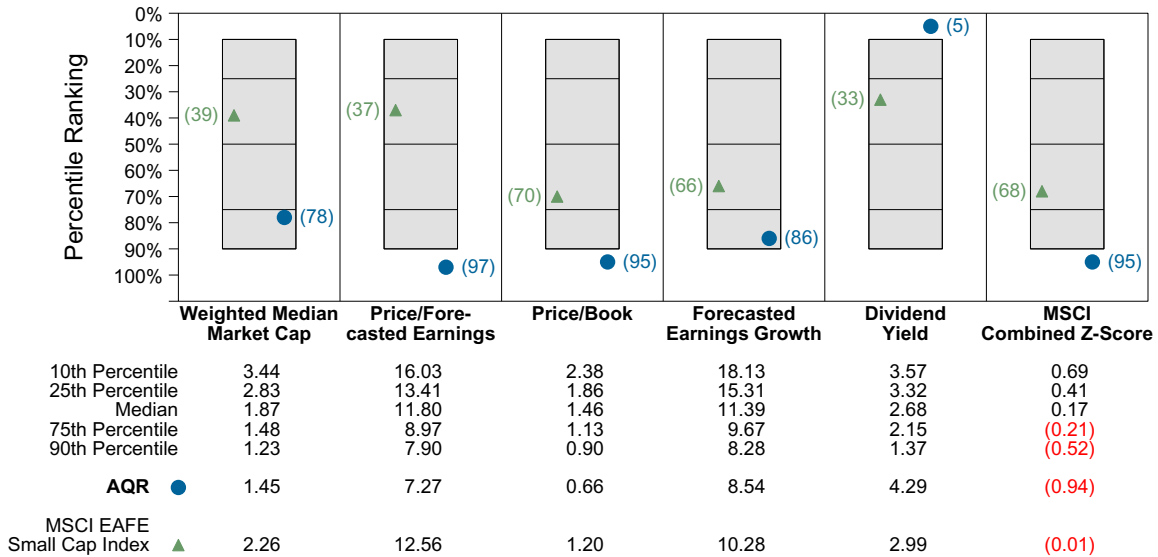


# AQR Equity Characteristics Analysis Summary

## Portfolio Characteristics

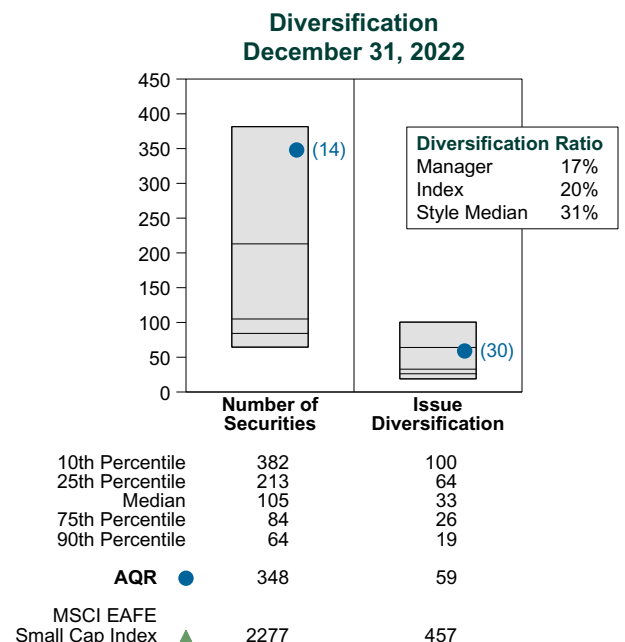
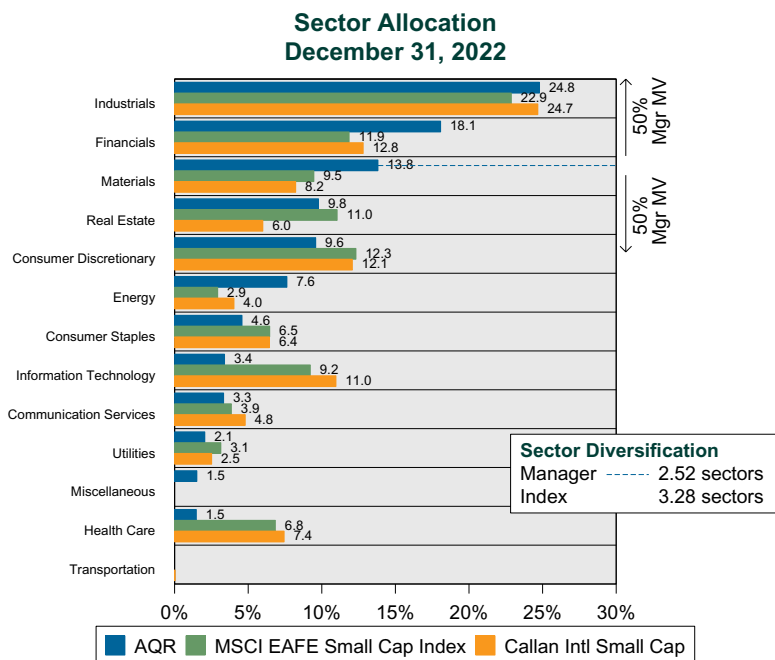
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



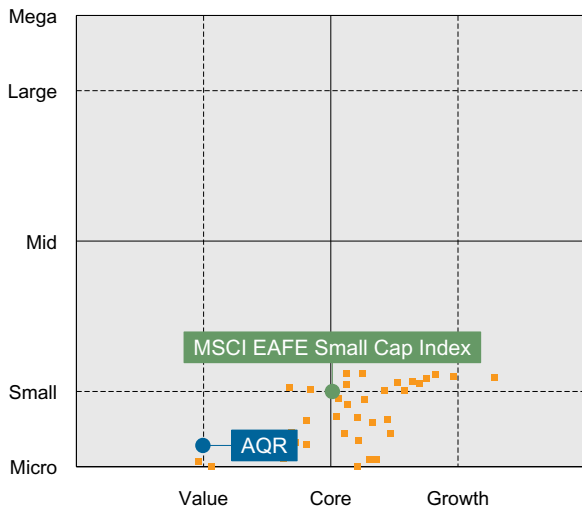
# Current Holdings Based Style Analysis

## AQR

### As of December 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.

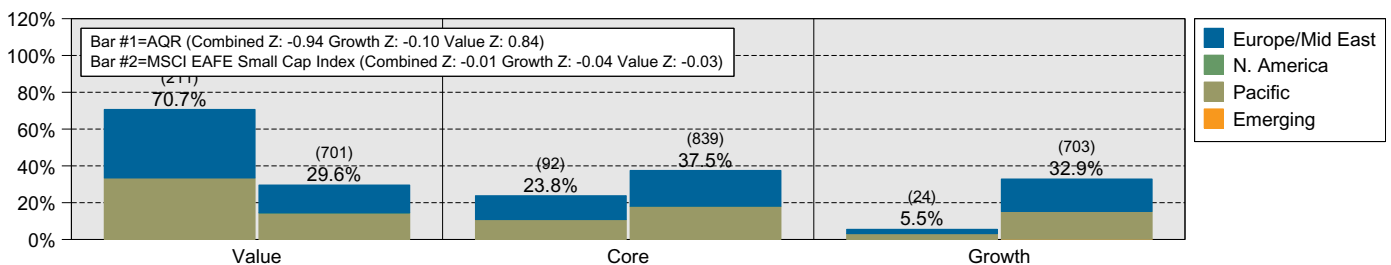
**Style Map vs Callan Intl Small Cap Holdings as of December 31, 2022**



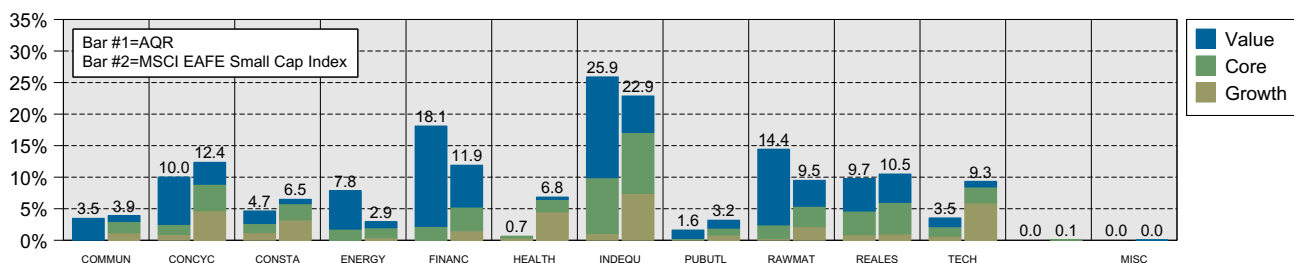
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	37.3% (109)	13.0% (43)	2.4% (10)	52.6% (162)
N. America	15.2% (332)	19.5% (398)	17.6% (329)	52.2% (1059)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	0.0% (1)	0.1% (8)	0.0% (0)	0.1% (9)
<b>Total</b>	<b>33.4% (102)</b>	<b>10.8% (49)</b>	<b>3.2% (14)</b>	<b>47.4% (165)</b>
	14.4% (367)	18.0% (433)	15.2% (372)	47.6% (1172)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.0% (0)	0.1% (2)	0.1% (3)
<b>Total</b>	<b>70.7% (211)</b>	<b>23.8% (92)</b>	<b>5.5% (24)</b>	<b>100.0% (327)</b>
	29.6% (701)	37.5% (839)	32.9% (703)	100.0% (2243)

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



**Sector Weights Distribution Holdings as of December 31, 2022**



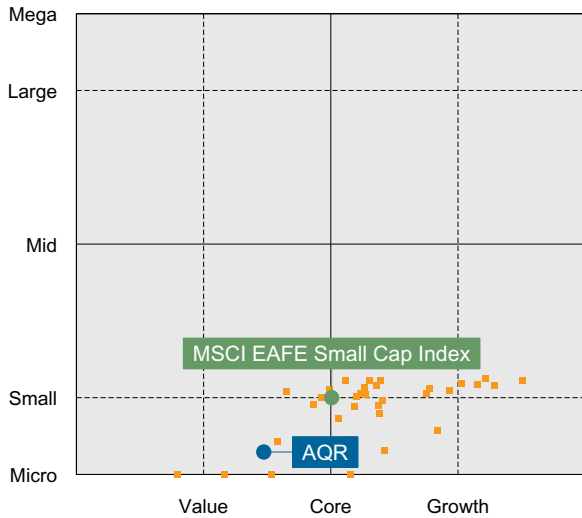
# Historical Holdings Based Style Analysis

## AQR

### For Five Years Ended December 31, 2022

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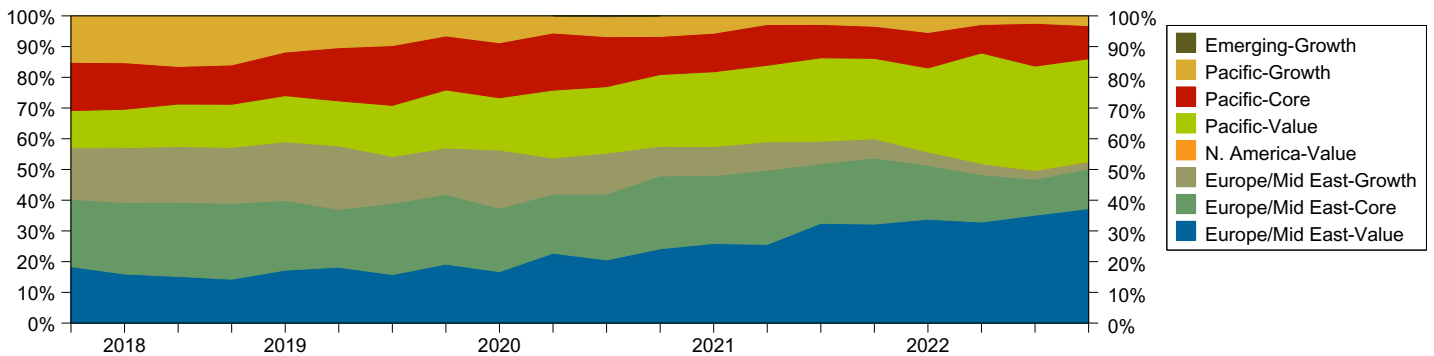
**Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended December 31, 2022**



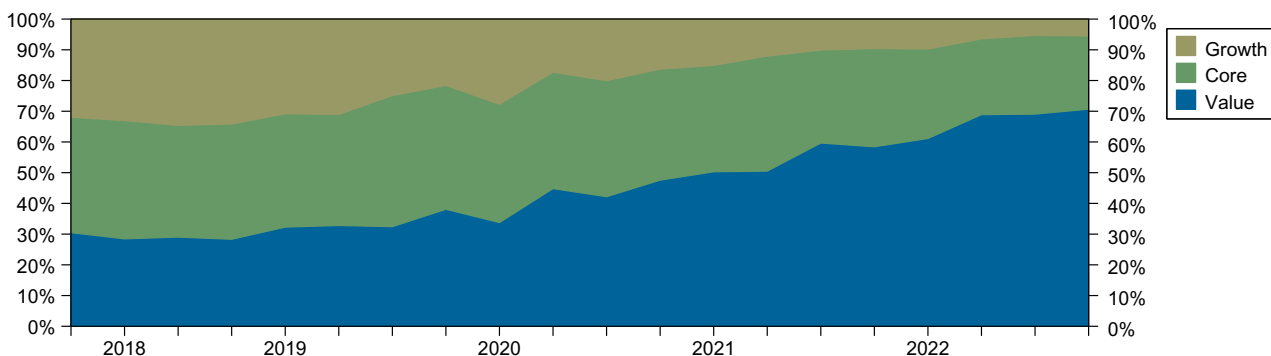
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

	23.7% (95)	20.6% (89)	12.0% (46)	56.3% (230)
Europe/ Mid East	14.3% (320)	21.4% (401)	20.4% (330)	56.1% (1051)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (1)	0.0% (2)	0.0% (0)	0.0% (3)
Pacific	21.7% (125)	14.1% (86)	7.8% (47)	43.7% (258)
	13.0% (425)	15.6% (433)	15.3% (403)	43.8% (1261)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
<b>Total</b>	<b>45.4% (220)</b>	<b>34.7% (175)</b>	<b>19.9% (93)</b>	<b>100.0% (488)</b>
	27.3% (746)	37.0% (837)	35.7% (733)	100.0% (2316)
	Value	Core	Growth	Total

### AQR Historical Region/Style Exposures



### AQR Historical Style Only Exposures





# Country Allocation

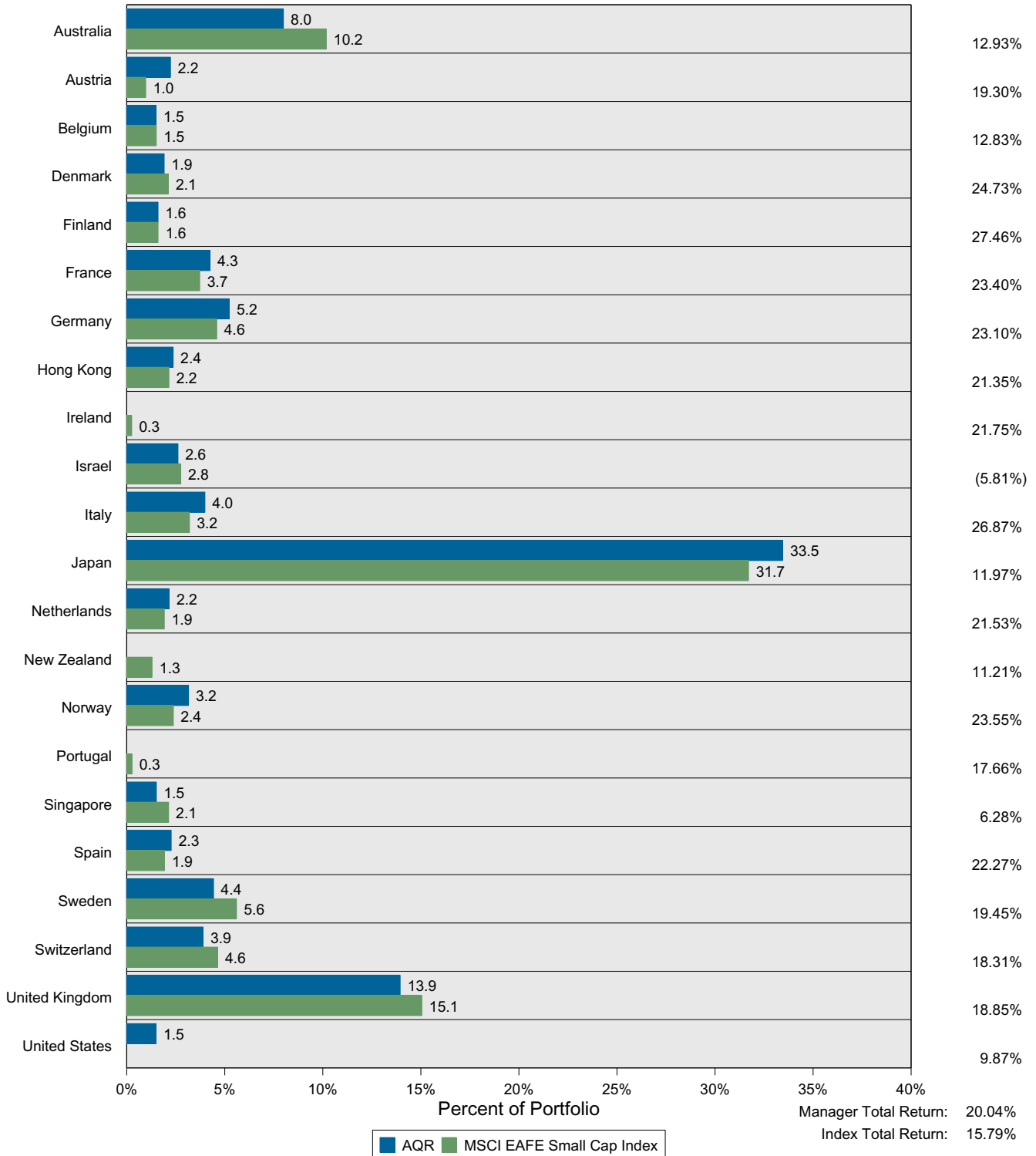
## AQR VS MSCI EAFE Small Cap Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2022

Index Rtns



## AQR Top 10 Portfolio Holdings Characteristics as of December 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
Nippon Steel Trading	Industrials	\$287,119	1.6%	101.51%	2.26	10.04	3.90%	8.37%
Nishi-Nippon Finl Hldgs	Financials	\$262,825	1.4%	40.84%	1.11	5.41	3.89%	(2.76)%
Hokuhoku Finl Group Inc Shs	Financials	\$251,029	1.4%	25.47%	0.95	5.71	3.58%	8.73%
Ashikaga Holdings	Financials	\$249,939	1.4%	29.93%	2.76	7.11	3.29%	(0.16)%
Saras Raffinerie Sarde Spa Shs	Energy	\$240,189	1.3%	28.24%	1.17	7.21	0.00%	(27.61)%
Kobe Steel Ltd Shs	Materials	\$235,396	1.3%	18.56%	1.93	4.70	7.01%	(4.40)%
Ssab Svenskt Stal B	Materials	\$231,301	1.3%	20.67%	3.77	7.31	9.69%	107.46%
Jb Hi-Fi	Consumer Discretionary	\$230,165	1.3%	3.68%	3.11	11.44	7.53%	(6.37)%
Pacific Basin Bulk Shipping Shs	Industrials	\$229,167	1.3%	8.74%	1.78	3.13	228.95%	(49.05)%
Bca.Ppo.Emilia Romagna	Financials	\$227,309	1.2%	32.20%	2.90	5.21	3.13%	18.99%

### 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
Health & Happiness Int Hld L Shs	Consumer Staples	\$72,254	0.4%	126.42%	1.38	9.70	2.52%	(3.33)%
Nippon Steel Trading	Industrials	\$287,119	1.6%	101.51%	2.26	10.04	3.90%	8.37%
Wilhs.Wilhelmsen	Industrials	\$5,508	0.0%	98.96%	4.17	5.65	1.36%	28.09%
Dampskibsselskabet Norden A/ Shs	Industrials	\$200,533	1.1%	69.60%	2.22	5.91	14.35%	72.14%
On The Beach Group	Consumer Discretionary	\$82,543	0.5%	67.21%	0.31	11.97	0.00%	33.73%
Teamviewer	Information Technology	\$106,566	0.6%	63.21%	2.39	16.50	0.00%	41.98%
Cargotec Oyj Shs	Industrials	\$13,699	0.1%	61.60%	2.43	9.81	2.61%	33.29%
Marks & Spencer Group	Consumer Staples	\$59,712	0.3%	60.41%	2.91	8.92	0.00%	(3.05)%
Virgin Money Uk Plc Shs	Financials	\$44,716	0.2%	57.87%	3.01	6.12	5.49%	15.09%
Regis Resources NI Shs	Materials	\$13,865	0.1%	57.32%	1.05	14.11	0.97%	(6.09)%

### 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
Capita Plc Shs	Information Technology	\$74,877	0.4%	(52.89)%	0.49	5.92	0.00%	39.60%
Capital & Counties Properties	Real Estate	\$6,543	0.0%	(47.52)%	1.09	49.23	1.69%	(2.00)%
Delek Group Ltd Israel Shs	Energy	\$39,343	0.2%	(31.47)%	2.01	5.68	0.00%	(4.50)%
Kanamoto	Industrials	\$22,329	0.1%	(28.03)%	0.66	8.72	3.31%	(6.11)%
Grieg Seafood	Consumer Staples	\$97,525	0.5%	(27.49)%	0.91	11.95	3.82%	4.06%
Nsi N V Shs	Real Estate	\$33,100	0.2%	(25.74)%	0.50	10.96	9.29%	(4.30)%
Manulife Us Real Estate Inv.Tst.	Real Estate	\$11,645	0.1%	(24.49)%	0.53	7.32	14.33%	(14.13)%
Esr Reit Units	Real Estate	\$10,020	0.1%	(20.96)%	1.85	13.14	7.81%	(2.03)%
888 Holdings Plc Shs	Consumer Discretionary	\$36,588	0.2%	(20.56)%	0.47	6.18	3.93%	3.60%
Koninklijke Bam Groep NV Shs	Industrials	\$77,938	0.4%	(20.33)%	0.65	6.33	0.00%	(12.29)%

# DFA Emerging Markets Period Ended December 31, 2022

## Investment Philosophy

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

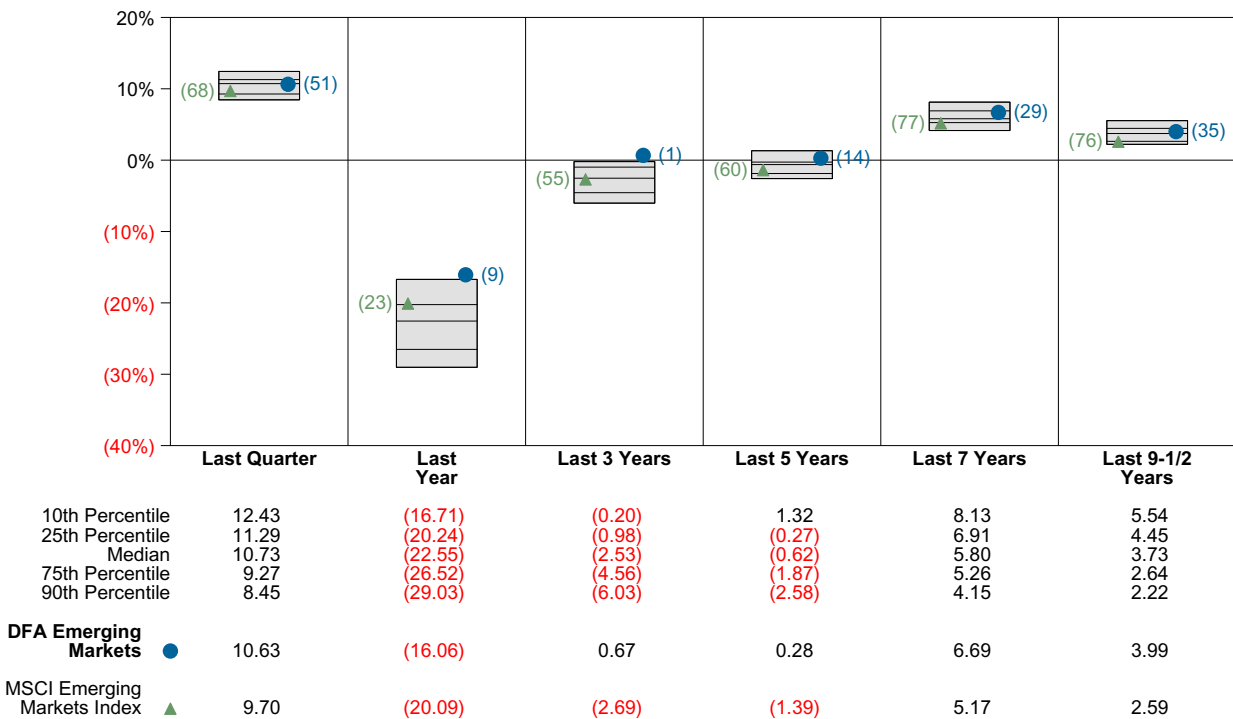
## Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 10.63% return for the quarter placing it in the 51 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 9 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.93% for the quarter and outperformed the MSCI Emerging Markets Index for the year by 4.03%.

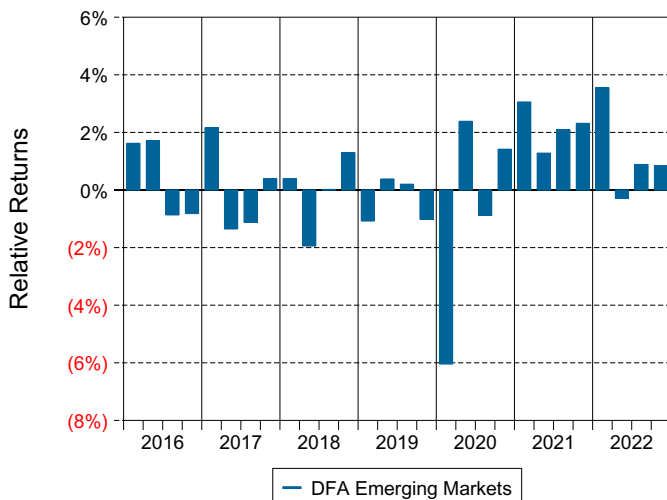
## Quarterly Asset Growth

Beginning Market Value	\$18,537,313
Net New Investment	\$0
Investment Gains/(Losses)	\$1,950,999
Ending Market Value	\$20,488,312

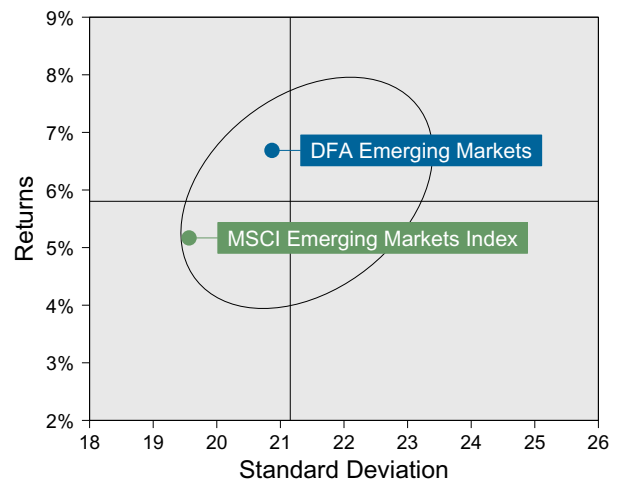
## Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



## Relative Returns vs MSCI Emerging Markets Index



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

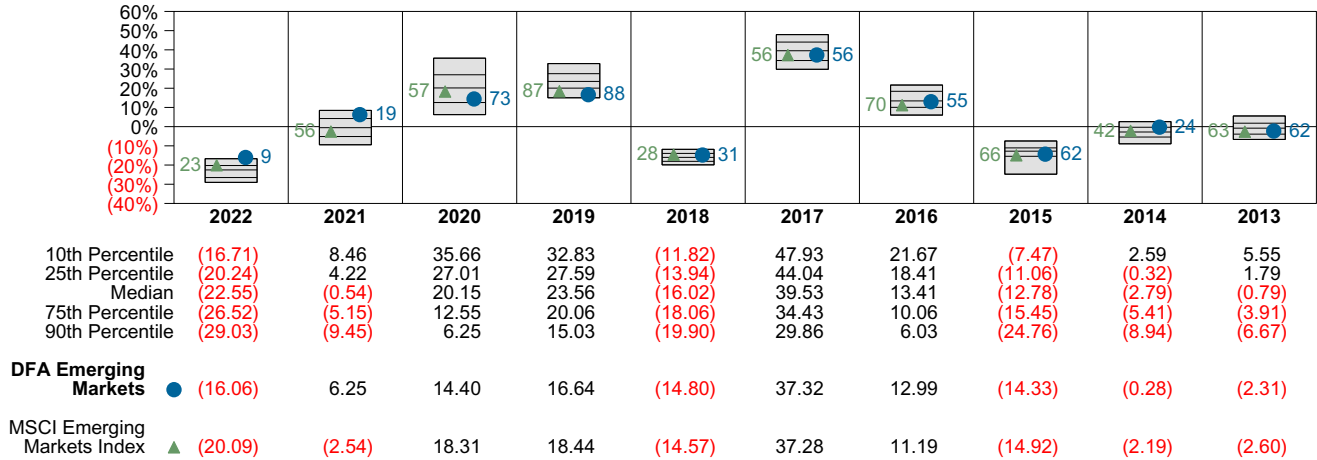


# DFA Emerging Markets Return Analysis Summary

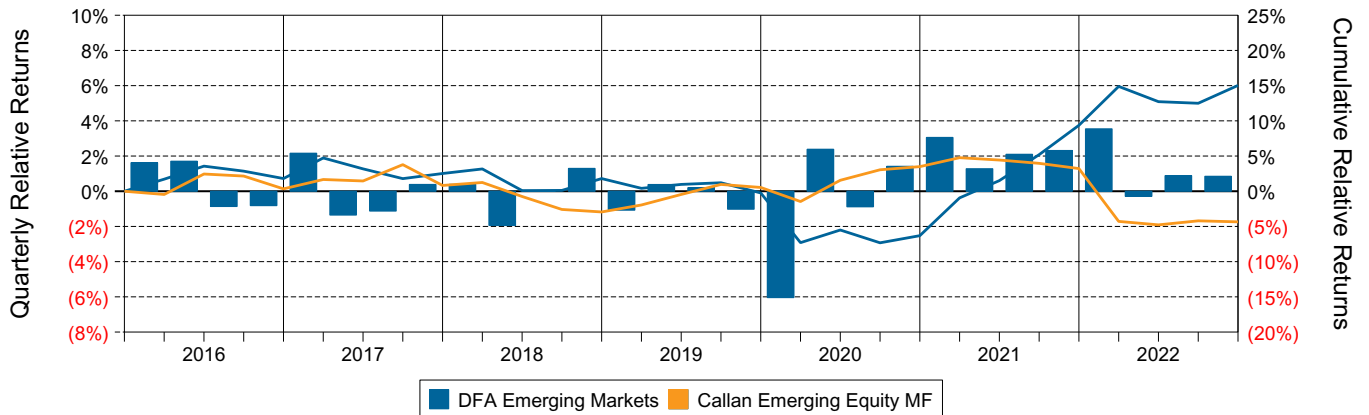
## Return Analysis

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.

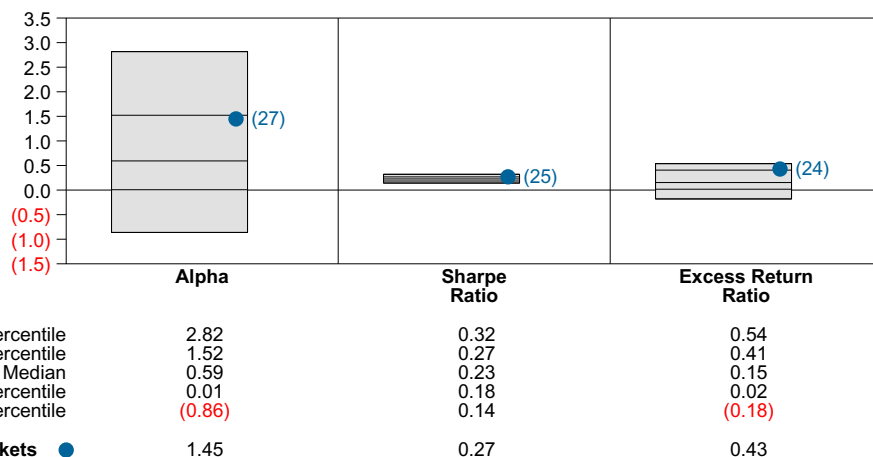
### Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



### 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 December 31, 2022

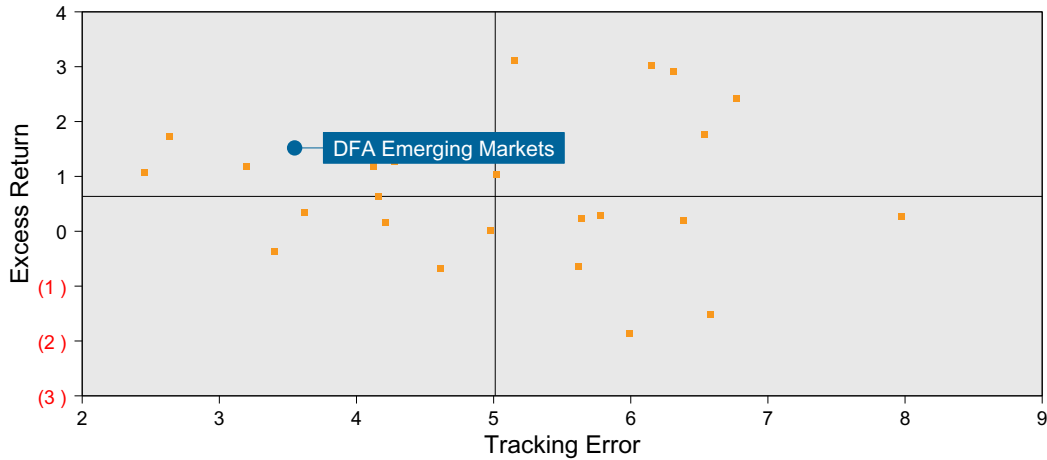


# DFA Emerging Markets Risk Analysis Summary

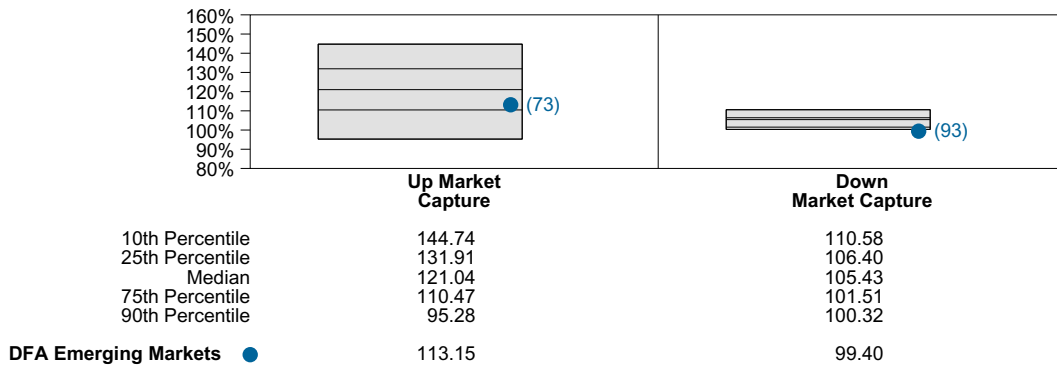
## Risk Analysis

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.

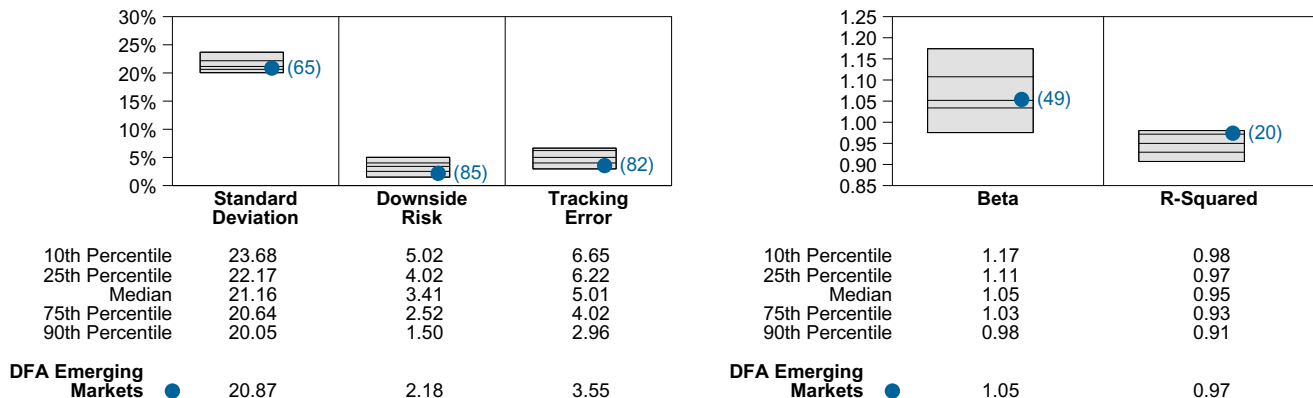
### Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2022



### Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2022



### Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended December 31, 2022

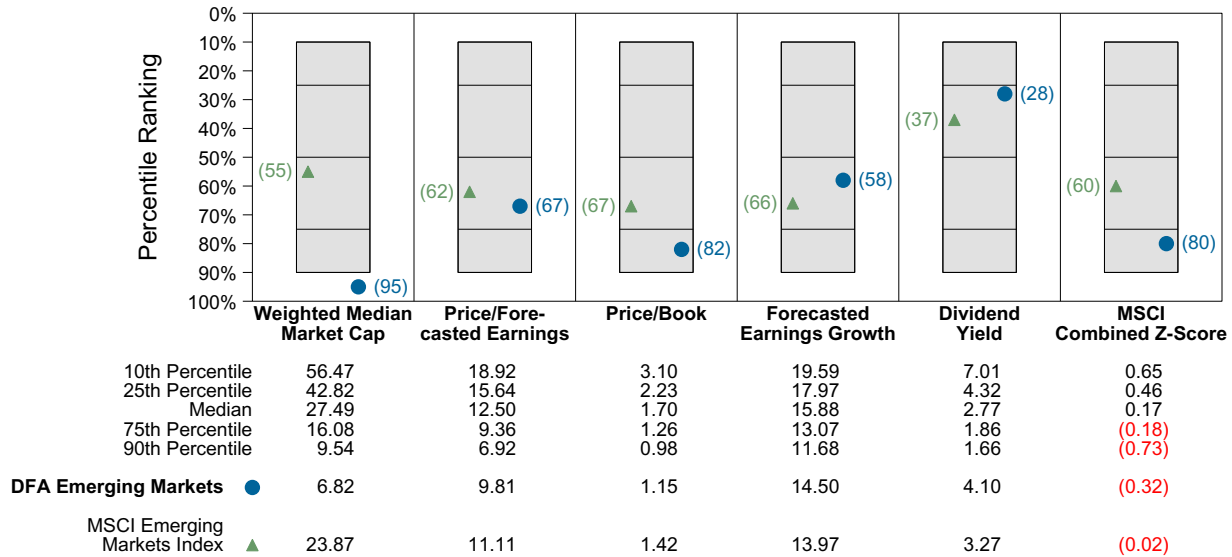


# DFA Emerging Markets Equity Characteristics Analysis Summary

## Portfolio Characteristics

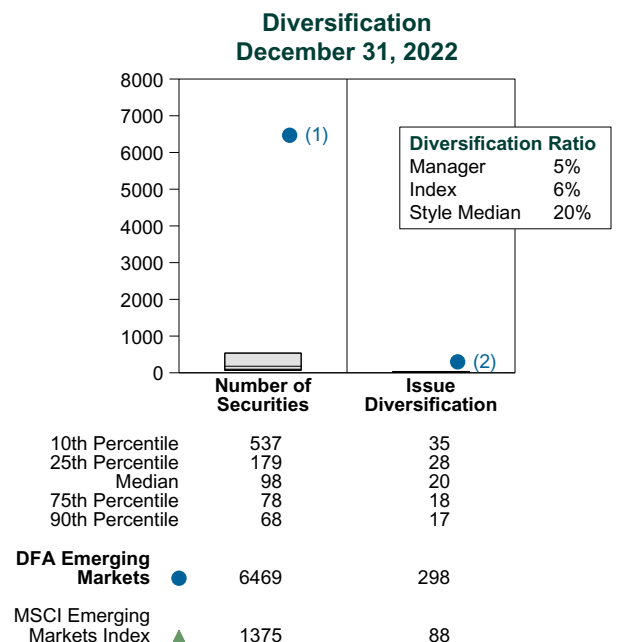
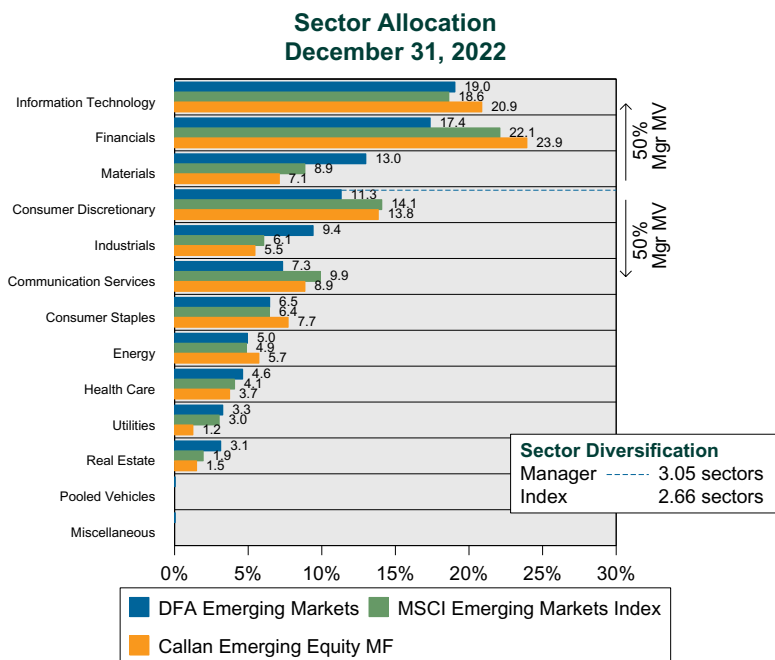
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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



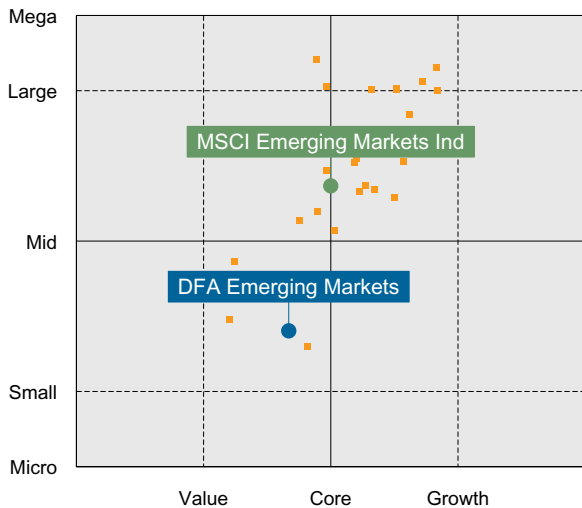
# Current Holdings Based Style Analysis

## DFA Emerging Markets

### As of December 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.

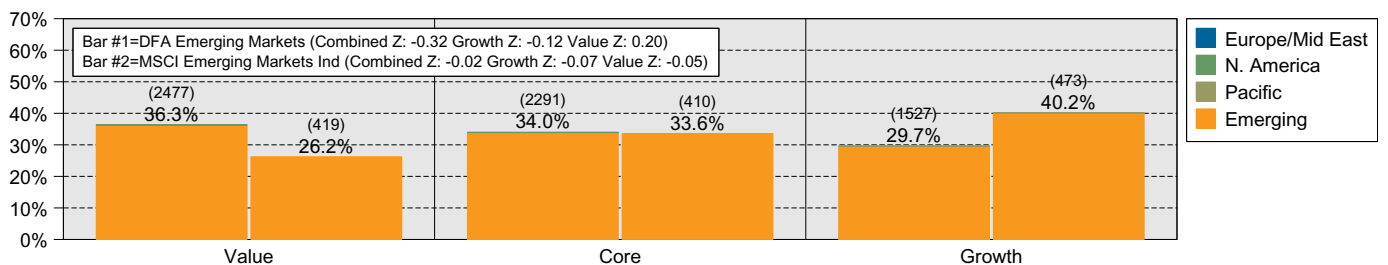
**Style Map vs Callan Emerging Equity MF Holdings as of December 31, 2022**



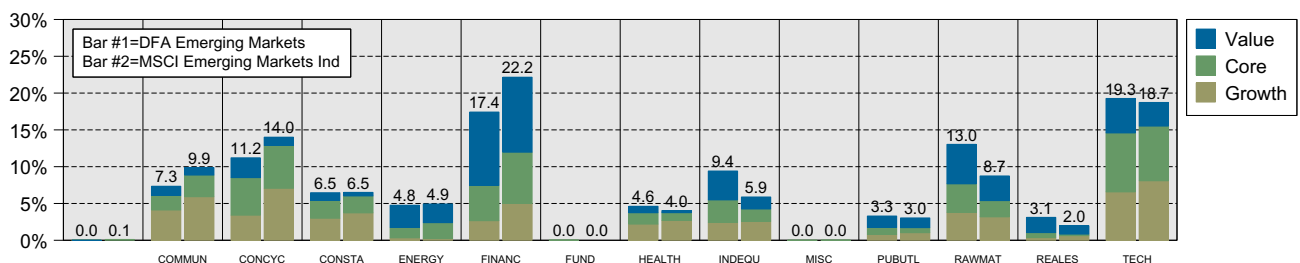
**Style Exposure Matrix Holdings as of December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.1% (10)	0.0% (0)	0.1% (11)
Pacific	0.0% (12)	0.1% (34)	0.1% (21)	0.2% (67)
Emerging	36.3% (2464)	33.8% (2247)	29.6% (1506)	99.7% (6217)
	26.2% (419)	33.6% (410)	40.1% (472)	99.9% (1301)
<b>Total</b>	<b>36.3% (2477)</b>	<b>34.0% (2291)</b>	<b>29.7% (1527)</b>	<b>100.0% (6295)</b>
	26.2% (419)	33.6% (410)	40.2% (473)	100.0% (1302)

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



**Sector Weights Distribution Holdings as of December 31, 2022**



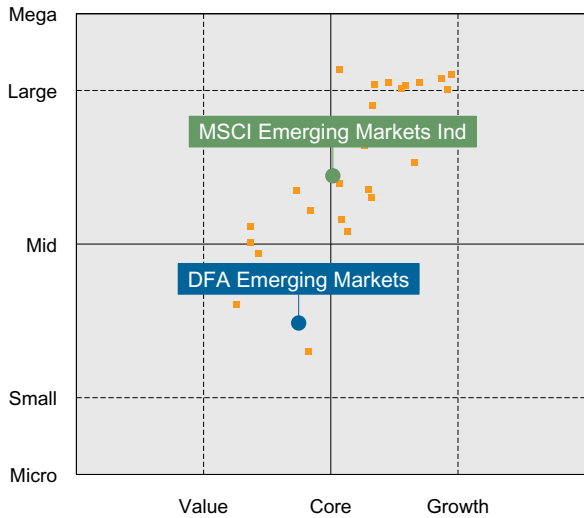
# Historical Holdings Based Style Analysis

## DFA Emerging Markets

### For Five Years Ended December 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.

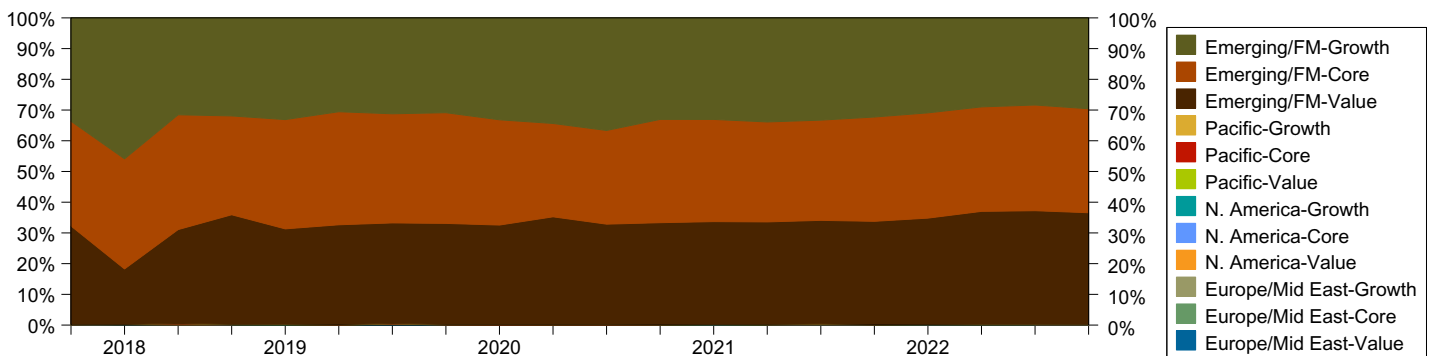
**Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended December 31, 2022**



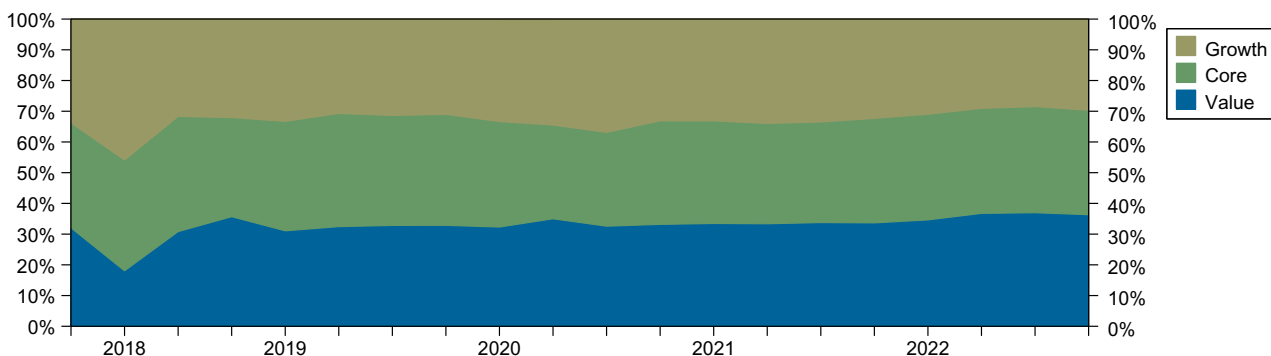
**Average Style Exposure Matrix Holdings for Five Years Ended December 31, 2022**

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (1) 0.0% (0)	0.0% (1) 0.0% (0)	0.0% (0) 0.0% (0)	0.1% (2) 0.0% (0)
N. America	0.0% (1) 0.0% (0)	0.0% (5) 0.1% (1)	0.0% (0) 0.0% (1)	0.1% (6) 0.1% (2)
Pacific	0.0% (17) 0.0% (0)	0.0% (24) 0.0% (1)	0.1% (15) 0.0% (0)	0.2% (56) 0.0% (1)
Emerging/ FM	32.8% (2008) 27.2% (447)	34.1% (1662) 31.3% (401)	32.8% (1186) 41.4% (403)	99.7% (4856) 99.9% (1251)
<b>Total</b>	<b>32.9% (2027)</b> 27.2% (447)	<b>34.2% (1692)</b> 31.3% (403)	<b>32.9% (1201)</b> 41.5% (404)	<b>100.0% (4920)</b> 100.0% (1254)

### DFA Emerging Markets Historical Region/Style Exposures



### DFA Emerging Markets Historical Style Only Exposures





# Country Allocation

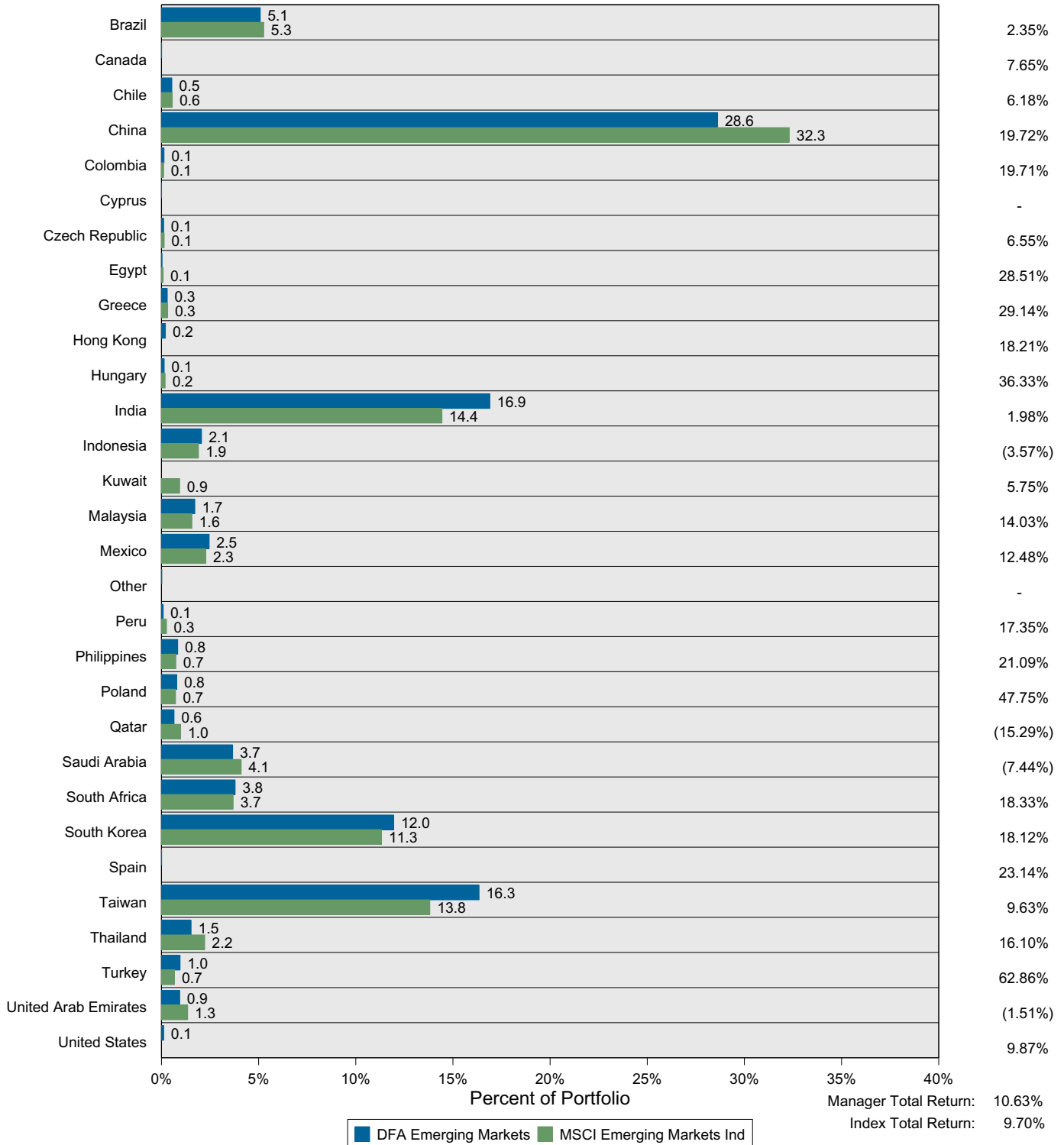
## DFA Emerging Markets VS MSCI Emerging Markets Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 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 December 31, 2022

Index Rtns



## DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of December 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
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$601,760	2.9%	32.08%	409.48	20.55	0.48%	10.10%
Samsung Electronics Co Ltd Ord	Information Technology	\$589,555	2.9%	4.87%	261.07	14.84	2.61%	(5.00)%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$538,883	2.6%	10.41%	378.38	12.17	2.45%	20.84%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$233,629	1.1%	14.36%	378.38	12.17	2.45%	20.84%
China Construction Bank Shs H	Financials	\$207,259	1.0%	26.74%	150.63	3.28	9.14%	5.16%
Vale Sa Shs	Materials	\$188,073	0.9%	26.82%	80.45	6.89	6.44%	(10.20)%
Alibaba Group Hldg Ltd Sponsored Ads	Consumer Discretionary	\$171,054	0.8%	16.66%	233.22	10.33	0.00%	2.59%
Ping An Insurance H	Financials	\$167,802	0.8%	36.12%	49.29	5.72	6.35%	9.23%
Reliance Industries Ltd Shs Demateri	Energy	\$140,212	0.7%	5.34%	202.30	20.97	0.31%	18.90%
Infosys Technologies	Information Technology	\$128,682	0.6%	6.06%	76.48	23.25	2.15%	12.40%

### 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
Bayan Resources	Energy	\$2,638	0.0%	234.04%	44.97	28.12	2.09%	51.85%
Koza Altin Isletmeleri	Materials	\$2,582	0.0%	206.26%	4.60	14.84	3.11%	47.34%
Ege Endustri	Consumer Discretionary	\$1,935	0.0%	171.81%	1.04	28.29	0.87%	3.88%
Global Yatirim Holding A S Shs	Financials	\$513	0.0%	167.34%	0.39	26.09	0.00%	-
Konya Cimento	Materials	\$512	0.0%	162.89%	0.89	138.08	0.00%	-
Gcl New Energy Hldgs Ltd Shs	Utilities	\$375	0.0%	155.77%	0.19	(7.13)	0.00%	2.15%
Daou Data System Corp.	Financials	\$3,147	0.0%	149.24%	0.94	13.56	0.97%	23.39%
China East Education Holdings	Consumer Discretionary	\$2,933	0.0%	146.92%	1.74	20.46	3.93%	(8.27)%
Tuniu Corp Sponsored Ads Cl	Consumer Discretionary	\$119	0.0%	146.12%	0.18	(6.54)	0.00%	-
Hcity	Consumer Discretionary	\$857	0.0%	143.64%	0.18	(86.00)	0.00%	(33.60)%

### 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
Eczacibasi Yatirim Hldg	Industrials	\$96	0.0%	-	0.99	46.08	0.87%	24.69%
Cty.Ldge.Htls.	Consumer Discretionary	\$294	0.0%	(99.33)%	0.18	37.50	0.00%	-
China Tianbao Group Development	Industrials	\$18	0.0%	(89.78)%	0.03	(5.00)	0.00%	-
Gome Elctrcl Applins Hldgs L Shs	Consumer Discretionary	\$919	0.0%	(88.71)%	0.50	(0.74)	0.00%	(28.57)%
Yincheng International Holding	Real Estate	\$14	0.0%	(83.27)%	0.06	5.86	0.00%	(23.86)%
Pujiang International Group	Industrials	\$23	0.0%	(77.65)%	0.06	5.92	0.00%	31.16%
Steinhoff Intl Hldgs Ltd Shs	Consumer Discretionary	\$197	0.0%	(69.39)%	0.13	(0.26)	0.00%	-
Honworld Group	Consumer Staples	\$80	0.0%	(68.80)%	0.07	(2.09)	8.03%	-
Galaxy Scdr.Hdg.	Utilities	\$5	0.0%	(68.34)%	0.01	(2.33)	0.00%	-
Ace Hardware Indonesia Tbk P Shs	Consumer Discretionary	\$1,885	0.0%	(59.40)%	0.55	15.00	4.15%	(17.09)%



# Metropolitan West Period Ended December 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.

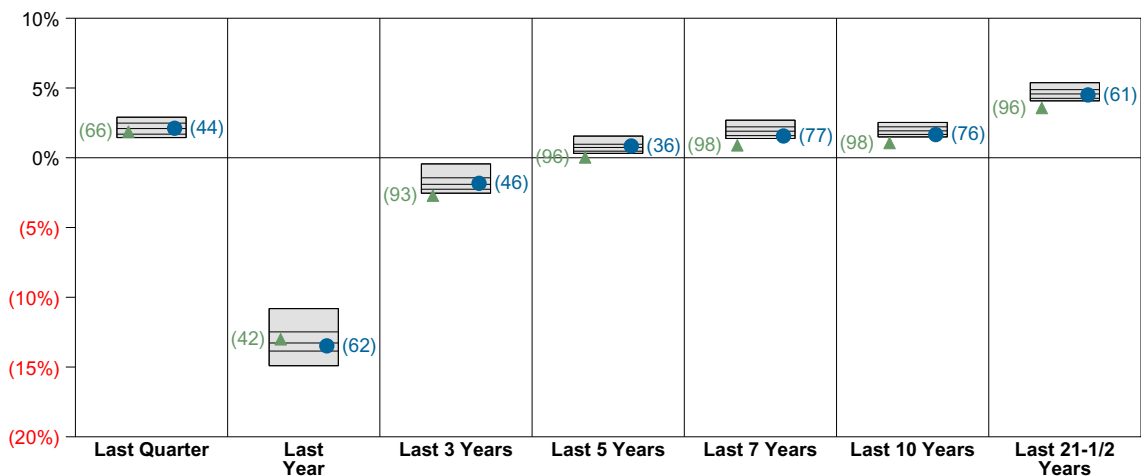
## Quarterly Summary and Highlights

- Metropolitan West's portfolio posted a 2.11% return for the quarter placing it in the 44 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 62 percentile for the last year.
- Metropolitan West's portfolio outperformed the Bloomberg Aggregate Index by 0.24% for the quarter and underperformed the Bloomberg Aggregate Index for the year by 0.47%.

## Quarterly Asset Growth

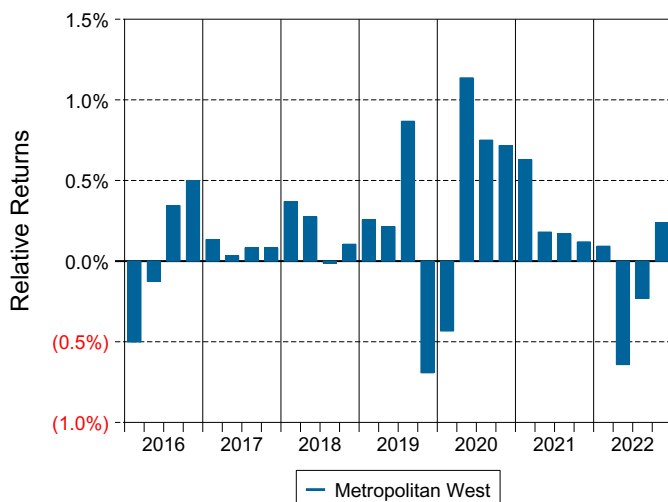
Beginning Market Value	\$80,328,963
Net New Investment	\$0
Investment Gains/(Losses)	\$1,698,747
Ending Market Value	\$82,027,710

## Performance vs Callan Core Plus Fixed Income (Gross)

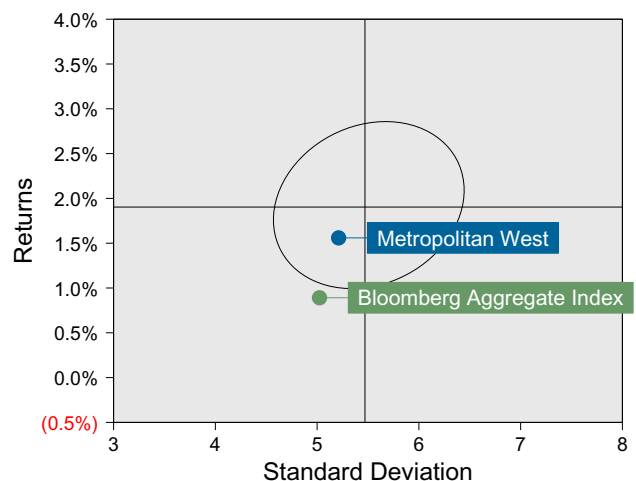


10th Percentile	2.91	(10.81)	(0.44)	1.55	2.69	2.53	5.38
25th Percentile	2.48	(12.48)	(1.44)	0.97	2.21	2.22	4.88
Median	2.09	(13.28)	(1.90)	0.74	1.90	1.93	4.57
75th Percentile	1.69	(13.86)	(2.25)	0.47	1.59	1.67	4.26
90th Percentile	1.45	(14.91)	(2.54)	0.31	1.38	1.49	4.08
<b>Metropolitan West</b>	<b>2.11</b>	<b>(13.48)</b>	<b>(1.83)</b>	<b>0.84</b>	<b>1.56</b>	<b>1.66</b>	<b>4.50</b>
<b>Bloomberg Aggregate Index</b>	<b>1.87</b>	<b>(13.01)</b>	<b>(2.71)</b>	<b>0.02</b>	<b>0.89</b>	<b>1.06</b>	<b>3.57</b>

## Relative Returns vs Bloomberg Aggregate Index



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

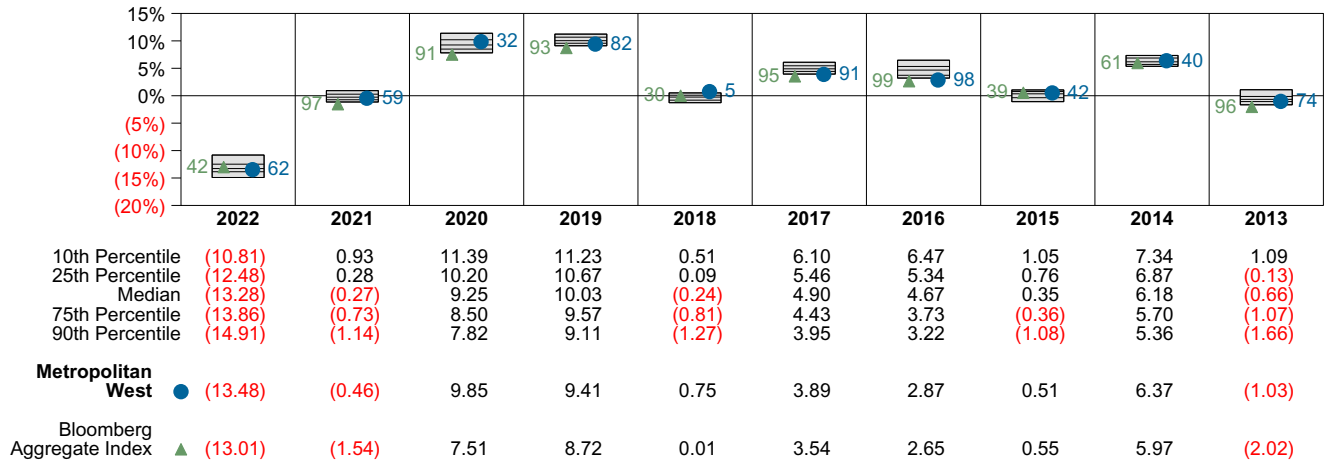


# Metropolitan West Return Analysis Summary

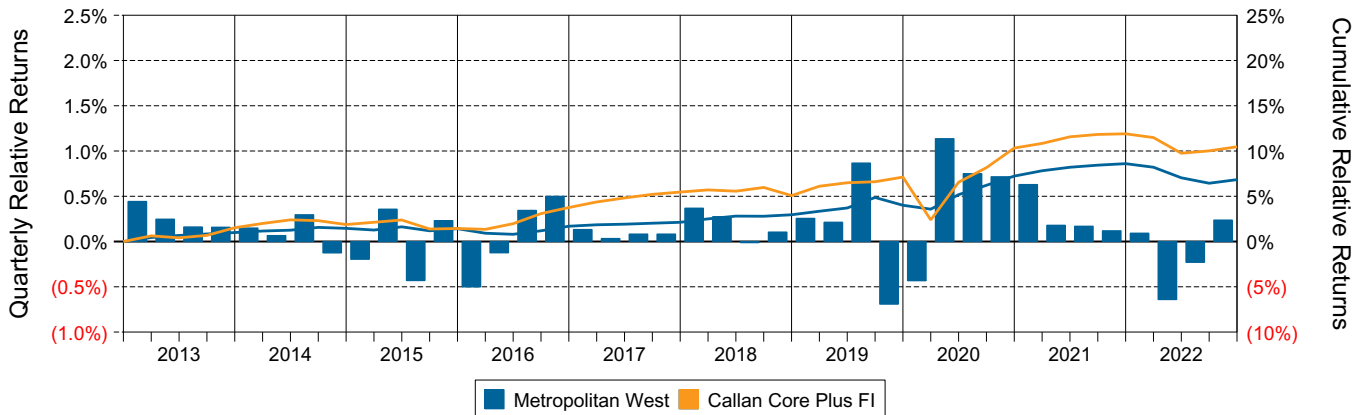
## Return Analysis

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.

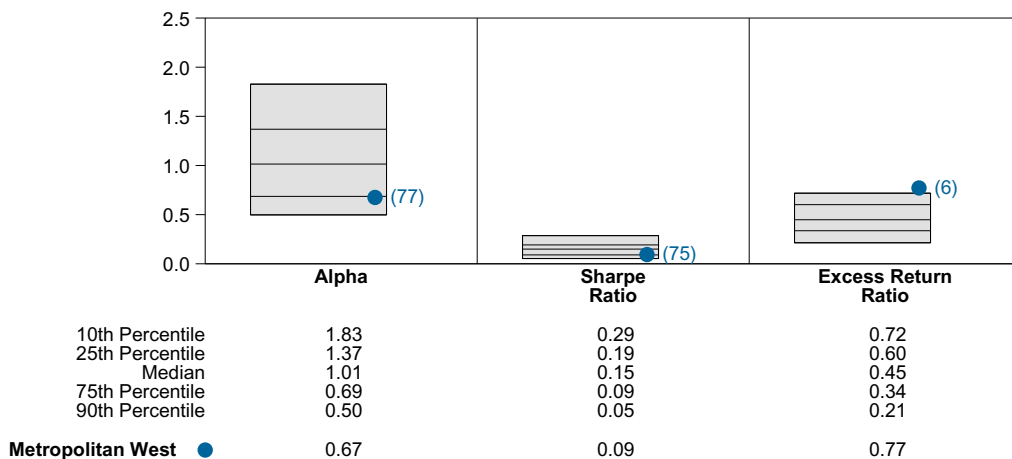
### Performance vs Callan Core Plus Fixed Income (Gross)



### 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 December 31, 2022

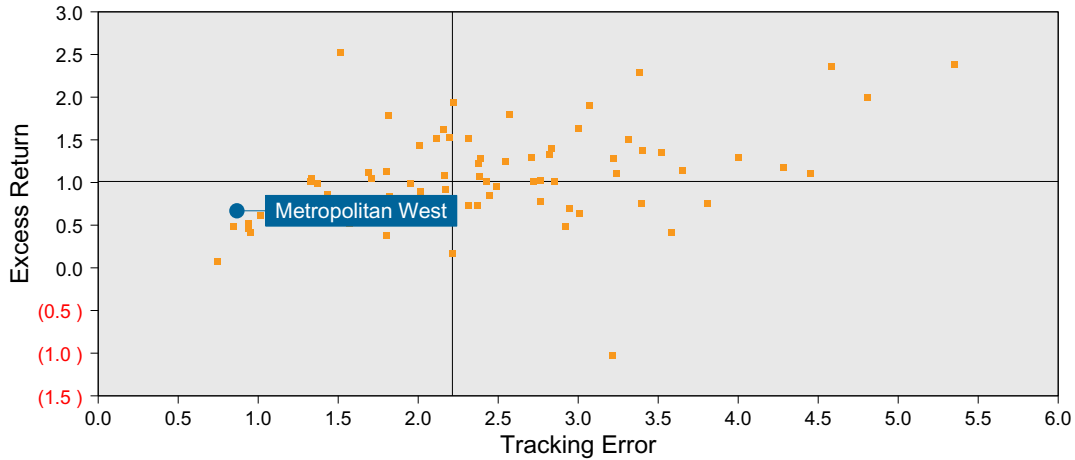


# Metropolitan West Risk Analysis Summary

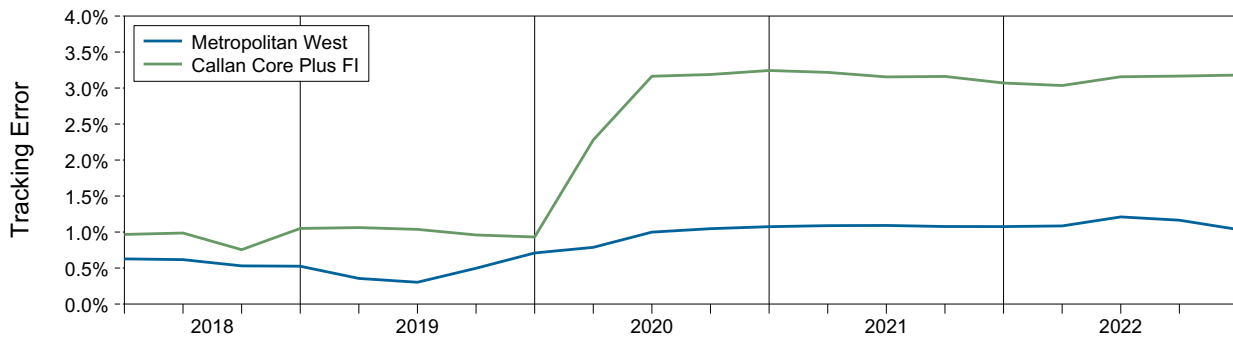
## Risk Analysis

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.

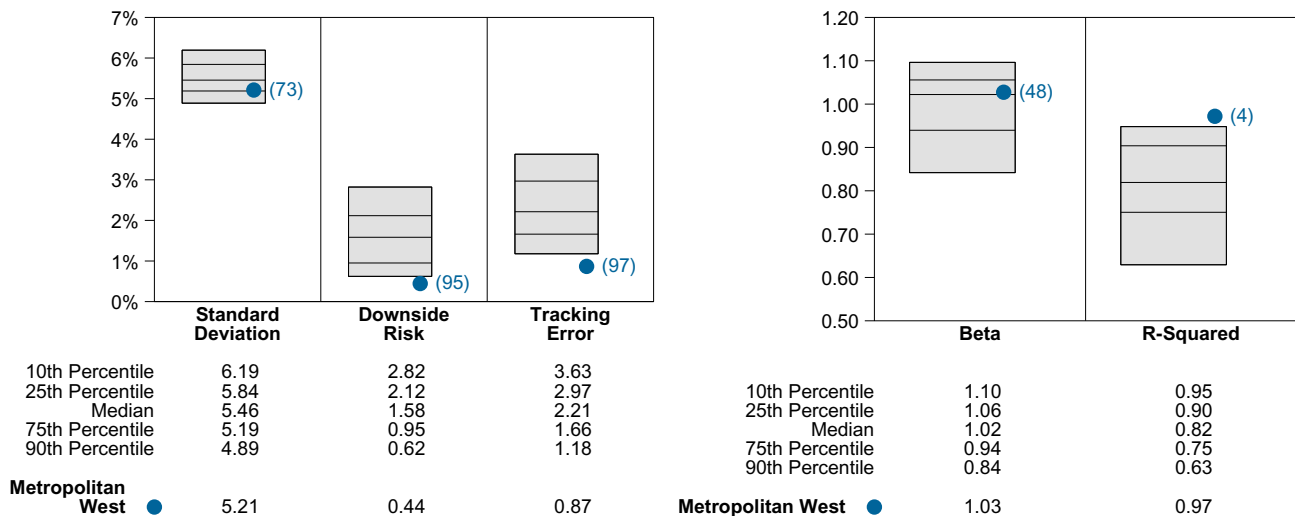
### Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended December 31, 2022



### 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 December 31, 2022

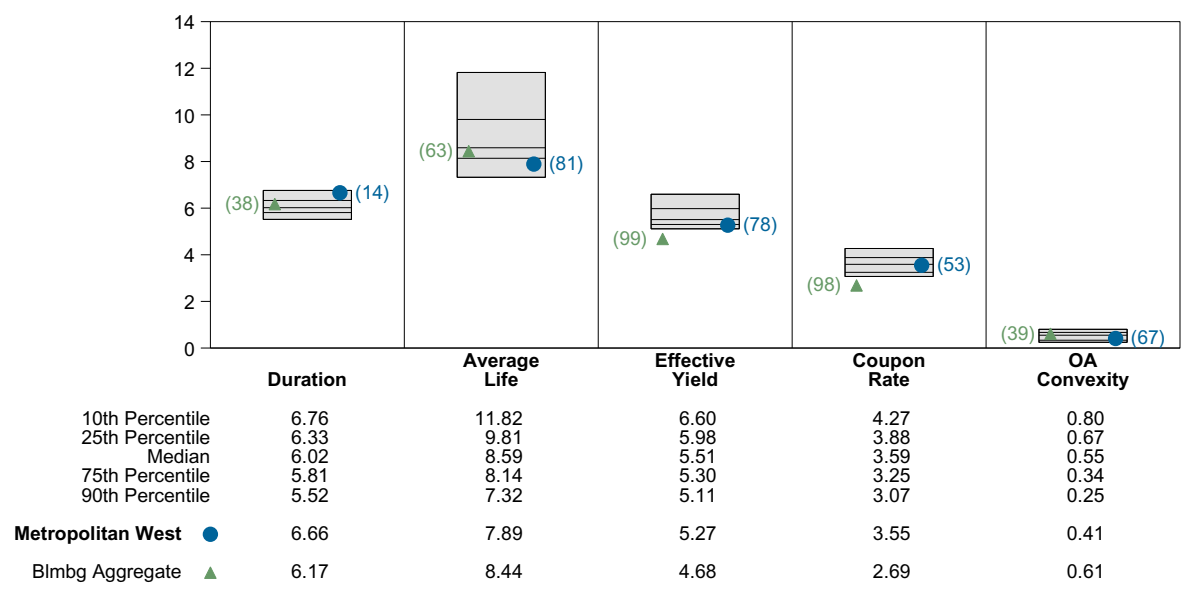


# Metropolitan West Bond Characteristics Analysis Summary

## Portfolio Characteristics

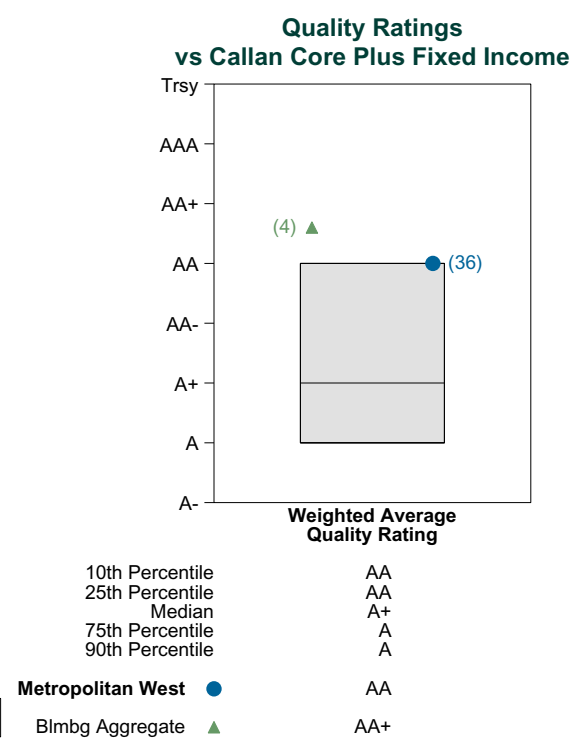
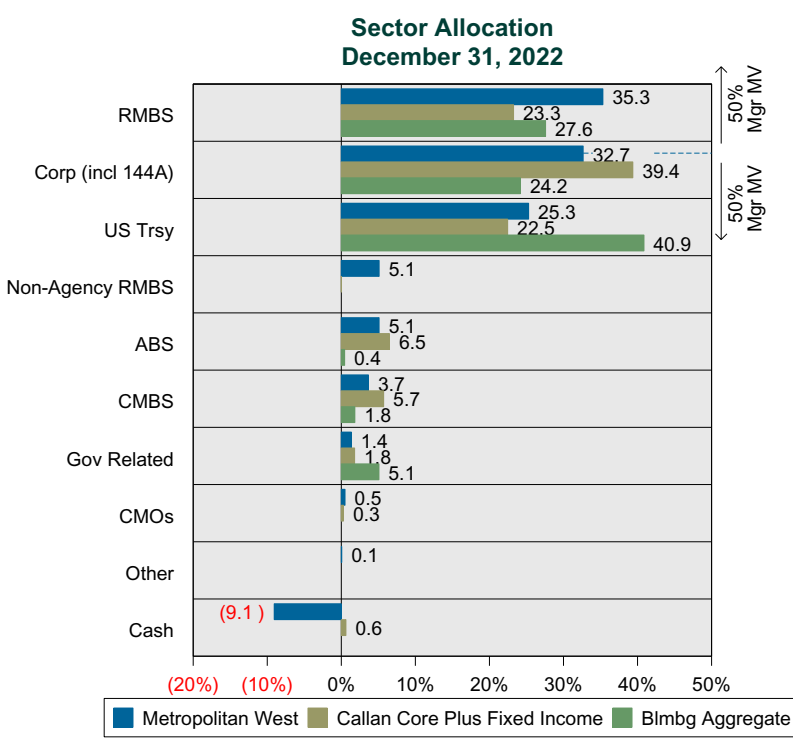
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

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

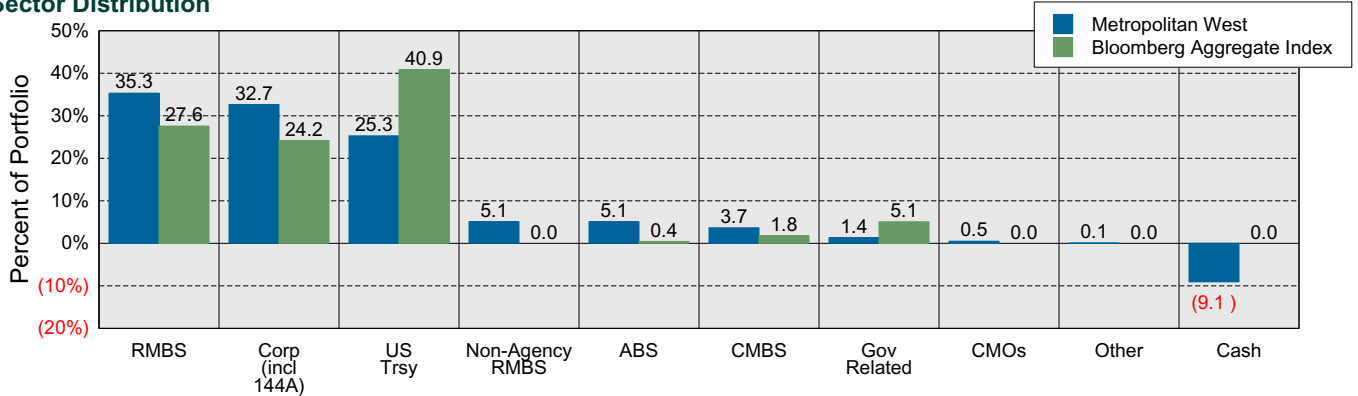


# Metropolitan West Portfolio Characteristics Summary As of December 31, 2022

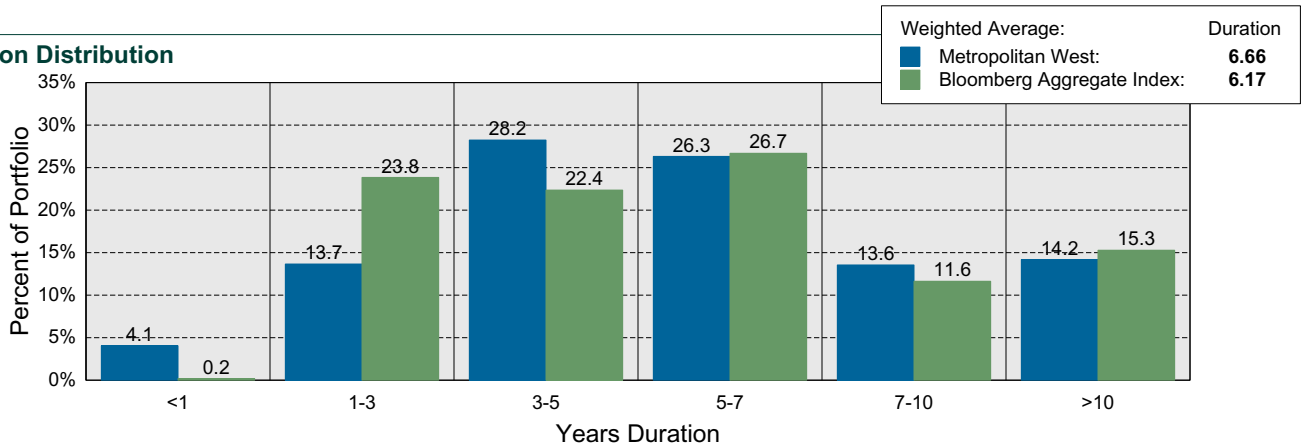
## Portfolio Structure Comparison

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.

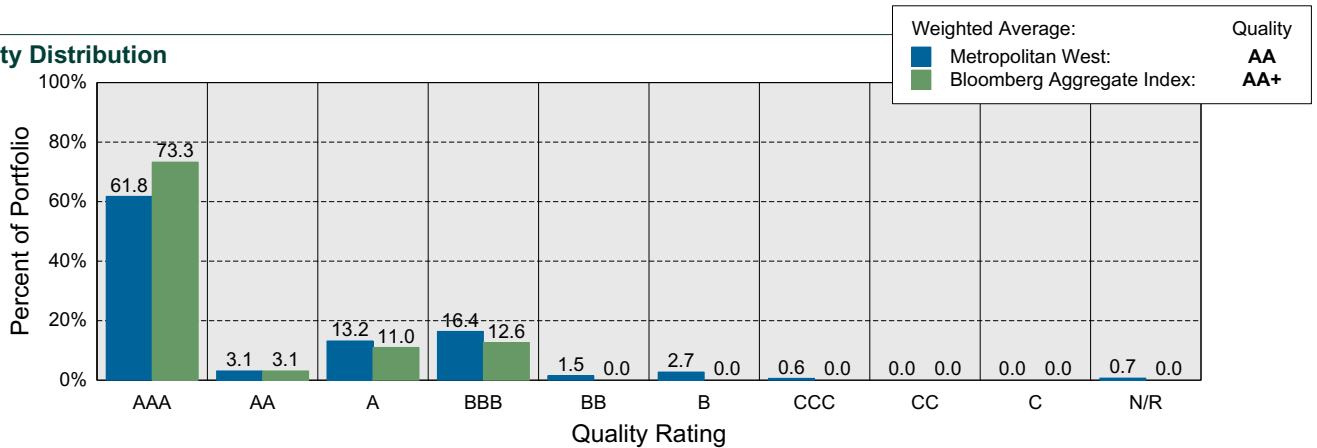
### Sector Distribution



### Duration Distribution



### Quality Distribution







# Real Estate Period Ended December 31, 2022

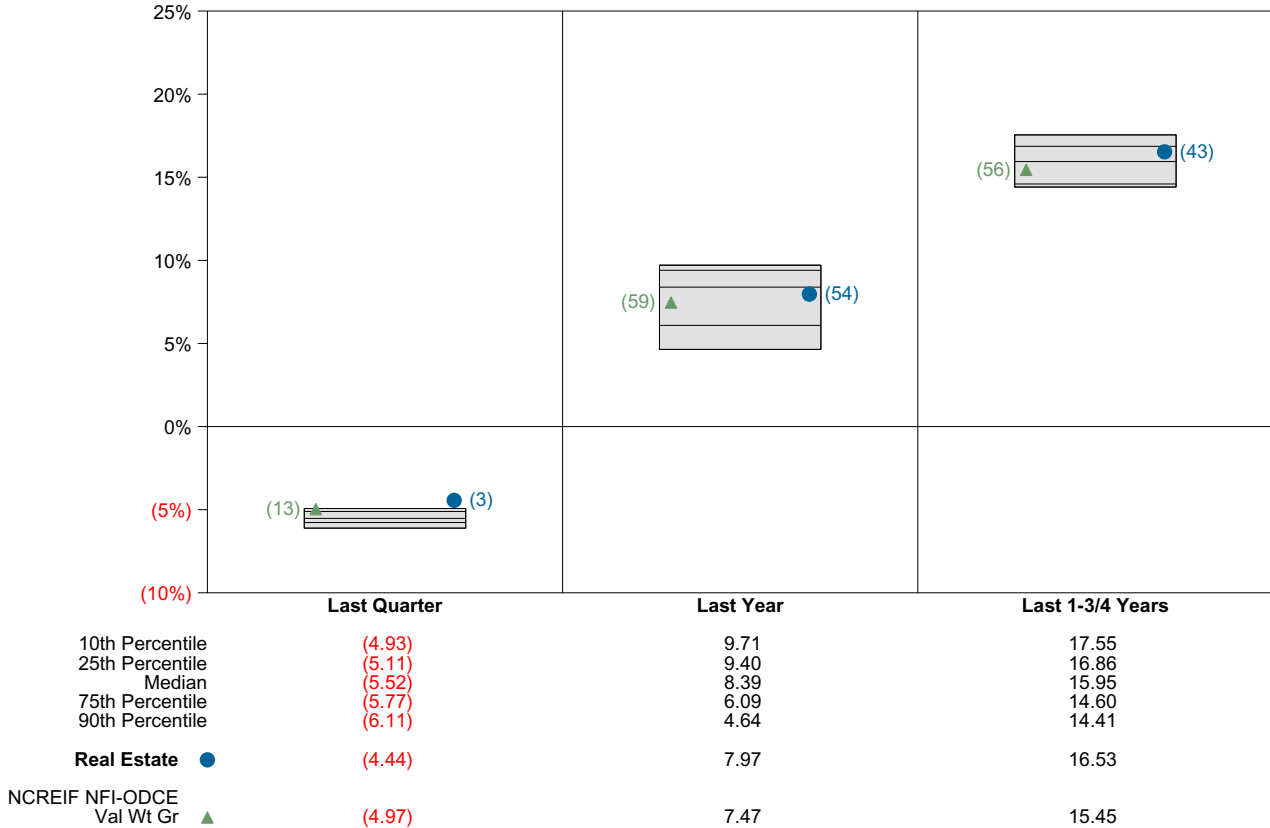
## Quarterly Summary and Highlights

- Real Estate's portfolio posted a (4.44)% return for the quarter placing it in the 3 percentile of the Callan Real Estate ODCE group for the quarter and in the 54 percentile for the last year.
- Real Estate's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 0.53% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 0.50%.

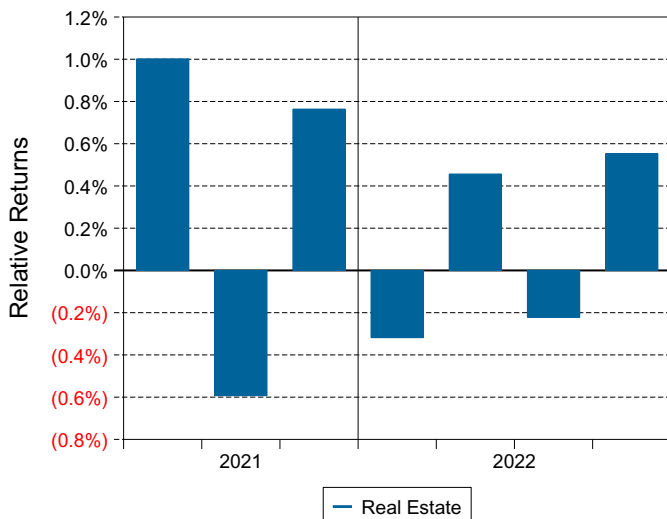
## Quarterly Asset Growth

Beginning Market Value	\$39,188,208
Net New Investment	\$0
Investment Gains/(Losses)	\$-1,794,763
Ending Market Value	\$37,393,444

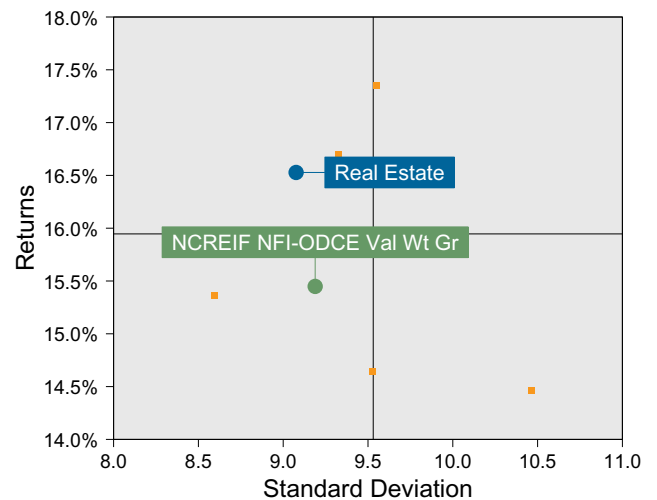
## Performance vs Callan Real Estate ODCE (Gross)



## Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



## Callan Real Estate ODCE (Gross) Annualized One and Three-Quarter Year Risk vs Return

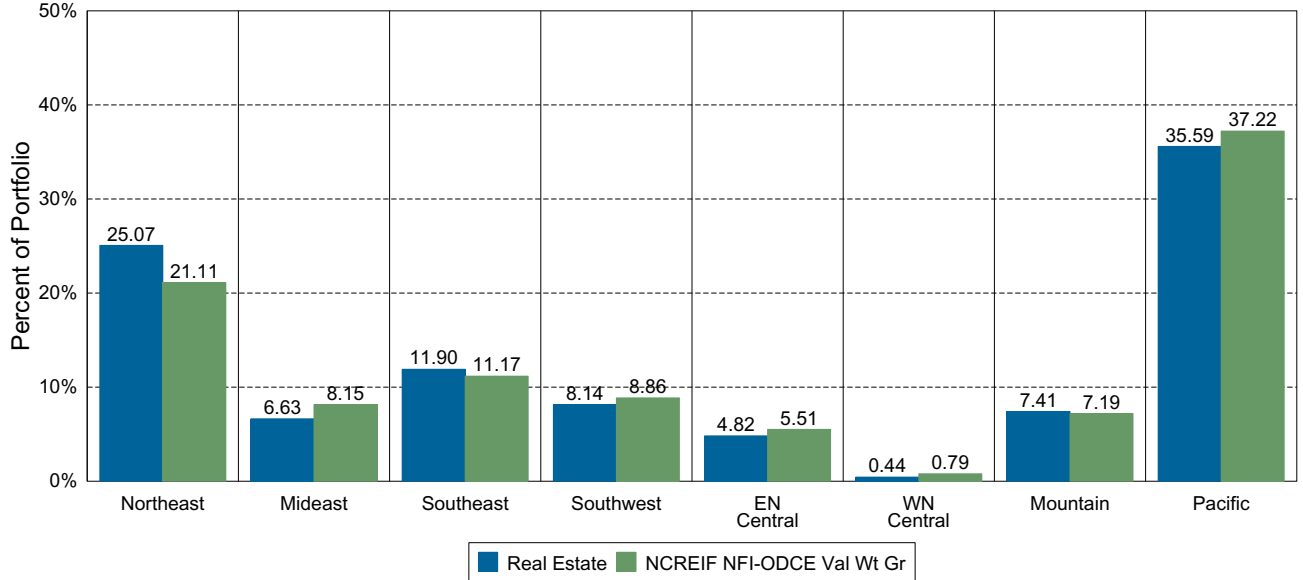


# Real Estate Diversification Analysis as of December 31, 2022

## Diversification Analysis

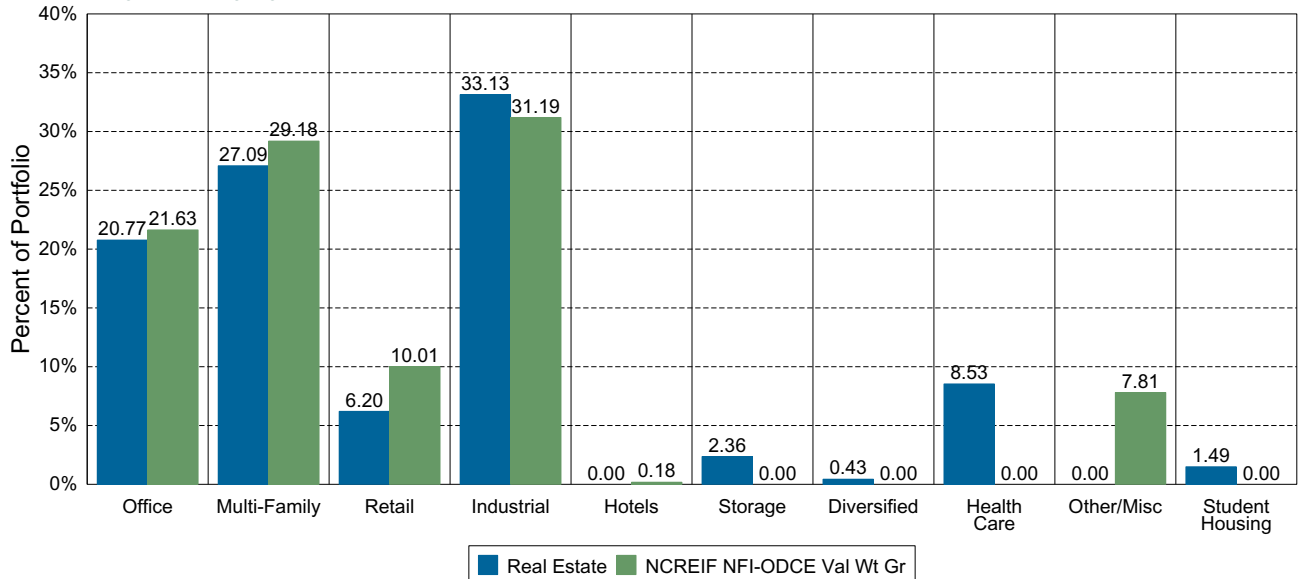
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of December 31, 2022



<b>Real Estate</b>	<b>25.07%</b>	<b>6.63%</b>	<b>11.90%</b>	<b>8.14%</b>	<b>4.82%</b>	<b>0.44%</b>	<b>7.41%</b>	<b>35.59%</b>
NCREIF NFI-ODCE Val Wt Gr	21.11%	8.15%	11.17%	8.86%	5.51%	0.79%	7.19%	37.22%

### Diversification by Property Type as of December 31, 2022



<b>Real Estate</b>	<b>20.77%</b>	<b>27.09%</b>	<b>6.20%</b>	<b>33.13%</b>	<b>0.00%</b>	<b>2.36%</b>	<b>0.43%</b>	<b>8.53%</b>	<b>0.00%</b>	<b>1.49%</b>
NCREIF NFI-ODCE Val Wt Gr	21.63%	29.18%	10.01%	31.19%	0.18%	0.00%	0.00%	0.00%	7.81%	0.00%

# Clarion Lion Fund

## Period Ended December 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.

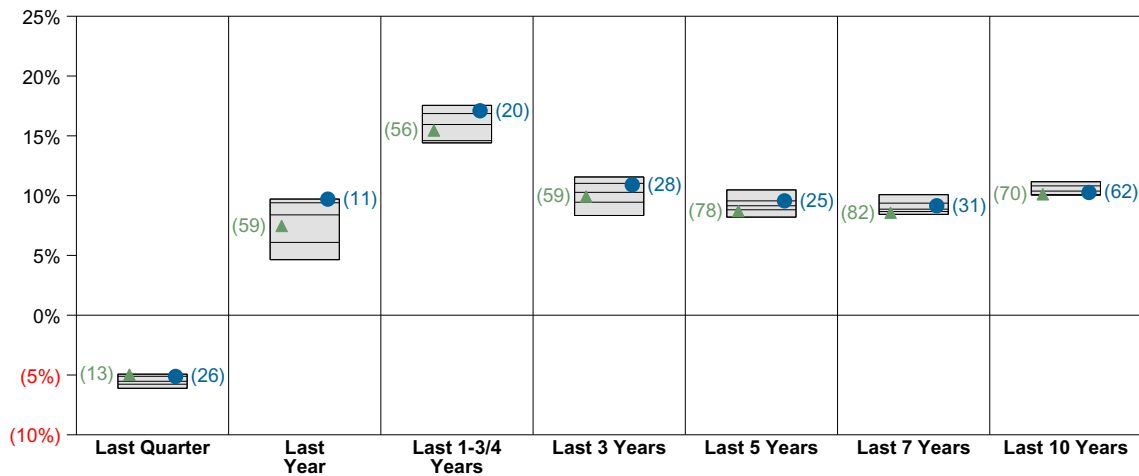
### Quarterly Summary and Highlights

- Clarion Lion Fund's portfolio posted a (5.12)% return for the quarter placing it in the 26th percentile of the Callan Real Estate ODCE group for the quarter and in the 11th percentile for the last year.
- Clarion Lion Fund's portfolio underperformed the NCREIF NFI-ODCE Val Wt Gr by 0.16% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 2.24%.

### Quarterly Asset Growth

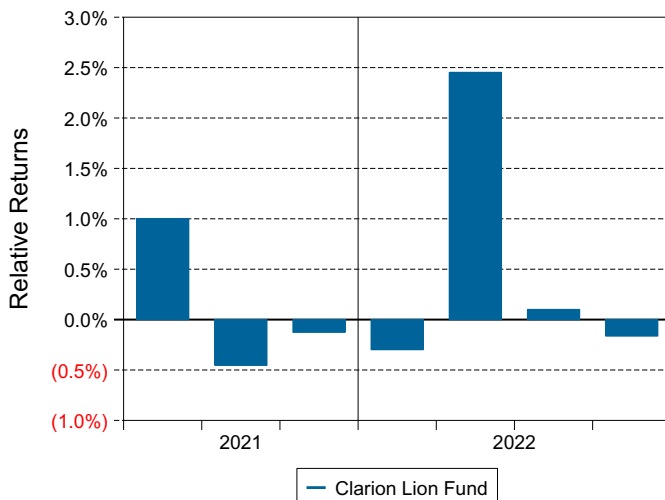
Beginning Market Value	\$20,542,986
Net New Investment	\$0
Investment Gains/(Losses)	-\$1,106,458
Ending Market Value	\$19,436,528

### Performance vs Callan Real Estate ODCE (Gross)

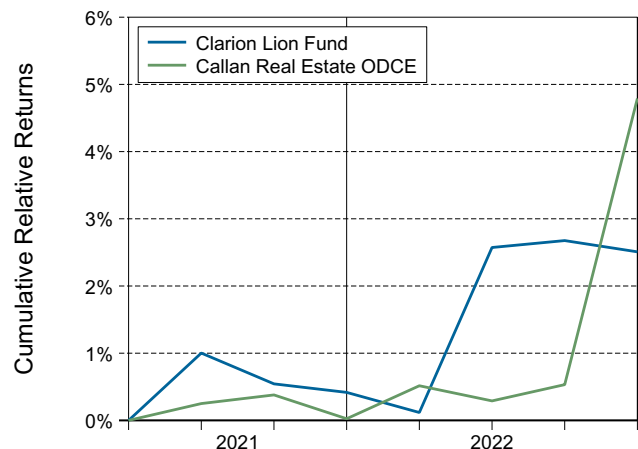


10th Percentile	(4.93)	9.71	17.55	11.56	10.48	10.08	11.16
25th Percentile	(5.11)	9.40	16.86	11.03	9.56	9.37	10.82
Median	(5.52)	8.39	15.95	10.27	9.15	8.87	10.38
75th Percentile	(5.77)	6.09	14.60	9.45	8.81	8.67	10.08
90th Percentile	(6.11)	4.64	14.41	8.34	8.20	8.43	10.04
<b>Clarion Lion Fund</b>	<b>(5.12)</b>	9.71	17.09	10.91	9.56	9.15	10.26
NCREIF NFI-ODCE Val Wt Gr	(4.97)	7.47	15.45	9.93	8.71	8.56	10.11

### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr



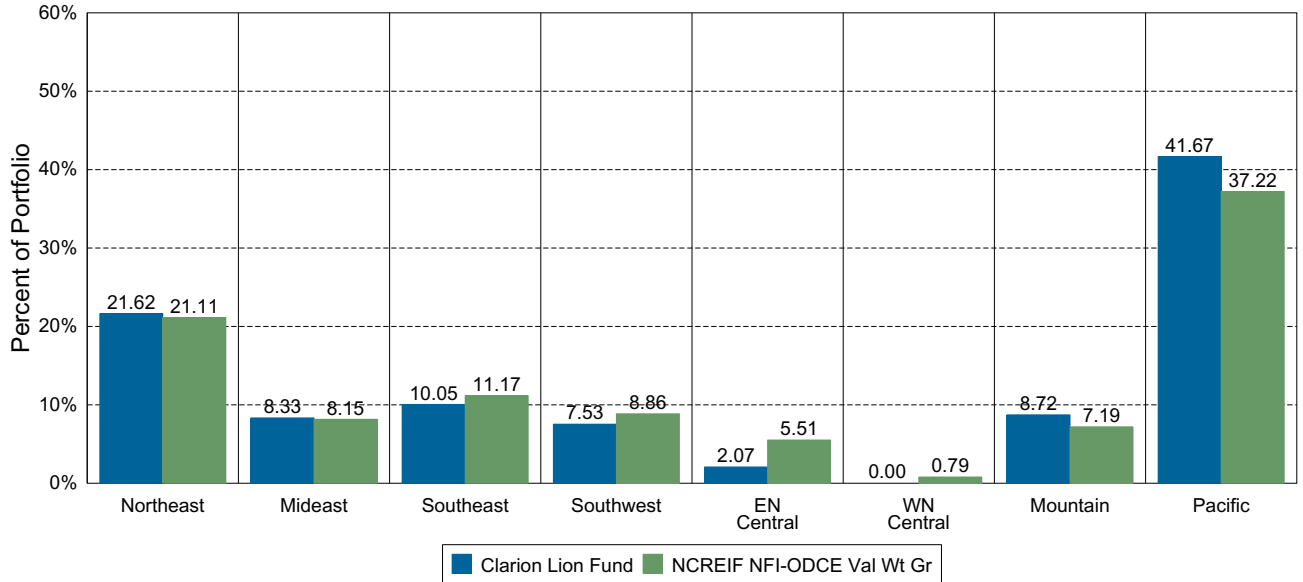
# Clarion Lion Fund

## Diversification Analysis as of December 31, 2022

### Diversification Analysis

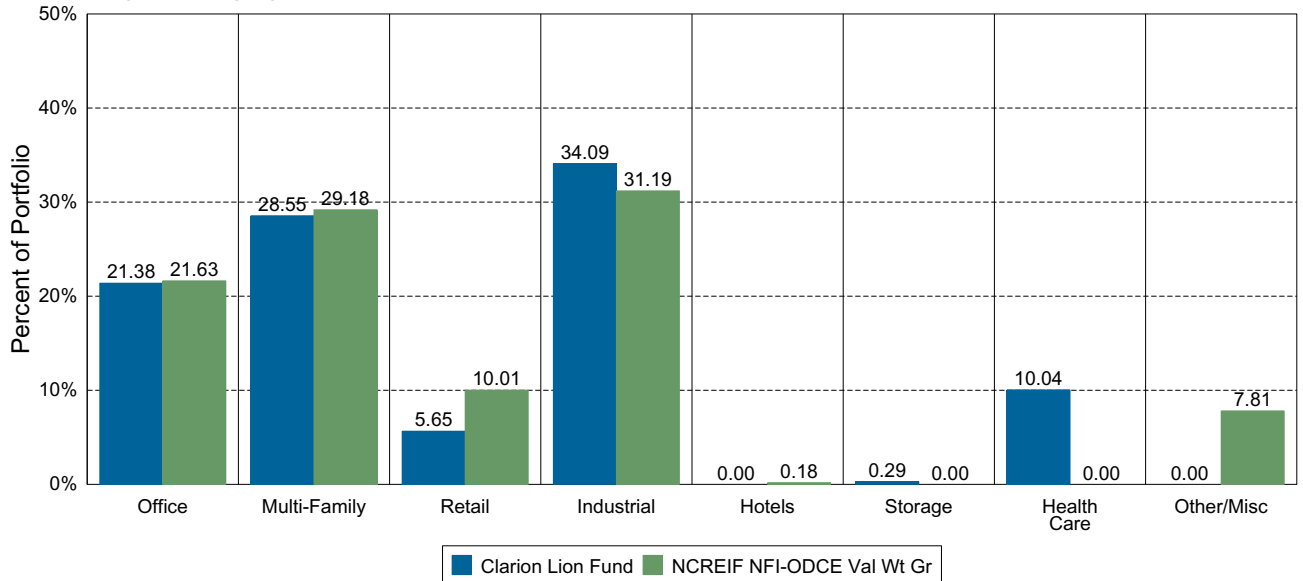
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of December 31, 2022



<b>Clarion Lion Fund</b>	<b>21.62%</b>	<b>8.33%</b>	<b>10.05%</b>	<b>7.53%</b>	<b>2.07%</b>	<b>0.00%</b>	<b>8.72%</b>	<b>41.67%</b>
NCREIF NFI-ODCE Val Wt Gr	21.11%	8.15%	11.17%	8.86%	5.51%	0.79%	7.19%	37.22%

### Diversification by Property Type as of December 31, 2022



<b>Clarion Lion Fund</b>	<b>21.38%</b>	<b>28.55%</b>	<b>5.65%</b>	<b>34.09%</b>	<b>0.00%</b>	<b>0.29%</b>	<b>10.04%</b>	<b>0.00%</b>
NCREIF NFI-ODCE Val Wt Gr	21.63%	29.18%	10.01%	31.19%	0.18%	0.00%	0.00%	7.81%

# Morgan Stanley Period Ended December 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.

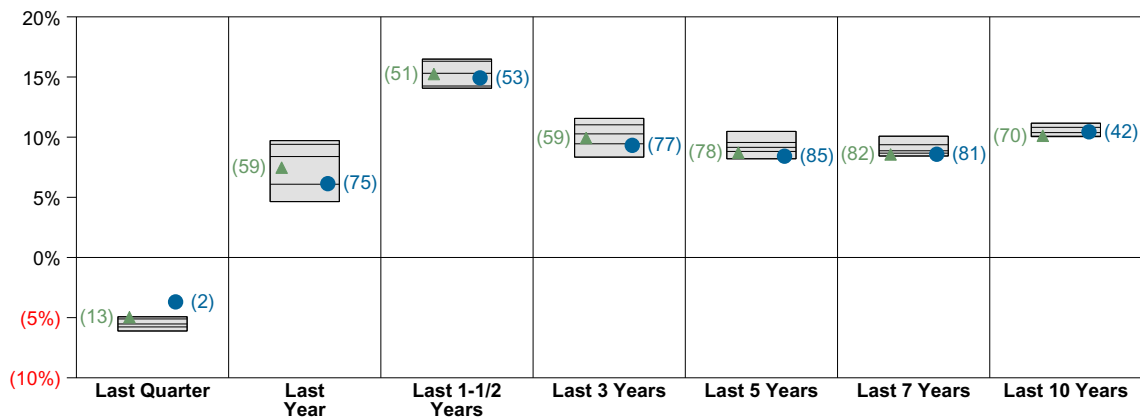
## Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a (3.69)% return for the quarter placing it in the 2 percentile of the Callan Real Estate ODCE group for the quarter and in the 75 percentile for the last year.
- Morgan Stanley's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 1.27% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 1.33%.

## Quarterly Asset Growth

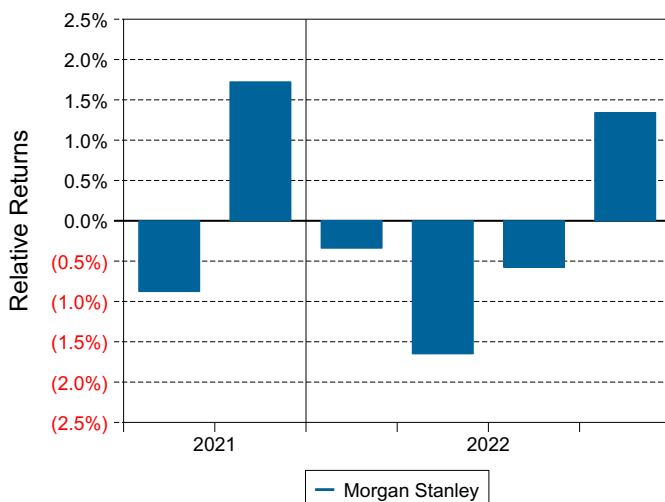
Beginning Market Value	\$18,645,222
Net New Investment	\$0
Investment Gains/(Losses)	\$-688,305
Ending Market Value	\$17,956,916

## Performance vs Callan Real Estate ODCE (Gross)

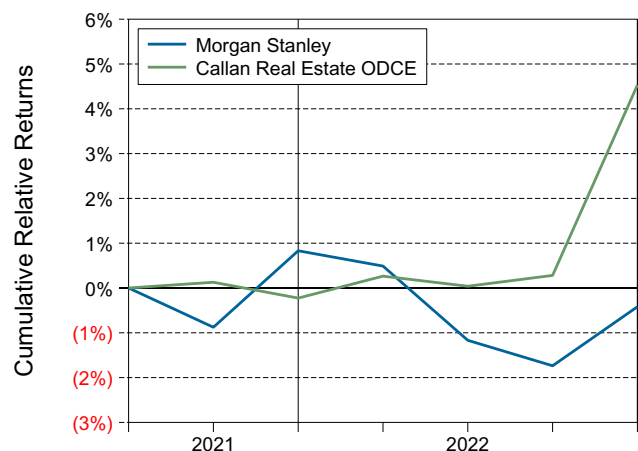


10th Percentile	(4.93)	9.71	16.49	11.56	10.48	10.08	11.16
25th Percentile	(5.11)	9.40	16.31	11.03	9.56	9.37	10.82
Median	(5.52)	8.39	15.31	10.27	9.15	8.87	10.38
75th Percentile	(5.77)	6.09	14.25	9.45	8.81	8.67	10.08
90th Percentile	(6.11)	4.64	14.07	8.34	8.20	8.43	10.04
<b>Morgan Stanley</b> ●	<b>(3.69)</b>	6.13	14.92	9.32	8.42	8.58	10.44
<b>NCREIF NFI-ODCE Val Wt Gr</b> ▲	<b>(4.97)</b>	7.47	15.25	9.93	8.71	8.56	10.11

## Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



## Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

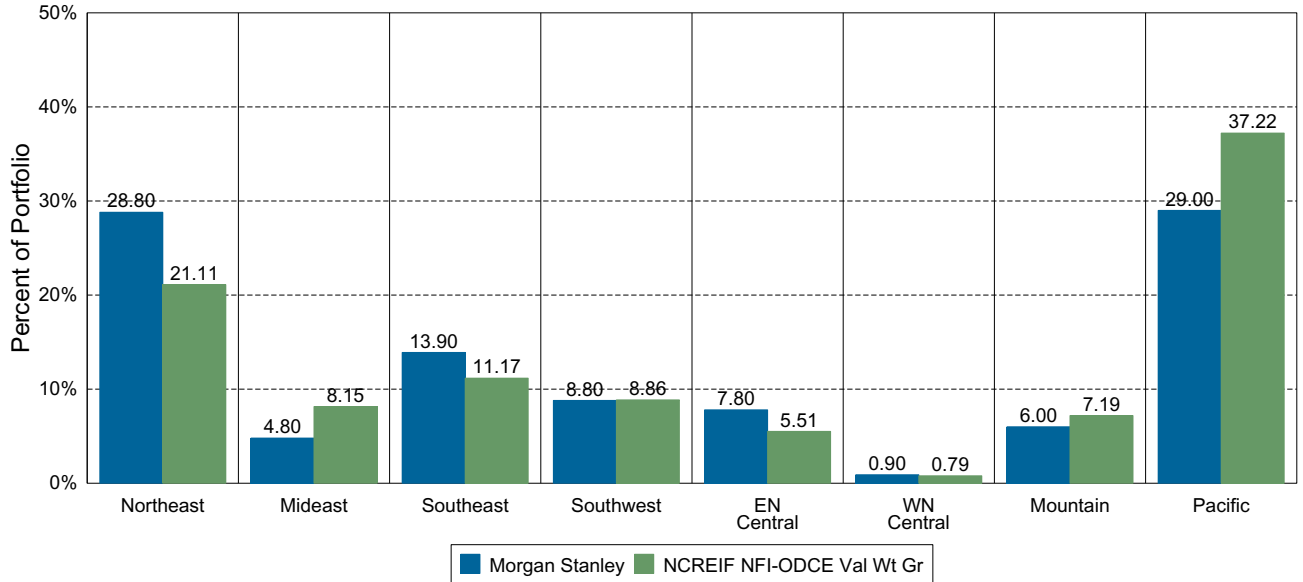


# Morgan Stanley Diversification Analysis as of December 31, 2022

## Diversification Analysis

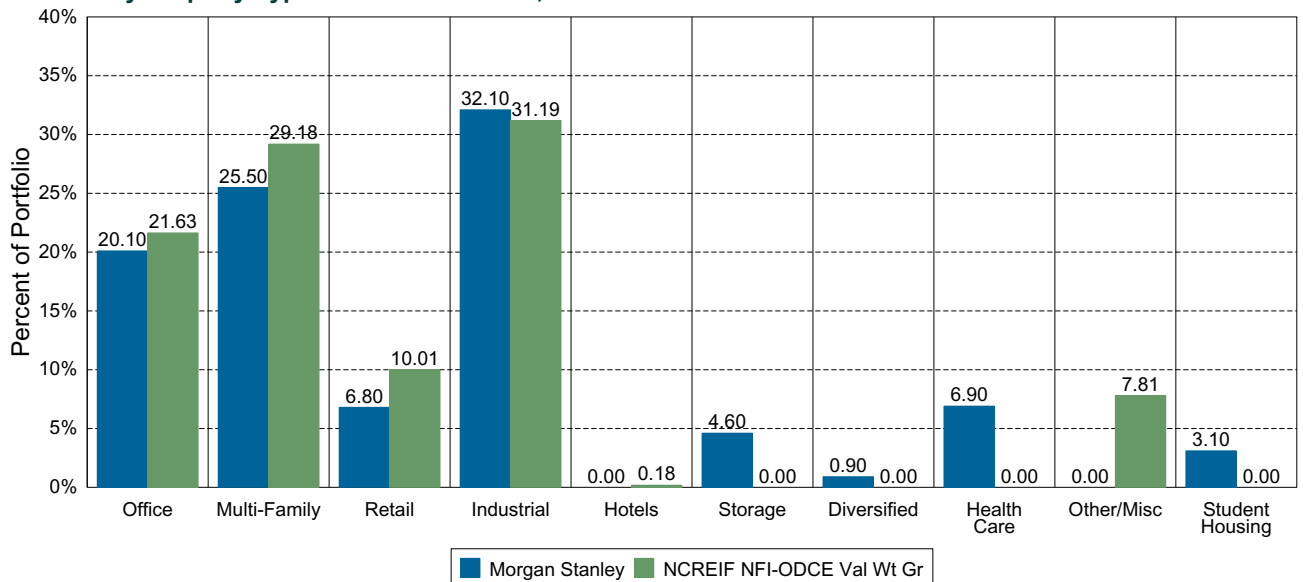
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of December 31, 2022



<b>Morgan Stanley</b>	<b>28.80%</b>	<b>4.80%</b>	<b>13.90%</b>	<b>8.80%</b>	<b>7.80%</b>	<b>0.90%</b>	<b>6.00%</b>	<b>29.00%</b>
NCREIF NFI-ODCE Val Wt Gr	21.11%	8.15%	11.17%	8.86%	5.51%	0.79%	7.19%	37.22%

### Diversification by Property Type as of December 31, 2022



<b>Morgan Stanley</b>	<b>20.10%</b>	<b>25.50%</b>	<b>6.80%</b>	<b>32.10%</b>	<b>0.00%</b>	<b>4.60%</b>	<b>0.90%</b>	<b>6.90%</b>	<b>0.00%</b>	<b>3.10%</b>
NCREIF NFI-ODCE Val Wt Gr	21.63%	29.18%	10.01%	31.19%	0.18%	0.00%	0.00%	0.00%	7.81%	0.00%





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## 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.

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## 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](http://www.callan.com/research-library) to see all of our publications, and [www.callan.com/blog](http://www.callan.com/blog) to view our blog. For more information contact Barb Gerraty at 415-274-3093 / [institute@callan.com](mailto:institute@callan.com).

## New Research from Callan's Experts

**2022 ESG Survey** | Callan's 10th annual survey assesses the status of environmental, social, and governance (ESG) investing in the U.S. institutional investment market.

**Considering Currency: A Guide for Institutional Investors** | This guide to currency trends over time provides institutional investors with multiple ways to benchmark and analyze their portfolios.

**2022 Nuclear Decommissioning Funding Study** | Julia Moriarty offers key insights into the status of nuclear decommissioning funding to make peer comparisons more accurate and relevant.

## Blog Highlights

**What DC Plan Sponsors Should Know About Recent Litigation Trends** | Callan reviewed lawsuits filed against DC plans between January 2019 and August 2022, to provide an analysis of trends in litigation centered on the fiduciary duties outlined in ERISA.

**How Does Your Public DB Plan Measure Up?** | Most public DB plans saw sharp losses for the fiscal year ended 6/30/22. However, plan returns for fiscal year 2021 were the strongest in three decades.

**Index Selection Within TDF Benchmarks Can Make a Big Difference** | Most TDF providers build a custom benchmark for performance comparisons. While this approach is useful, it does not capture differences in glidepath design and asset allocation that are the major drivers of relative performance.

## Webinar Replays

**Callan's 2023-2032 Capital Markets Assumptions** | During this webinar, Jay Kloepfer, Kevin Machiz, and Adam Lozinski described our 2023-2032 Capital Markets Assumptions, discussed the process

and rationale behind these long-term assumptions, and explained the potential implications for strategic recommendations.

**Corporate Pension Hibernation** | Callan specialists explore why closed and frozen plans might wish to hibernate in the current market, thereby deferring the decision to fully terminate until the future.

**Research Cafe: ESG Interview Series** | During this interview, Tom Shingler of Callan discusses with Sara Rosner, director of environment research and engagement for AllianceBernstein's responsible investing team, carbon emissions and why they matter to investors.

## Quarterly Periodicals

**Private Equity Update, 3Q22** | A high-level summary of private equity activity in the quarter through all the investment stages

**Active vs. Passive Charts, 3Q22** | A comparison of active managers alongside relevant benchmarks over the long term

**Market Pulse, 3Q22** | 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, 3Q22** | Analysis and a broad overview of the economy and public and private markets activity each quarter across a wide range of asset classes

**Hedge Fund Update, 3Q22** | Commentary on developments for hedge funds and multi-asset class (MAC) strategies

**Real Assets Update, 3Q22** | A summary of market activity for real assets and private real estate during the quarter

**Private Credit Update, 3Q22** | A review of performance and fundraising activity for private credit during the quarter

## Events

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A complete list of all upcoming events can be found on our website: [callan.com/events-education](https://callan.com/events-education).

*Please mark your calendar and look forward to upcoming invitations:*

### 2023 National Conference

April 2-4, 2023 – Scottsdale, AZ

### 2023 June Workshops

June 27, 2023 – New York

June 29, 2023 – Chicago

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

## Education: By the Numbers

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**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

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## Education

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Founded in 1994, the "Callan College" offers educational sessions for industry professionals involved in the investment decision-making process.

### Introduction to Investments

March 1-2 – Chicago

May 23-25 – 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-education](https://callan.com/events-education)



“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	Manager Name
abrdrn (Aberdeen Standard Investments)	Baillie Gifford International, LLC
Acadian Asset Management LLC	Baird Advisors
Adams Street Partners, LLC	Barings LLC
AEGON USA Investment Management Inc.	Baron Capital Management, Inc.
AllianceBernstein	Barrow, Hanley, Mewhinney & Strauss, LLC
Allianz	Belle Haven Investments
Allspring Global Investments	BentallGreenOak
American Century Investments	BlackRock
Amundi US, Inc.	Blackstone Group (The)
Antares Capital LP	BNY Mellon Asset Management
AQR Capital Management	Boston Partners
Ares Management LLC	Brandes Investment Partners, L.P.
Ariel Investments, LLC	Brandywine Global Investment Management, LLC
Aristotle Capital Management, LLC	Brookfield Asset Management Inc.
Arrowmark Partners	Brown Brothers Harriman & Company
ARS Investment Partners LLC	Capital Group
Atlanta Capital Management Co., LLC	Carillon Tower Advisers
AXA Investment Managers	Carlyle Group

**Manager Name**

CastleArk Management, LLC  
Chartwell Investment Partners  
ClearBridge Investments, LLC  
Clearlake Capital  
Cohen & Steers Capital Management, Inc.  
Columbia Threadneedle Investments North America  
Conestoga Capital Advisors  
Credit Suisse Asset Management, LLC  
Crescent Capital Group LP  
D.E. Shaw Investment Management, LLC  
DePrince, Race & Zollo, Inc.  
Diamond Hill Capital Management, 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.  
GlobeFlex Capital, L.P.  
GoldenTree Asset Management, LP  
Goldman Sachs  
Golub Capital  
Guggenheim Investments  
GW&K Investment Management  
Harbor Capital Advisors  
HarbourVest Partners, LLC  
Hardman Johnston Global Advisors LLC  
Heitman LLC  
HPS Investment Partners, LLC  
Hotchkis & Wiley Capital Management, LLC

**Manager Name**

Impax Asset Management LLC  
Income Research + Management  
Insight Investment  
Intech Investment Management LLC  
Intercontinental Real Estate Corporation  
Invesco  
J.P. Morgan  
Janus  
Jennison Associates LLC  
J O Hambro Capital Management Limited  
Jobs Peak Advisors  
Johnson Asset Management  
KeyCorp  
Kohlberg Kravis Roberts & Co. (KKR)  
Lazard Asset Management  
LGIM America  
Lighthouse Investment Partners, LLC  
Lincoln National Corporation  
Longview Partners  
Loomis, Sayles & Company, L.P.  
Lord Abbett & Company  
LSV Asset Management  
MackKay Shields LLC  
Macquarie Asset Management  
Man Group  
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  
Monroe Capital LLC  
Montag & Caldwell, LLC  
Morgan Stanley Investment Management  
MUFG Union Bank, N.A.  
Napier Park Global Capital



**Manager Name**

Natixis Investment Managers

Neuberger Berman

Newton Investment Management

Ninety One North America, Inc.

Northern Trust Asset Management

Nuveen

Oaktree Capital Management, L.P.

P/E Investments

Pacific Investment Management Company

Pantheon Ventures

Parametric Portfolio Associates LLC

Partners Group (USA) Inc.

Pathway Capital Management, LP

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 Asset (formerly Principal Global)

Pugh Capital Management Inc.

Putnam Investments, LLC

Pzena Investment Management, LLC

Raymond James Investment Management

RBC Global Asset Management

Regions Financial Corporation

Richard Bernstein Advisors LLC

Robeco Institutional Asset Management, US Inc.

**Manager Name**

Rothschild &amp; Co. Asset Management US

S&amp;P Dow Jones Indices

Schroder Investment Management North America Inc.

Segall Bryant &amp; Hamill

SLC Management

Smith Graham &amp; Co. Investment Advisors, L.P.

State Street Global Advisors

Strategic Global Advisors, LLC

Strategic Value Partners, LLC

T. Rowe Price Associates, Inc.

The TCW Group, Inc.

Thompson, Siegel &amp; Walmsley LLC

Thornburg Investment Management, Inc.

Tri-Star Trust Bank

UBS Asset Management

ULLICO Investment Advisors, Inc.

VanEck

Versus Capital Group

Victory Capital Management Inc.

Virtus Investment Partners, Inc.

Vontobel Asset Management

Voya

Walter Scott &amp; Partners Limited

WCM Investment Management

Wellington Management Company, LLP

Western Asset Management Company LLC

Westfield Capital Management Company, LP

Westwood Global Investments

William Blair &amp; Company LLC

## Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

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The statements made herein may include forward-looking statement regarding future results. The forward-looking statement herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future result projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan disclaims any responsibility for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

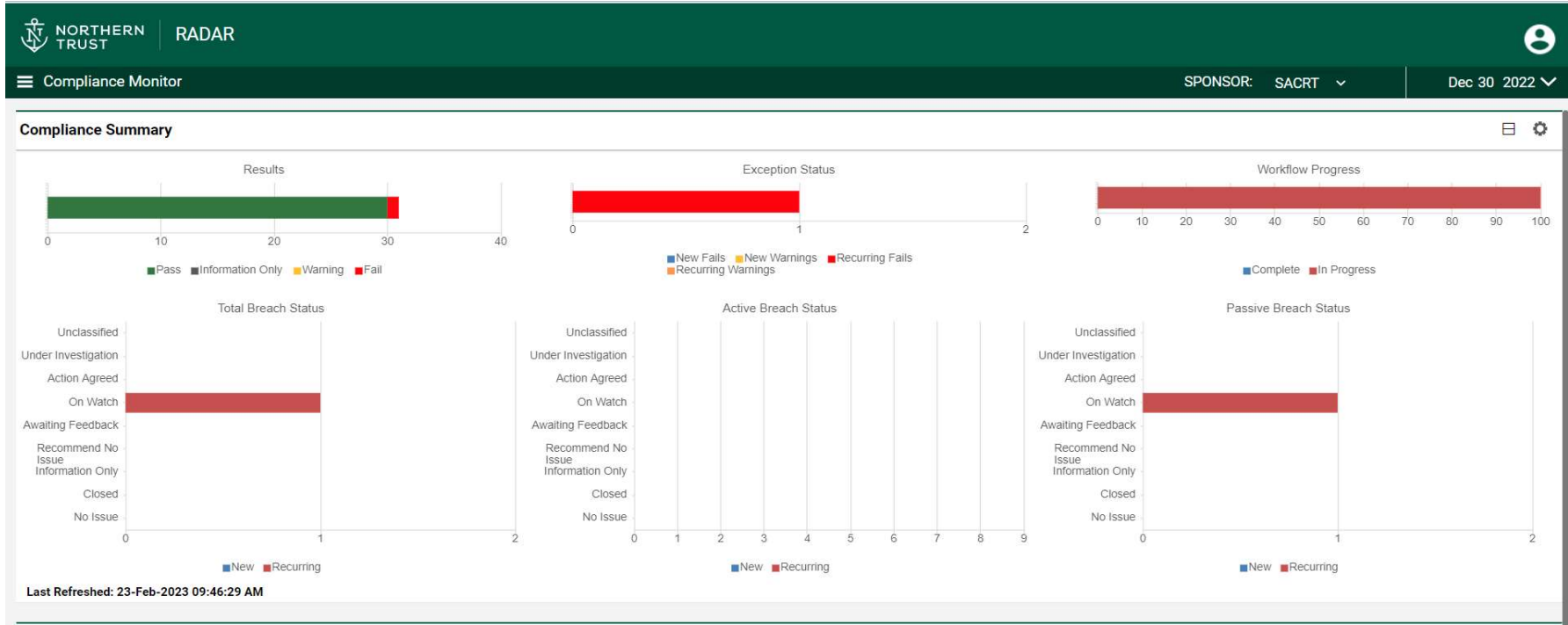
This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Any decision you make on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon you to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.



Note: The compliance breach is a carry forward from March 2022 and 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.

Type Filters Applied:All,Fail,Information Only,Warning Breach Status Filters Applied:All,Active,Passive

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	Commentary
SACR03.R1.199	DAILY	SACRT - METWEST	PA44271 - SACRT SACR03 Permitted Investments	Permitted Assets	Fail	30-Sep-2022	2-Oct-2022	131	Linked	Passive	Corporate Action	On Watch	Under Investigation	

## 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 %
<b>Equities</b>						
Common Stock						
Common Stock						
INTELSAT S.A.	Luxembourg	LU2445093128	ISIN	2,120.00	63,070.00	0.07
<b>Rights/Warrants</b>						
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
<b>Other Assets</b>						
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

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**DATE:** March 8, 2023 Agenda Item: 18  
**TO:** Sacramento Regional Transit Retirement Boards– AEA, AFSCME & MCEG  
**FROM:** John Gobel - Manager, Pension and Retirement Services  
**SUBJ:** Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024 (Salaried). (Gobel)

## **RECOMMENDATION**

Adopt the attached Resolution(s)

## **RESULT OF RECOMMENDED ACTION**

Accept the actuarial valuation report (AVR) for the July 1, 2022 valuation date and approve the actuarially determined contribution (ADC) rates for Fiscal Year (FY) 2024.

## **FISCAL IMPACT**

The estimated fiscal impact to the Salaried Plan of the proposed ADC rates for FY 2024 is \$11,058,968, which is the annual employer contribution presented in the current AVR (as of July 1, 2022) and reflects a \$550,096 increase over the amount presented in the prior AVR (as of July 1, 2021). The actual fiscal impact will be determined by applying the discrete contribution rates recommended for Classic members and PEPRA members to the covered payroll for FY 2024.

## **DISCUSSION**

During the special Retirement Board meeting on February 15, 2023, Graham Schmidt of Cheiron presented the preliminary results of the annual actuarial valuation process for all three Retirement Plans, which are commonly referred to as the ATU Plan, the IBEW Plan, and the Salaried Plan. A recap of Mr. Schmidt's presentation to and discussion with the Retirement Boards is provided in the minutes of last month's meeting, which are submitted for approval at this Quarterly Retirement Board Meeting. Of note, Mr. Schmidt did not recommend any changes in the assumptions used to prepare the AVR for the July 1, 2022 valuation date.

As a reminder, the annual AVR measures the current and projected assets and liabilities of a defined benefit plan, and those measures are used to determine the plan's funded ratio. The plan's funded ratio and the normal costs associated with benefits prescribed

by the plan are used to establish the ADC and expressed as a percentage of covered payroll.

Within the AVR for the Salaried Plan, Cheiron offers an Executive Summary and reviews data points and developments for the July 1, 2022 valuation date. Some of these items are highlighted and referenced below:

- This year's [employer contribution] reflected an adjustment for the third year of the three-year phase in of the amortization payment for the increase in the Unfunded Actuarial Liability (UAL) due to the assumptions adopted for the July 1, 2020 valuation. As of the July 1, 2022 valuation, the 2020 assumption changes are fully phased-in...
- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 65.6% as of July 1, 2021 to 67.9% as of July 1, 2022.
- During the year ended June 30, 2022, the return on Plan assets was -7.55% on a market value basis net of investment expenses, as compared to the 6.75% assumption. This resulted in a market value loss on investments of \$18,567,652. The Actuarial Value of Assets recognizes 20% of the annual difference between the expected and actual return on the Market Value of Assets (MVA).
- Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$4.0 million, primarily due to the FYE 2022 asset experience) that will be reflected in the smoothed value in future years.

By accepting the AVR, the Retirement Board is accepting the funded ratio determined by the actuary and adopting the contribution rates (for both the employer and employees, in the case of PEPRA members) for the next fiscal year. Per Section V, Table V-4 of the AVR for the July 1, 2022 valuation date, Cheiron is recommending the following new contribution rates for the Salaried Plan for the fiscal year beginning July 1, 2023:

Classic Members

Employer Contribution Rate	42.74%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.43%
Member Contribution Rate	6.50% (unchanged from FY 2023)



**RESOLUTION NO. 2023-03-234**

**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:

**March 8, 2023**

**Accept Actuarial Valuation and Approve  
Actuarially Determined Contribution Rates for Fiscal Year 2024**

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 Retirement Board hereby accepts the Actuarial Valuation Report as of July 1, 2022 for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees which is attached as Exhibit A.

THAT the Retirement Board hereby approves new Actuarially Determined Contribution Rates defined in the Actuarial Valuation Report for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees , to be effective July 1, 2023, as follows:

Classic Members

Employer Contribution Rate	42.74%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.43%
Member Contribution Rate	6.50%

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Russel Devorak, Chair

ATTEST:

Henry Li, Secretary

By:

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John Gobel, Assistant Secretary

**RESOLUTION NO. 2023-03-201**

**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 on this date:

**March 8, 2023**

**Accept Actuarial Valuation and Approve  
Actuarially Determined Contribution Rates for Fiscal Year 2024**

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 AS FOLLOWS:

THAT the Retirement Board hereby accepts the Actuarial Valuation Report as of July 1, 2022 for the Retirement Plan for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees, which is attached as Exhibit A.

THAT the Retirement Board hereby approves new Actuarially Determined Contribution Rates defined in the Actuarial Valuation Report for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees, to be effective July 1, 2023, as follows:

Classic Members

Employer Contribution Rate	42.74%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.43%
Member Contribution Rate	6.50%

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Peter Guimond, Chair

ATTEST:

Henry Li, Secretary

By:

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John Gobel, Assistant Secretary

**RESOLUTION NO. 2023-03-238**

**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:

**March 8, 2023**

**Accept Actuarial Valuation and Approve  
Actuarially Determined Contribution Rates for Fiscal Year 2024**

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 Retirement Board hereby accepts the Actuarial Valuation Report as of July 1, 2022 for the Retirement Plan for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees, which is attached as Exhibit A.

THAT the Retirement Board hereby approves new Actuarially Determined Contribution Rates defined in the Actuarial Valuation Report for the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees , to be effective July 1, 2023, as follows:

Classic Members

Employer Contribution Rate	42.74%
Member Contribution Rate	N/A

PEPRA Members

Employer Contribution Rate	30.43%
Member Contribution Rate	6.50%

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Sandra Bobek, Chair

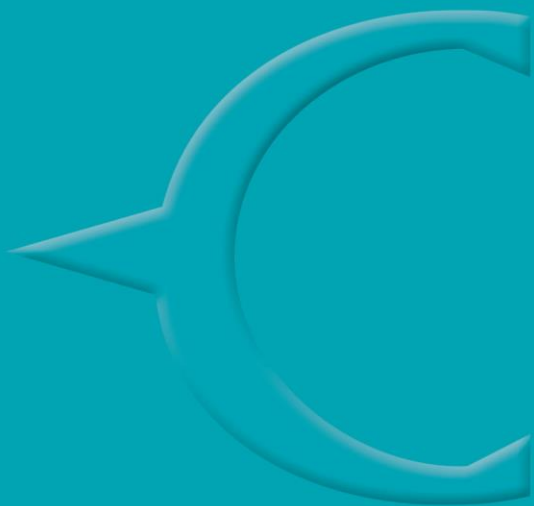
ATTEST:

Henry Li, Secretary

By:

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John Gobel, Assistant Secretary



# **Retirement Plan for Sacramento Regional Transit District Salaried Employees**

## **Actuarial Valuation Report as of July 1, 2022**

**Produced by Cheiron**

**March 2023**

## TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
Letter of Transmittal .....	i
Foreword .....	ii
Section I Executive Summary .....	1
Section II Disclosures Related to Risk .....	11
Section III Assets .....	21
Section IV Liabilities .....	25
Section V Contributions.....	28
 <i>Appendices</i>	
Appendix A Membership Information .....	33
Appendix B Statement of Actuarial Assumptions and Methods.....	42
Appendix C Summary of Plan Provisions.....	47
Appendix D Glossary .....	52

March 1, 2023

Retirement Boards of  
Sacramento Regional Transit District  
2830 G Street  
Sacramento, CA 95816

Dear Members of the Boards:

At your request, we have conducted an actuarial valuation of the Retirement Plan for Salaried Employees of the Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2022. This report contains information on the Plan's assets and liabilities. This report also discloses employer contribution levels. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Boards and the auditors in preparing financial reports in accordance with applicable law and accounting requirements.

This report was prepared solely for the Retirement Boards for the purposes described herein, and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,  
Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA  
Consulting Actuary



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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**FOREWORD**

Cheiron has performed the actuarial valuation of the Retirement Plan for Sacramento Regional Transit District Employees (SacRT, the Fund, the Plan) as of July 1, 2022. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- In Section II, **Disclosures Related to Risk**, we review the primary risks facing the District, and quantify these using various risk and maturity measures.
- The **Main Body** of the report presents details on the Plan’s
  - Section III – Assets
  - Section IV – Liabilities
  - Section V – Contributions
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

Future results may differ significantly from the results of the current valuation presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

In preparing our report, we relied on information (some oral and some written) supplied by the District’s staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan,
- Employer and member contribution rates for Plan Year 2023-2024, and
- An assessment and disclosure of key risks.

The information required under GASB Statements (Nos. 67 and 68) is included in a separate report, with the report for the Fiscal Year Ending June 30, 2022 provided to the Boards in September 2022.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of the historical trends, and I the projected financial outlook for the Plan.

**A. Valuation Basis**

This valuation determines the employer and PEPRAs member contributions for the plan year.

The Plan's funding policy is for the District to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method, net of any contributions by the members,
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

A summary of the assumptions and methods used in the current valuation are shown in Appendix B. There have been no changes in assumptions or methods since the prior valuation.



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

**B. Key Findings of this Valuation**

The key results of the July 1, 2022 actuarial valuation are as follows:

- The actuarially determined employer contribution rate decreased from 38.57% of payroll last year to 37.32% of payroll for the current valuation. This year's rate reflected an adjustment for the third year of the three-year phase in of the amortization payment for the increase in the Unfunded Actuarial Liability (UAL) due to the assumptions adopted for the July 1, 2020 valuation. As of the July 1, 2022 valuation, the 2020 assumption changes are fully phased-in, with the final portion of the phase-in increasing the rate by 0.83% from the prior year.
- The Plan's funded ratio, the ratio of actuarial assets over Actuarial Liability, increased from 65.6% as of July 1, 2021 to 67.9% as of July 1, 2022. As a point of comparison, a funding ratio of 62.4% or more is required just to fund the liabilities of the inactive members: retired, disabled, terminated with vested benefits, and their beneficiaries. This ratio is sometimes referred to as the Inactive Funded Ratio.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$60,673,194 to \$58,983,452 as of July 1, 2022. This decrease in the UAL was primarily contributions exceeding the normal cost plus interest on the unfunded liability
- During the year ended June 30, 2022, the return on Plan assets was -7.55% on a market value basis net of investment expenses, as compared to the 6.75% assumption. This resulted in a market value loss on investments of \$18,567,652. The Actuarial Value of Assets recognizes 20% of the annual difference between the expected and actual return on the Market Value of Assets (MVA). This method of smoothing the asset gains and losses returned 6.99% on the smoothed value of assets, an actuarial asset gain of \$277,153.
- The Actuarial Value of Assets is currently 103.34% of the market value. Since actuarial assets are above market assets, there are unrecognized investment losses (approximately \$4.0 million, primarily due to the FYE 2022 asset experience) that will be reflected in the smoothed value in future years
- During the year, \$667,990 of assets and \$836,523 of liabilities were transferred from ATU to the Salaried plan for active Salaried plan members with prior ATU service.
- The Plan experienced a liability loss of \$945,804 due primarily to lower mortality rates than expected among inactive participants. The Plan experienced a \$15,221 gain from expenses being less than expected, and a gain of \$349,507 from contributions being more than the actuarial cost. In addition, the Plan experienced a \$174,128 actuarial loss from the transfer of assets and liabilities from the ATU Plan (including interest at the assumed rate through the end of the year). Combining the losses on liability and ATU

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

transfer with the gain on assets, contributions and expenses, the Plan experienced a total loss of \$478,052.

- There were 42 new hires and rehires since July 1, 2021 and the total active population increased by 8.76%. Total projected payroll increased 9.01% from \$27,758,461 to \$30,260,855 for 2022-2023.
- The impact of PEPRA continued to lower the employer cost. As more PEPRA members are hired, the average normal cost rate declines, because PEPRA members have lower benefits than the non-PEPRA members and they contribute approximately 50% of the PEPRA Normal Cost. As of June 30, 2022, PEPRA members make up almost 50% of the active workforce.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

Table I-1 summarizes the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1				
Summary of Principal Plan Results				
Valuation Date	July 1, 2021	July 1, 2022	% Change	
<b><u>Participant Counts</u></b>				
Active Participants	251	273	8.76%	
Participants Receiving a Benefit	356	368	3.37%	
Terminated Vested Participants	54	52	-3.70%	
Transferred Participants	2	1	-50.00%	
Non-Vested Participants Due Refund	4	9	125.00%	
<b>Total</b>	<b>667</b>	<b>703</b>	<b>5.40%</b>	
Annual Pay of Active Members	\$ 27,758,461	\$ 30,260,855	9.01%	
<b><u>Assets and Liabilities</u></b>				
Actuarial Liability (AL)	\$ 176,156,667	\$ 183,590,990	4.22%	
Actuarial Value of Assets (AVA)	115,483,473	124,607,538	7.90%	
Unfunded Actuarial Liability (UAL)	\$ 60,673,194	\$ 58,983,452	-2.78%	
Funded Ratio (AVA)	65.6%	67.9%	2.32%	
Market Value of Assets (MVA)	\$ 129,366,721	\$ 120,583,101	-6.79%	
Funded Ratio (MVA)	73.4%	65.7%	-7.76%	
Inactive Funded Ratio	63.3%	62.4%	-0.92%	
<b><u>Contributions</u></b>				
Employer Contribution Payable Monthly	\$ 10,722,528	\$ 11,058,968	3.14%	
Employer Contribution (after phase in)	\$ 10,508,872	\$ 11,058,968		
Employer Contribution as a Percentage of Payroll	39.34%	37.32%	-2.02%	
Employer Contribution as a Percentage of Payroll (after phase in)	38.57%	37.32%	-1.25%	

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

**C. Changes in Contributions**

Table I-2 summarizes the impact of actuarial experience on contributions.

<b>Table I-2 Employer Contribution Reconciliation</b>				
<b>Item</b>	<b>Total</b>	<b>Normal Cost</b>	<b>UAL Amortization</b>	<b>Admin Expense</b>
FYE 2023 Employer Contribution Rate	38.57%	15.06%	22.51%	1.00%
Change due to phase-in of assumption changes	0.83%	0.00%	0.83%	0.00%
Change due to asset gains	-0.07%	0.00%	-0.07%	0.00%
Change due to PEPRA	-0.49%	-0.68%	0.18%	0.01%
Change due to demographic losses	0.26%	0.01%	0.26%	-0.01%
Change due to amortization payroll	-1.59%	0.00%	-1.53%	-0.06%
Change due to contribution surplus	-0.09%	0.00%	-0.09%	0.00%
Change due to ATU Transfer	<u>-0.10%</u>	<u>-0.17%</u>	<u>0.07%</u>	<u>0.00%</u>
Total Change	-1.25%	-0.84%	-0.35%	-0.06%
FYE 2024 Employer Contribution Rate	37.32%	14.22%	22.16%	0.94%

*Employer contribution rates include Phase-In*

An analysis of the cost changes from the prior valuation reveals the following:

- Asset experience produced a small investment gain on an actuarial basis.

The actuarial return on assets was 6.99%, which is slightly more than the assumed rate of 6.75%. This resulted in a decrease in the contribution rate by 0.07% of payroll.

The Market Value of Assets is less than the actuarial value; there are approximately \$4.0 million in net deferred asset losses.

- Demographic experience (including PEPRA new hires) resulted in a net decrease in cost.

The demographic experience of the Plan – rates of retirement, death, disability, and termination – was close to that predicted by the actuarial assumptions in aggregate, causing an actuarial loss that increased the contribution rate by 0.26% of payroll. In particular, there were losses caused by lower mortality rates than expected among retirees.

In addition, the employer portion of the normal cost for the new hires under the PEPRA benefit formula is lower than the normal cost for the non-PEPRA membership. The growth in the PEPRA membership resulted in a decrease in the average employer normal cost rate of 1.06% of payroll. This reduction was partially offset by a coding update to the actuarial valuation software to apply PEPRA compensation limits to employee contributions and the compensation used in the calculation of the contribution rates,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

which increased the contribution rate by 0.57%. The net impact from PEPRA was a reduction in cost of 0.49% of pay.

The net impact on the contribution rate from changes in demographics was a decrease of 0.23% of payroll.

- Overall payroll growth was greater than expected.

The projected payroll grew by more than the assumed rate of 2.75%, which decreased the contribution rate by 1.59% of pay, since it results in the Plan's Unfunded Actuarial Liability and administrative expenses being spread over a larger payroll base.

- Contributions were slightly greater than the actuarially determined cost.

Actual contributions were more than the total actuarially determined cost (including expenses), which resulted in a decrease in the contribution rate by 0.09%.

- Salaried members with prior ATU service had the liabilities and assets associated with their ATU service transferred into the Salaried plan.

As a result of an arbitration agreement, the assets and liabilities associated with Salaried members with prior ATU service (but who did not become vested in the ATU plan) were transferred from the ATU plan into the Salaried plan. Since the liabilities (\$836,523) were greater than the assets (\$667,990) transferred, the employer contribution rate increased by 0.10% of payroll.

The total impact on employer Plan cost from all changes is a decrease of 1.25% of pay, after incorporating the remaining impact of the final phase-in of the 2020 assumption changes.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022

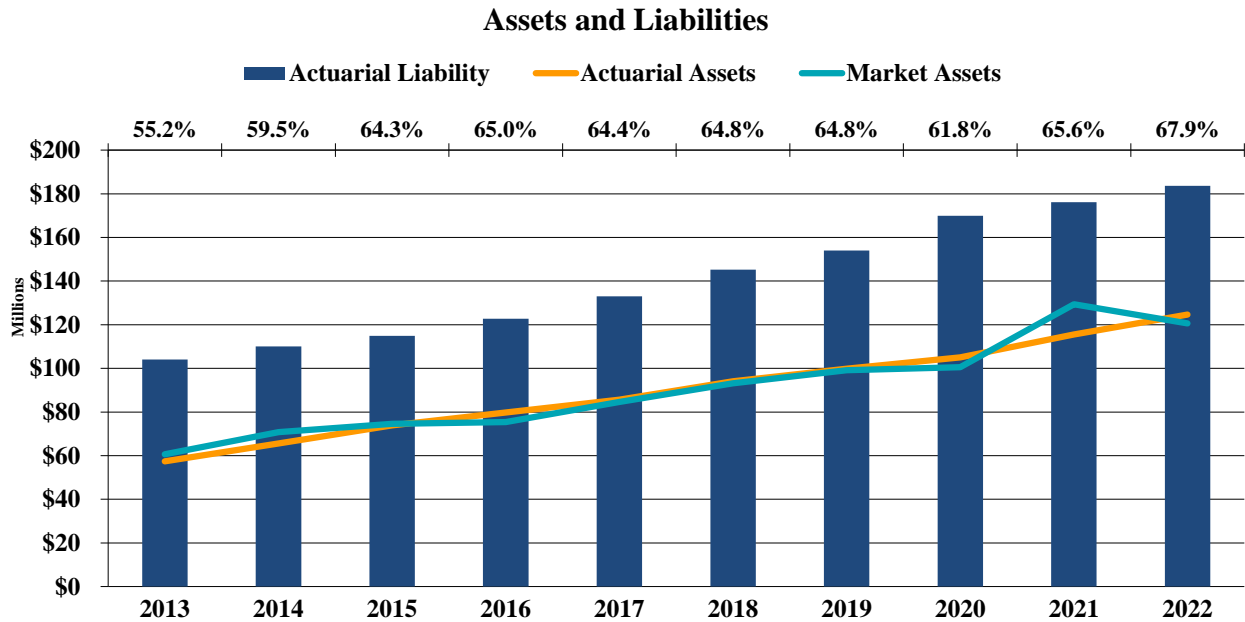
SECTION I – EXECUTIVE SUMMARY

D. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is also important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentage shown in the chart below the graph is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). The funded ratio increased from 55.2% in 2013 to 67.9% in 2022, due to net gains on the AVA and contributions made to the Plan, despite decreases in the assumed rate of return from 7.75% to 6.75% over the same time period. In 2022 the funded ratio reached 67.9%, due to the continuation of those contributions.



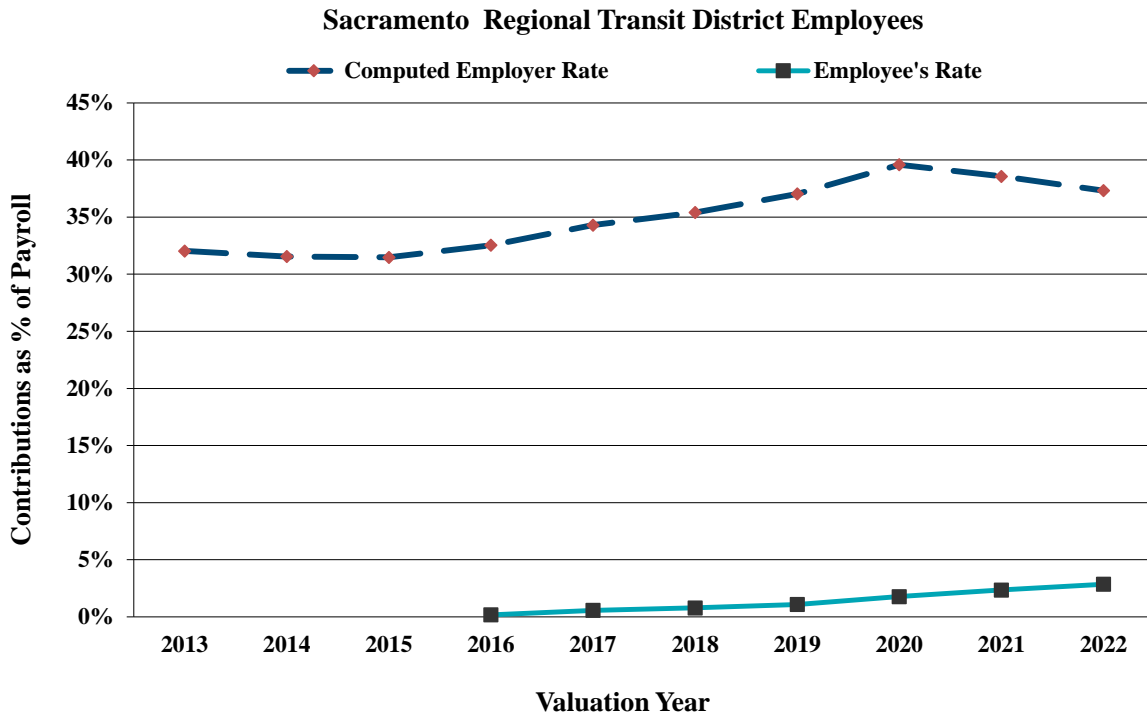
RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022

SECTION I – EXECUTIVE SUMMARY

**Contribution Trends**

In the following chart, we present the Plan’s historical actuarially determined contribution rates and employee contribution rates. Employer contribution rates remained relatively stable from 2013 to 2016, with an increase in 2017 due to the change in assumptions as well as a decrease in projected payroll. The contribution rate increased in 2020 primarily due to assumption changes proposed as part of the 2020 experience study. The contribution rate decreased in 2021 due to favorable investment experience and also decreased in 2022 due to greater than expected payroll growth and increasing PEPRA membership whose contributions offset the employer cost. The employer rates shown include the three-year phase-in of the impact of the assumption changes on the UAL payment.

The average employee contribution rate continues to increase as more PEPRA members enter and contribute to the plan.



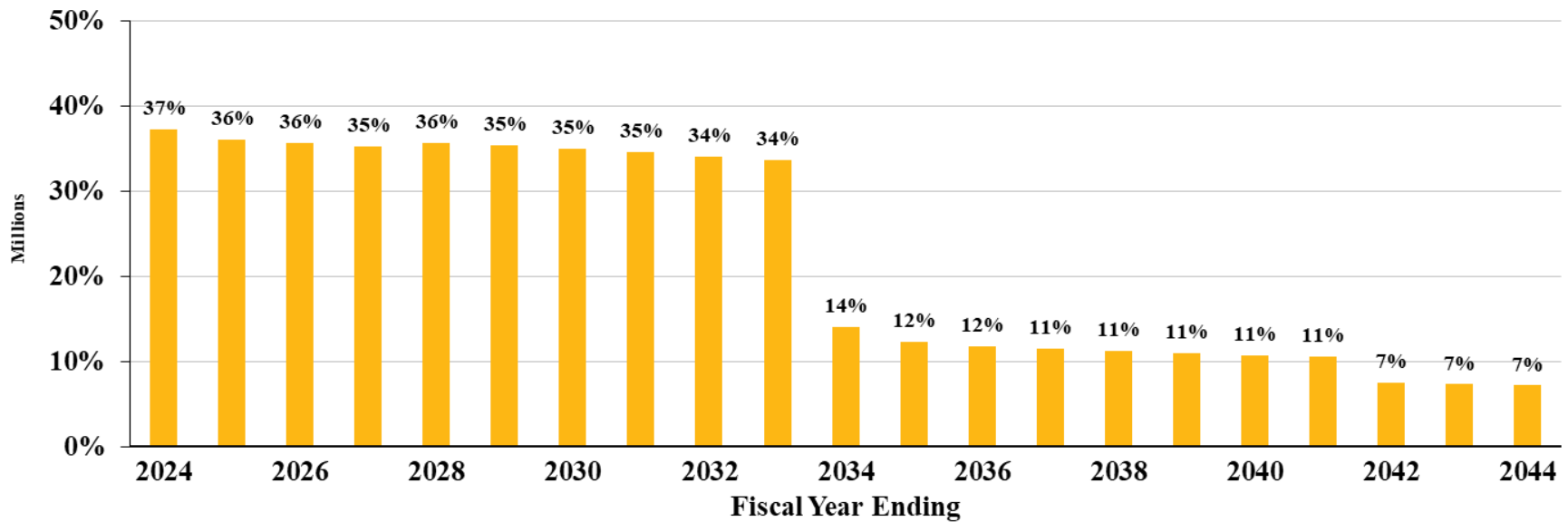
RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022

SECTION I – EXECUTIVE SUMMARY

E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2022 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the 6.75% assumption each year, which is clearly an impossibility. We have also assumed future salary increases of 2.75% per year.

Projection of Employer Contributions 6.75% return each year



The graph shows that the District’s contribution rate is expected to remain relatively level over the next few years as the current year asset losses continue to be recognized, offsetting the prior year gains, and as the employer-paid portion of the normal cost decreases as PEPR membership increases. The employer contribution rate is expected to decline substantially in FYE 2034, once the largest layer of the unfunded liability (the UAL that existed as of June 30, 2019) is fully amortized.



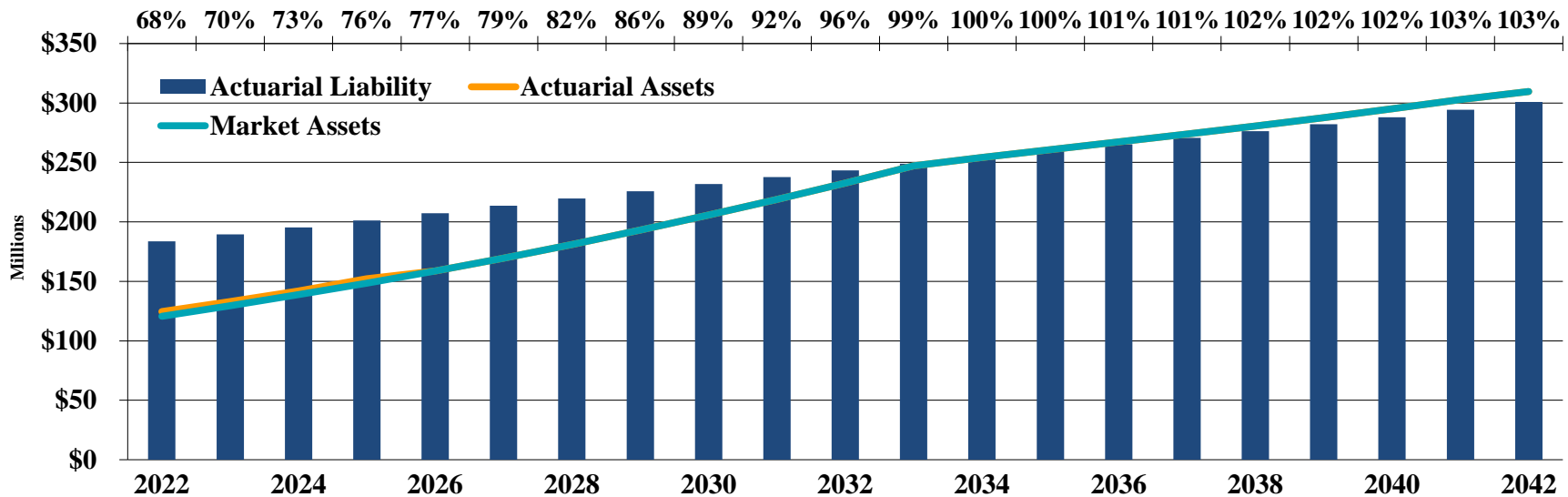
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION I – EXECUTIVE SUMMARY**

The dollar actuarial cost for the District is expected to be approximately \$11.6 million in 2023-2024, and increases to \$13.4 million in 2032-2033 as payroll grows and rates remain fairly level, then dropping significantly the following years, when the bulk of the unfunded liability amortization payment disappears. Note that the graph on the prior page does not forecast any actuarial gains or losses or changes to the assumptions or funding policy.

The following graph shows the projection of assets and liabilities assuming that assets will earn the 6.75% assumption each year during the projection period. The graph shows that the funded status is expected to increase steadily as the existing unfunded liability is fully amortized, assuming the actuarial assumptions are achieved. The Plan is expected to be fully funded in 2034, three years later than in the July 1, 2021 valuation. However, it is primarily the actual return on Plan assets that will determine the future funding status and contribution rate to the Plan.

**Projection of Assets and Liabilities 6.75% return each year**



## SECTION II – DISCLOSURES RELATED TO RISK

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

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

### Identification of Risks

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

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

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

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

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

*Longevity and other demographic risks* are the potential for mortality or other demographic experience to be different than expected. Generally, longevity and other demographic risks emerge slowly over time and are often dwarfed by other changes, particularly those due to

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

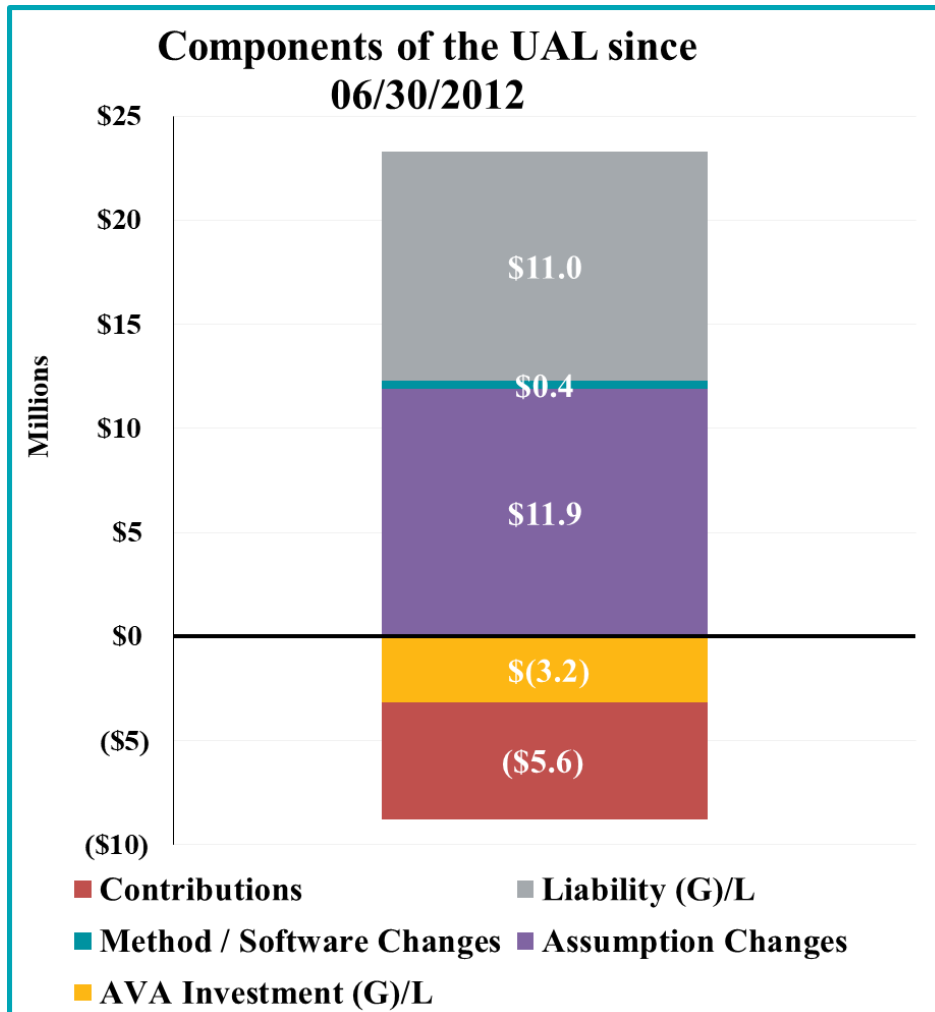
**SECTION II – DISCLOSURES RELATED TO RISK**

investment returns. However, for this plan there have been substantial liability losses over the last five years, driven by higher-than-expected pay increases for continuing active members.

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

The chart below shows the components contributing to the Unfunded Actuarial Liability (UAL) from June 30, 2012 through June 30, 2022. Over the last 10 years, the UAL has increased by approximately \$14.5 million. The assumption changes (purple bar) resulting in a total UAL increase of \$11.9 million is the largest source of UAL growth, followed by liability losses (\$11.0 million, gray bar). Net investment gain and losses have offset each other over the 10-year period resulting in a total UAL decrease of \$3.2 million.

**Chart II-1**



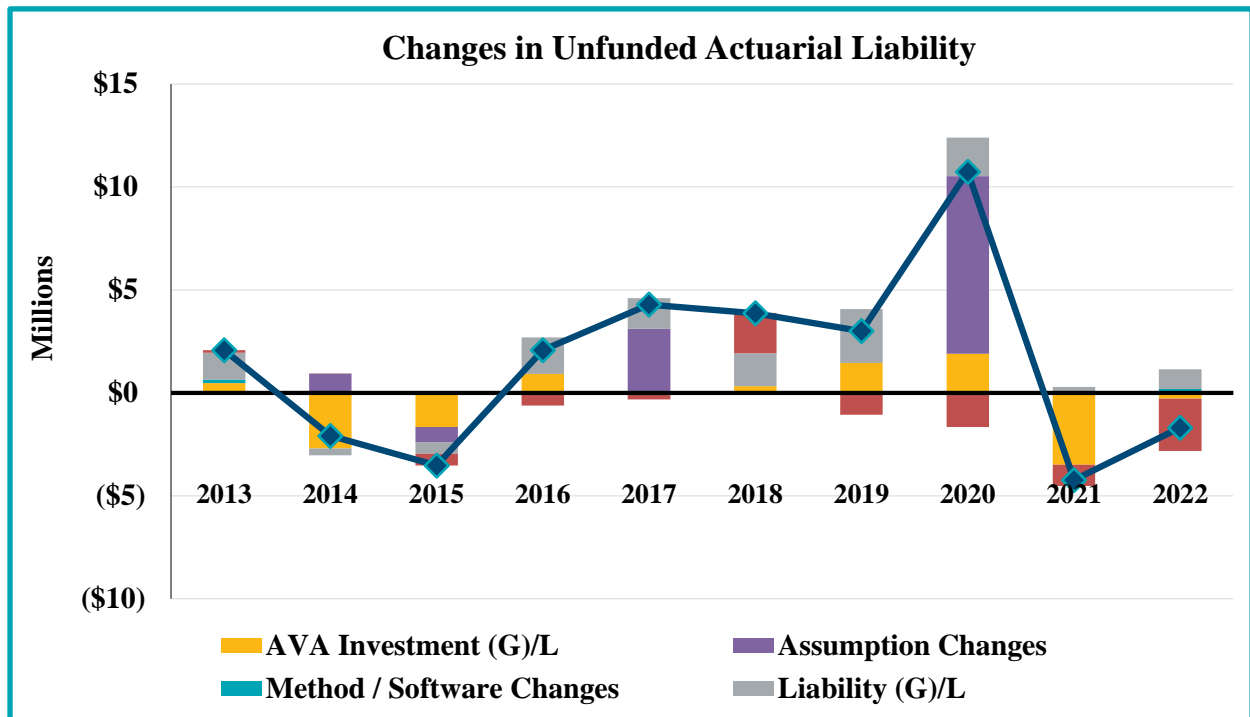
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION II – DISCLOSURES RELATED TO RISK**

Each year, the UAL is expected to increase for benefits earned in the current year (the normal cost), administrative expenses, and interest on the UAL. This expected increase is referred to as the tread water level. If contributions are greater than the tread water level, the UAL is expected to decrease. Conversely, if contributions are less than the tread water level, the UAL is expected to increase. The amortization policy (as well as the contribution-timing lag) can impact whether or not the contributions exceed the tread water level. Contributions above the “tread-water” level (red bar) have decreased the UAL by \$5.6 million. In addition, actuarial method and software changes (teal bar) have increased the UAL by \$0.4 million since June 30, 2012.

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

**Chart II-2**



The impact of all assumption changes is represented by the purple bars. In 2015 and 2020, there were experience studies performed. The experience study in 2015 resulted in a slight reduction in the liabilities. In 2020, significant increases were primarily due to salary merit and retirement rate changes and reductions in the discount rate. The assumed rate of return was also reduced in 2014 and 2017.

On the liability side (gray bars), the Plan has mostly experienced losses, increasing the UAL by approximately \$11.0 million over the 10-year period resulting from participants retiring, terminating, becoming disabled and dying at rates different from the actuarial assumptions as well as unexpected changes in salaries. Most of this type of activity is normal in the course of Plan experience. However, the Plan has recently experienced some significant liability losses,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION II – DISCLOSURES RELATED TO RISK**

which indicated the potential need to update some of the assumptions, which was done as part of the 2020 experience study.

The shortening of the amortization period has resulted in UAL reductions from contributions over the last several years, except in 2018, where the shortfall was due to the phase-in of the 2017 assumption change impact.

While the net investment gains and losses have not been the largest driver of UAL changes over the past 10 years, the year-to-year investment volatility can have a large impact on the UAL and is unpredictable. For example, the actuarial investment gain in 2021 was \$3.5 million compared to the \$1.9 million actuarial loss in the 2020 valuation.

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

Table II-1 Unfunded Actuarial Liability (UAL) Change by Source						
Valuation Year	Assumption Changes	Method / Software Changes	Contributions	Investment Experience	Liability Experience	Total UAL Change
2013	0	181,918	127,112	467,927	1,299,355	2,076,312
2014	933,160	0	5,520	(2,704,686)	(323,933)	(2,089,939)
2015	(757,047)	0	(562,761)	(1,662,717)	(541,993)	(3,524,518)
2016	0	0	(614,979)	917,324	1,775,915	2,078,260
2017	3,108,901	0	(229,830)	(85,065)	1,495,305	4,289,311
2018	(18,542)	0	1,958,532	321,313	1,603,565	3,864,868
2019	0	0	(1,060,592)	1,451,131	2,611,134	3,001,672
2020	8,637,242	0	(1,661,284)	1,894,074	1,867,525	10,737,558
2021	0	0	(1,025,135)	(3,497,592)	290,705	(4,232,022)
2022	0	191,914	(2,550,308)	(277,153)	945,804	(1,689,742)
<b>Total</b>	<b>\$ 11,903,714</b>	<b>\$ 373,832</b>	<b>\$ (5,613,724)</b>	<b>\$ (3,175,444)</b>	<b>\$ 11,023,382</b>	<b>\$ 14,511,760</b>

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION II – DISCLOSURES RELATED TO RISK**

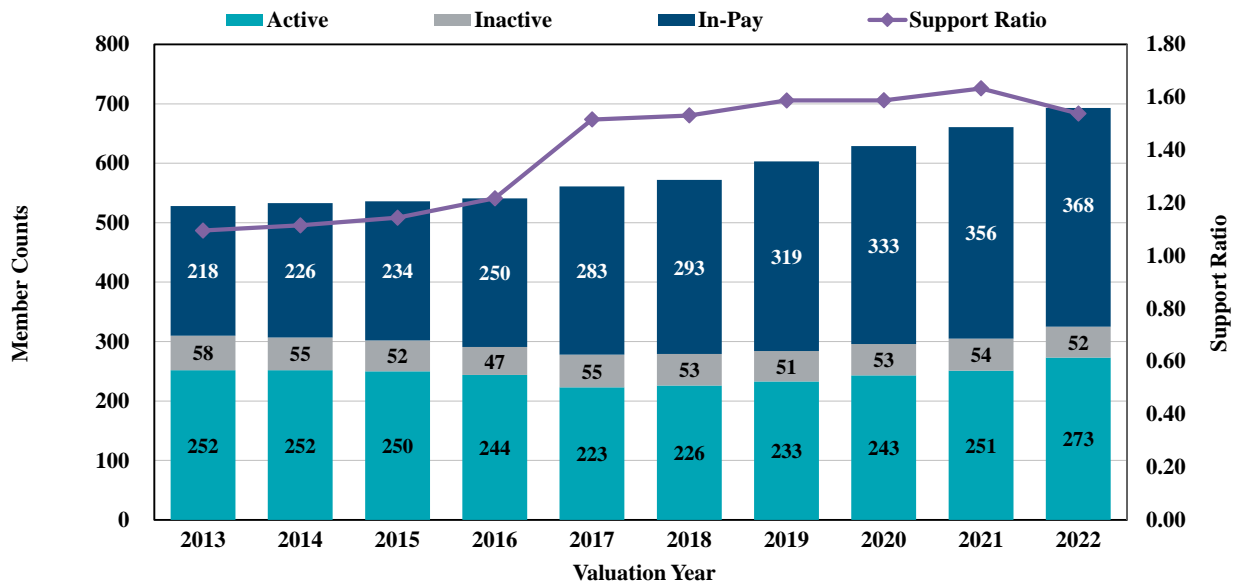
**Plan Maturity Measures**

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

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

**Inactives per Active (Support Ratio)**

One simple measure of plan maturity is the ratio of the number of inactive members (those receiving benefits or inactives – those entitled to a deferred benefit) to the number of active members. The Support Ratio is expected to increase gradually as a plan matures. The chart below shows the Support Ratio remaining fairly level from 2013 to 2016 as the number of active members increased and the number of retirees also increased. However, the Support Ratio increased rapidly from 2016 to 2017 as the active population declined while the retiree population grew. The Support Ratio has been relatively stable from 2017 to 2021, with a slight decline in 2022 when the active membership increased more than the inactive membership.



**Leverage Ratios**

Leverage or volatility ratios measure the size of the plan compared to its revenue base more directly. The asset leverage ratio is simply the Market Value of Assets to active member payroll

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

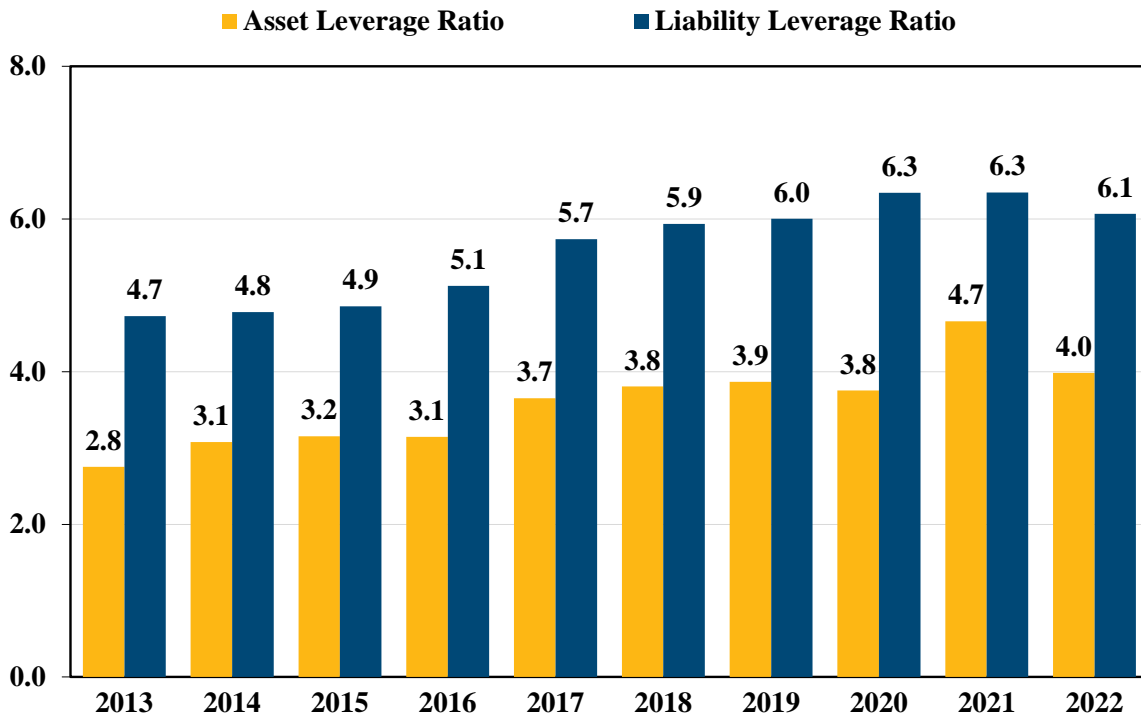
**SECTION II – DISCLOSURES RELATED TO RISK**

and indicates the sensitivity of the Plan to investment returns. The liability leverage ratio is the Plan’s Actuarial Liability to active member payroll and indicates the sensitivity of the Plan to assumption changes or demographic experience.

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

An asset leverage ratio of 4.0 means that if the Plan’s assets lose 10% of their value (a 16.75% actuarial loss compared to the expected return of 6.75%), the loss is about 67% of payroll ( $4.0 \times 16.75\%$ ). Based on the proposed amortization policy, the contribution rate would ultimately increase by approximately 4.8% of payroll if asset smoothing were not applied and the loss were amortized over 20 years. The same investment loss if the Plan were 100% funded would be around 102% of payroll and an ultimate contribution rate increase of about 7.4% of payroll, if amortized over 20 years.

The chart below shows the historical leverage ratios of the Plan. Both leverage ratios have increased since 2013. The large decrease in the Asset Leverage Ratio for 2022 is due to the less than favorable investment experience for FYE 2022.



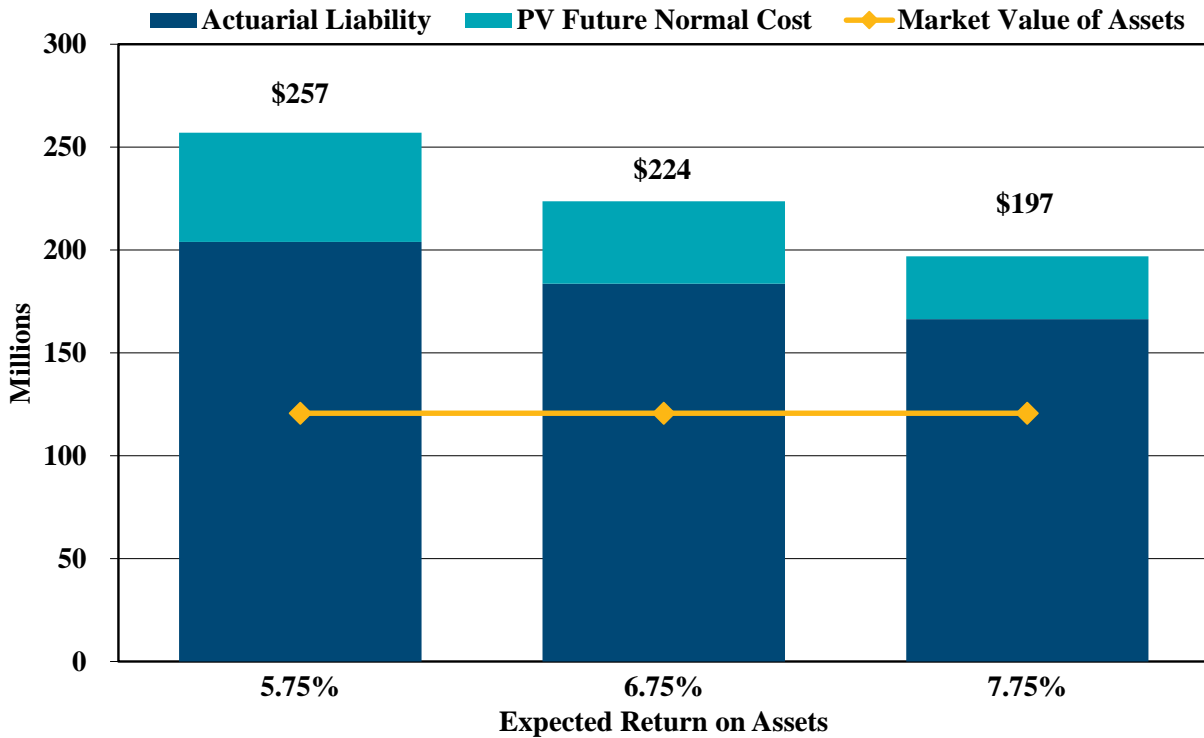
**SECTION II – DISCLOSURES RELATED TO RISK**

**Assessing Costs and Risks**

**Sensitivity to Investment Returns**

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

**Present Value of Future Benefits versus Assets**



If investments return 6.75% annually, the Plan would need approximately \$224 million in assets today to pay all projected benefits compared to current assets of \$121 million. If investment returns are only 5.75%, the Plan would need approximately \$257 million in assets today, and if investment returns are 7.75%, the Plan would need approximately \$197 million in assets today.



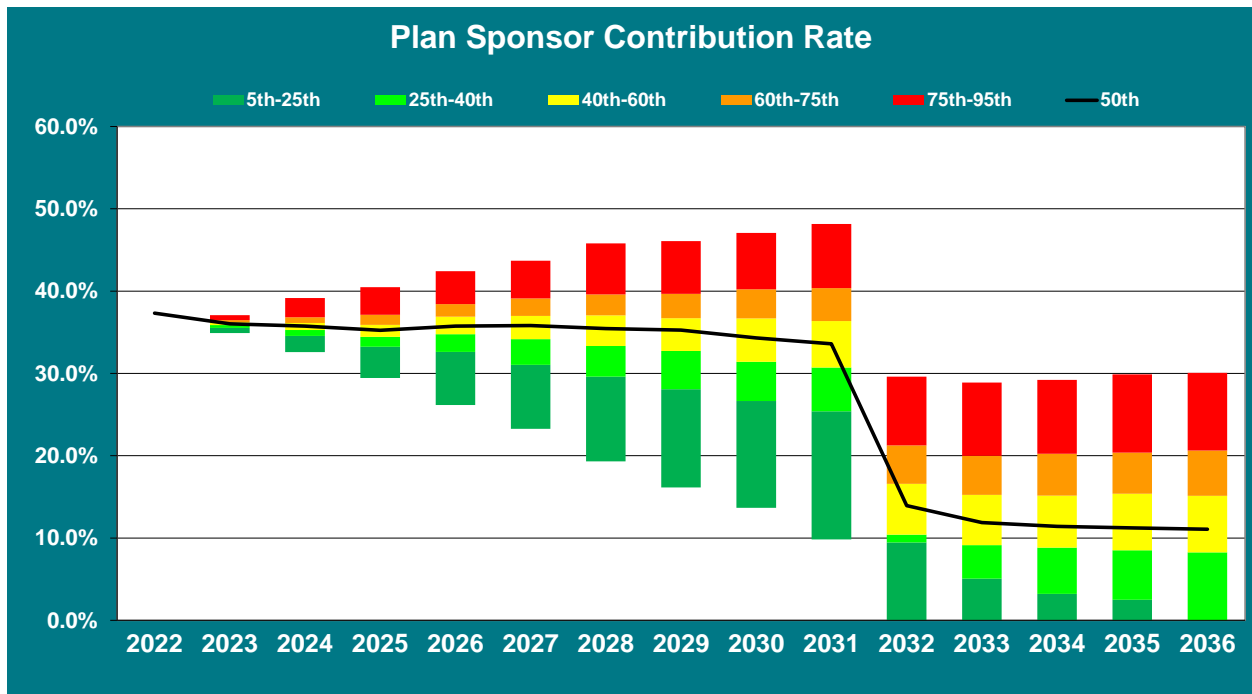
**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION II – DISCLOSURES RELATED TO RISK**

**Stochastic Projections**

Stochastic projections serve to show the range of probable outcomes of various measurements. The chart below and on the following page show the projected range of the employer contribution rate and of the funded ratio on an Actuarial Value of Assets basis. The range in both scenarios is driven by the volatility of investment returns (assumed to be based on a 12.4% standard deviation of annual returns, as provided by the Plan’s investment consultant and described in the 2020 Experience Study Report). The stochastic projections of investment returns are based on an assumption that each future year’s investment return is independent from all other years and is identically distributed according to a lognormal distribution. This assumption may result in an unrealistically wide range of compound investment returns over longer periods.

**Stochastic Projection of Employer Contributions as a Percent of Pay**

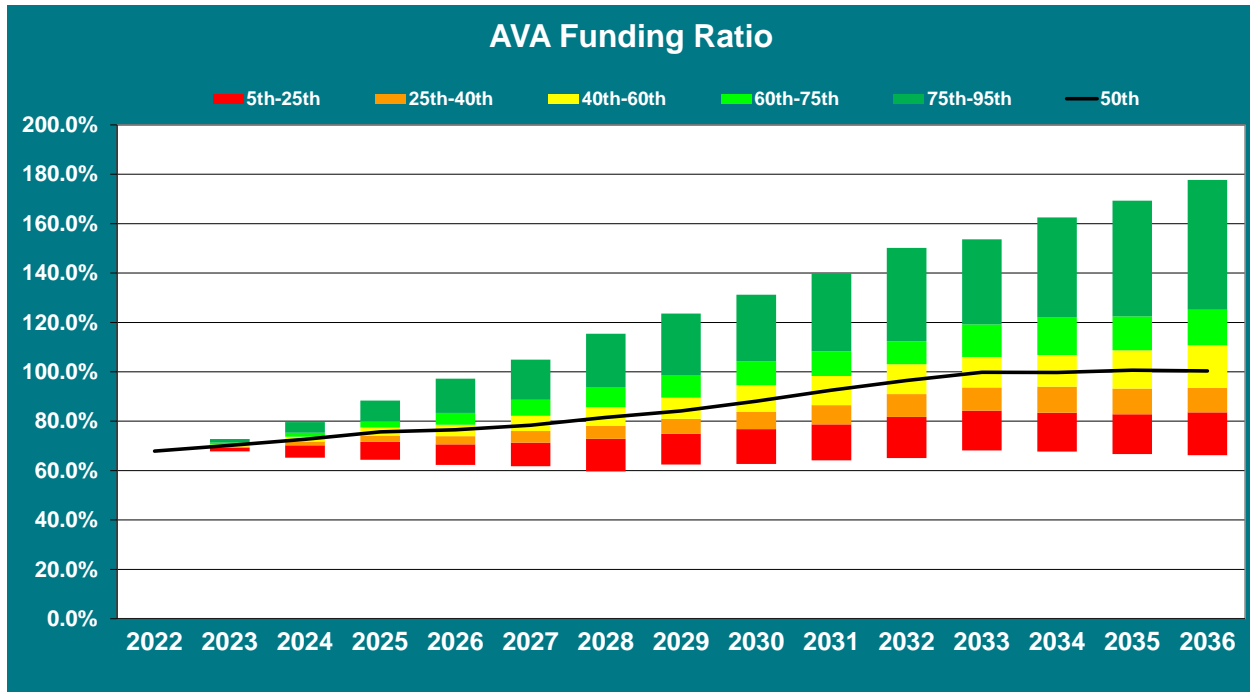


The stochastic projection of employer contributions, shown here as of the valuation date and payable the following fiscal year, shows the probable range of future contribution rates as a percent of pay. The baseline contribution rate (black line), which is based on the median of the simulations using an average return of 6.75%, aligns closely with the projections discussed in subsection D of the Executive Summary of this report. In the most pessimistic scenario shown, the 95<sup>th</sup> percentile, the projected employer contribution rate is about 48% of pay for the 2031 valuation (FYE 2033). Conversely, the most optimistic scenario shown, the 5<sup>th</sup> percentile, the projected employer contribution falls below 10% starting with the 2031 valuation (FYE 2032). We note that these projections set the employer contribution to not fall below the normal cost unless the funded ratio exceeds 120%, as required under PEPRA.

RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022

SECTION II – DISCLOSURES RELATED TO RISK

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



The graph above shows the projection of the funded ratio based on the Actuarial Value of Assets. It is based on the Plan’s layered amortization policy, where the UAL as of July 1, 2019 is paid off over 10 years, and all future gains or losses are amortized over a new closed 20-year period. While the baseline-funded ratio (black line) is projected to be nearly 100% at the end of the period shown here, there is a wide range of potential outcomes. Good investment returns have the likelihood of bringing the funded ratio well over 100%.

Under both the current funding policy of the Plan, even in scenarios with unfavorable investment returns the Plan is projected to remain close to 60-65% funded on an Actuarial Value of Assets basis, as long as the actuarially determined contributions continue to be made.

**Contribution Risk**

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

There is also a risk of the contribution rate increasing even higher when payroll decreases since the Plan’s funding policy amortizes the UAL as a level percentage of pay. This means that the UAL payments increase at the assumed payroll growth rate of 2.75%, so that the payment is expected to remain constant as a percentage of payroll. If payroll growth is less than the expected

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION II – DISCLOSURES RELATED TO RISK**

2.75% or there is a decline in payroll, the UAL payments are spread over a smaller payroll base and the contribution rate as a percentage of pay increases, making the Plan less affordable for those sponsors with declining payroll bases.

For example, the UAL Amortization rate as of June 30, 2022 for the FYE 2024 is 22.16% after reflecting the phase in. If the projected payroll for FYE 2024 were 2.75% lower, all else being equal, the UAL Amortization rate would increase to 22.78%.

**More Detailed Assessment**

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

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION III – ASSETS**

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants’ benefits.

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

- **Disclosure** of Plan assets as of June 30, 2021 and June 30, 2022
- Statement of the **changes** in market values during the year
- Development of the **Actuarial Value of Assets**

**Disclosure**

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snap-shot” or “cash-out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table III-1 discloses and compares each component of the market asset value as of June 30, 2021 and June 30, 2022.

<b>Table III-1 Statement of Assets at Market Value June 30.</b>			
<b>Investments</b>		<b>2021</b>	<b>2022</b>
Cash and Cash Equivalents	\$	2,890,306	\$ 4,053,487
Equity Securities		97,425,791	79,141,858
Fixed Income Securities		26,114,152	30,436,954
Real Estate		7,264,978	12,685,497
Total Investments	\$	133,695,227	\$ 126,317,796
<b>Receivables:</b>			
Securities Sold	\$	5,936,189	\$ 3,464,477
Interest and Dividends		206,769	205,687
Other Receivable		16,260	94,197
Total Receivables	\$	6,159,218	\$ 3,764,361
<b>Payables</b>			
Accounts Payable	\$	(386,812)	\$ (140,577)
Benefits Payable		0	0
Other Payable		(10,100,912)	(9,358,479)
Total Payables	\$	(10,487,724)	\$ (9,499,056)
<b>Market Value of Assets</b>	<b>\$</b>	<b>129,366,721</b>	<b>\$ 120,583,101</b>

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION III – ASSETS**

**Changes in Market Value**

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 shows the components of a change in the Market Value of Assets during 2021 and 2022.

<b>Table III-2 Changes in Market Values</b>		
	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Contributions</b>		
Employer's Contribution	\$ 9,807,539	\$ 10,993,228
Members' Contributions	466,141	705,053
Total Contributions	<u>\$ 10,273,680</u>	<u>\$ 11,698,281</u>
<b>Investment Income</b>		
Interest & Dividends	\$ 1,380,961	\$ 1,790,970
Realized & Unrealized Gain/(Loss)	28,093,811	(10,960,741)
Other Investment Income	0	0
Investment Expenses	(498,128)	(631,831)
Total Investment Income	<u>\$ 28,976,644</u>	<u>\$ (9,801,602)</u>
<b>Disbursements</b>		
Benefit Payments	\$ (10,182,471)	\$ (11,086,271)
Administrative Expenses	(253,303)	(262,018)
Transfer from/(to) Union Plans	0	667,990
Total Disbursements	<u>\$ (10,435,774)</u>	<u>\$ (10,680,299)</u>
<b>Net increase (Decrease)</b>	<b>\$ 28,814,550</b>	<b>\$ (8,783,620)</b>
<b>Net Assets Held in Trust for Benefits:</b>		
Beginning of Year	\$ 100,552,171	\$ 129,366,721
End of Year	<u>\$ 129,366,721</u>	<u>\$ 120,583,101</u>
Approximate Return	28.84%	-7.55%
Administrative Expenses as a Percentage of Mean Assets	0.20%	0.22%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION III – ASSETS**

**Actuarial Value of Assets (AVA)**

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results that could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return.

Table III-3 Development of Actuarial Value of Assets as of July 1, 2022							
	(a)	(b)	(c)	(d)	(e) = (d) – (c)	(f)	(g) = (e) x (f)
Year	Total Contributions	Total Disbursements	Expected Return	Actual Return	Additional Earnings	Not Recognized	Unrecognized Earnings
2017-2018	7,812,272	(5,387,976)	6,223,723	6,073,483	(150,240)	0%	0
2018-2019	8,697,108	(8,290,228)	6,766,681	5,649,123	(1,117,558)	20%	(223,512)
2019-2020	9,519,564	(9,679,636)	7,185,291	1,526,151	(5,659,140)	40%	(2,263,656)
2020-2021	10,273,680	(10,435,774)	6,781,890	28,976,644	22,194,754	60%	13,316,852
2021-2022	11,698,281	(10,680,299)	8,766,050	(9,801,602)	(18,567,652)	80%	<u>(14,854,121)</u>
1. Total Unrecognized Dollars							(4,024,437)
2. Market Value of Assets as of June 30, 2022							120,583,101
3. Actuarial Value of Assets as of June 30, 2022: [(2) - (1)]							124,607,538
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]							103.34%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION III – ASSETS**

**Investment Performance**

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation’s long-term 6.75% assumption.

<b>Table III-4 Asset Gain/(Loss)</b>		
	<b>Market Value</b>	<b>Actuarial Value</b>
<b>July 1, 2021 value</b>	<b>\$ 129,366,721</b>	<b>\$ 115,483,473</b>
Employer Contributions	10,993,228	10,993,228
Employee Contributions	705,053	705,053
Benefit Payments and Expenses	(11,348,289)	(11,348,289)
Transfer In / (Out) from ATU	667,990	667,990
Expected Investment Earnings (6.75%)	8,766,050	7,828,930
Expected Value June 30, 2022	<b>\$ 139,150,753</b>	<b>\$ 124,330,385</b>
Investment Gain / (Loss)	<b>(18,567,652)</b>	<b>277,153</b>
<b>July 1, 2022 value</b>	<b>\$ 120,583,101</b>	<b>\$ 124,607,538</b>
Return	-7.55%	6.99%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION IV – LIABILITIES**

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

- **Disclosure** of Plan liabilities on July 1, 2021 and July 1, 2022
- Statement of **changes** in these liabilities during the year

**Disclosure**

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, represents the amount of money needed today to fully fund all benefits of the Plan both earned as of the valuation date and those to be earned in the future by current plan participants, under the current Plan provisions.
- **Actuarial Liability:** Used for funding calculations, the normal cost rate is equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. The dollar amount of the normal cost equal to the normal cost rate multiplied by each member’s projected pay. The Actuarial Liability is the portion of the present value of future benefits not covered by future expected normal costs. This method is called **Entry Age to Final Decrement (EAFD)**.
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 discloses each of these liabilities for the current and prior valuations.

<b>Table IV-1</b>		
	<b>Liabilities/Net (Surplus)/Unfunded</b>	
	<b>July 1, 2021</b>	<b>July 1, 2022</b>
<b><u>Present Value of Future Benefits</u></b>		
Active Participant Benefits	\$ 102,458,018	\$ 109,162,656
Retiree and Inactive Benefits	111,486,485	114,503,572
<b>Present Value of Future Benefits (PVB)</b>	<b>\$ 213,944,503</b>	<b>\$ 223,666,228</b>
<b><u>Actuarial Liability</u></b>		
Present Value of Future Benefits (PVB)	\$ 213,944,503	\$ 223,666,228
Present Value of Future Normal Costs (PVFNC)	37,787,836	40,075,238
<b>Actuarial Liability (AL = PVB – PVFNC)</b>	<b>\$ 176,156,667</b>	<b>\$ 183,590,990</b>
Actuarial Value of Assets (AVA)	115,483,473	124,607,538
<b>Net (Surplus)/Unfunded (AL – AVA)</b>	<b>\$ 60,673,194</b>	<b>\$ 58,983,452</b>



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION IV – LIABILITIES**

**Changes in Liabilities**

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software
- Transfers of liabilities from one plan to another

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets
- Transfer of assets from one plan to another

<b>Table IV-2 Changes in Actuarial Liability</b>		
Actuarial Liability at July 1, 2021	\$	176,156,667
Actuarial Liability at July 1, 2022	\$	183,590,990
Liability Increase (Decrease)		7,434,323
Change due to:		
Actuarial Methods / Software Changes	\$	191,914
Plan Changes		0
Assumption Changes		0
Transfer In / (Out) from ATU		836,523
Accrual of Benefits		4,835,524
Actual Benefit Payments		(11,086,271)
Interest		11,710,829
Actuarial (Gain)/Loss		945,804

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION IV – LIABILITIES**

Table IV-3 Development of Actuarial Gain / (Loss)	
1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$ 60,673,194
2. Employer Normal Cost at Middle of Year	4,835,524
3. Interest on 1. and 2. to End of Year	4,255,975
4. Expected Contributions and Admin Expenses in Prior Year	11,083,255
5. Interest on 4. to End of Year	367,952
6. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods	191,914
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions	0
8. Change in Unfunded Actuarial Liability Due to Changes in Plan Design	0
9. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. – 4. – 5. + 6. + 7. + 8.]	\$ 58,505,400
10. Actual Unfunded Actuarial Liability at End of Year (not less than zero)	58,983,452
11. Actuarial Gain / (Loss) [9. – 10.]	\$ (478,052)
Actuarial Gain / (Loss) From Liabilities more than expected	(945,804)
Actuarial Gain / (Loss) From Actuarial Asset returns more than expected	277,153
Actuarial Gain / (Loss) From Expenses less than expected	15,221
Actuarial Gain / (Loss) From Contributions more than Actuarial Cost	349,507
Actuarial Gain / (Loss) From Transfer from ATU	(174,128)

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION V – CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age to Final Decrement (EAFD)** cost method.

The normal cost rate for each member is determined with the normal cost percentage equal to the total projected value of benefits at entry age, divided by present value of future salary at entry age. Normal cost contributions are assumed to be made throughout the year, or on average mid-year.

The Unfunded Actuarial Liability is the difference between the EAFD Actuarial Liability and the Actuarial Value of Assets. The UAL rate is based on a 10-year level percentage of payroll amortization of the remainder of the Unfunded Actuarial Liability as of July 1, 2019, again assuming mid-year payment to reflect the fact that employer contributions are made throughout the year. Effective July 1, 2020, changes in the UAL are amortized over new closed 20-year schedules, known as layered amortization. The payment for the UAL layer associated with the assumption changes adopted as part of the July 1, 2020 actuarial valuation was phased-in over a three-year period.

Beginning with the July 1, 2013 actuarial valuation, an amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation. Previously, this cost was implicitly included in the calculation of the normal cost and unfunded liability payment, based on the use of a discount rate that was net of anticipated administrative expenses.

Members hired on or after January 1, 2015 contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members is adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the Fiscal Year 2022-2023, the contribution rate for PEPRA members was 6.50% of payroll (based on 1/2 of 13.08%, rounded to the nearest quarter). The normal cost rate for the PEPRA members as of the July 1, 2022 valuation is 13.83%, and since the increase is less than 1%, the rate for the following fiscal year will not change. Table V-2 contains the details of this calculation.

The tables on the following pages present the employer contributions for the Plan for the current and prior valuations as well as details on the amortization of the UAL.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION V – CONTRIBUTIONS**

<b>Table V-1 Development of Employer Contribution Amount</b>		
	<b>July 1, 2021</b>	<b>July 1, 2022</b>
<b>1. Entry Age Normal Cost (Middle of Year)</b>		
a. Termination	\$ 399,011	\$ 424,361
b. Retirement	4,073,623	4,313,018
c. Disability	-	-
d. Death	97,683	102,019
e. Refunds	37,369	49,391
f. Total Normal Cost (a) + (b) + (c) + (d) + (e)	\$ 4,607,686	\$ 4,888,789
<b>2. Entry Age Actuarial Liability</b>		
<u>Active Members</u>		
a. Termination	\$ 331,139	\$ 349,583
b. Retirement	63,418,002	67,853,568
c. Disability	-	-
d. Death	1,011,782	1,037,511
e. Refunds	(90,741)	(153,244)
f. Total Active Liability: (a) + (b) + (c) + (d) + (e)	\$ 64,670,182	\$ 69,087,418
<u>Inactive Members</u>		
g. Termination	\$ 7,497,854	\$ 6,488,732
h. Retirement	98,062,876	101,818,425
i. Disability	584,816	912,338
j. Death	5,307,557	5,210,660
k. Non-Vested Due Refund	21,320	67,257
l. Transfer	12,062	6,160
m. Total Inactive Liability: (g) + (h) + (i) + (j) + (k) + (l)	\$ 111,486,485	\$ 114,503,572
n. Total Entry Age Actuarial Liability: (2f) + (2m)	\$ 176,156,667	\$ 183,590,990
3. Actuarial Value of Assets	\$ 115,483,473	\$ 124,607,538
4. Unfunded Actuarial Liability: (2n) - (3)	\$ 60,673,194	\$ 58,983,452
5. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll	\$ 6,461,387	\$ 6,704,828
6. Expected Administrative Expenses	\$ 276,750	\$ 283,669
7. Expected Member Contributions	\$ (623,295)	\$ (818,317)
8. Employer Contribution Payable in Monthly Installments: (1f) + (5) + (6) + (7)	\$ 10,722,528	\$ 11,058,968
9. Covered Payroll (Normal Cost)	\$ 26,445,336	\$ 28,618,777
10. Covered Payroll (UAL Amort and Expenses)	\$ 27,758,461	\$ 30,260,855
11. Employer Contribution as a Percent of Covered Payroll: [(1f) + (7)] / (9) + [(5) + (6)] / (10)	39.34%	37.32%
12. Employer Net Phased-in Contribution as a Percent of Covered Payroll	38.57%	37.32% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2023.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION V – CONTRIBUTIONS**

<b>Table V-2 Development of Amortization Payment</b>							
<b><u>Type of Base</u></b>	<b><u>Date Established</u></b>	<b><u>Initial Amount</u></b>	<b><u>Initial Amortization Years</u></b>	<b><u>07/01/2022 Outstanding Balance</u></b>	<b><u>Remaining Amortization Years</u></b>	<b><u>Amortization Amount without Phase-In</u></b>	<b><u>Amortization Amount with Phase-In</u></b>
Remaining UAL as of 2019	07/01/2019	\$ 54,167,658	13	\$ 47,826,583	10	\$ 5,832,850	\$ 5,832,850
2020 Experience	07/01/2020	3,804,295	20	3,738,333	18	291,125	291,125
Assumption changes <sup>1</sup>	07/01/2020	8,637,242	20	9,119,250	18	710,167	710,167
7/1/2021 Experience	07/01/2021	(2,388,330)	20	(2,370,680)	19	(177,876)	(177,876)
7/1/2022 Experience	07/01/2022	669,966	20	669,966	20	48,562	48,562
<b>Total Unfunded Actuarial Liability (UAL)</b>				<b>\$ 58,983,452</b>		<b>\$ 6,704,828</b>	<b>\$ 6,704,828</b>

<sup>1</sup> The 3-year phase in is only applicable to the assumption changes effective July 1, 2020

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION V – CONTRIBUTIONS**

Table V-3 shows the allocation of the cost calculation between the groups.

Table V-3 Allocation of Liabilities, Assets, and Cost among Groups						
	AEA	AFSCME	MCEG	AFST	PEPRA	Total
Actuarial Liability						
Active	6,013,865	27,215,527	25,344,544	4,934,570	5,578,911	69,087,418
Inactive	<u>37,899,736</u>	<u>25,193,550</u>	<u>44,686,885</u>	<u>6,515,568</u>	<u>207,834</u>	<u>114,503,572</u>
Total Actuarial Liability	43,913,601	52,409,077	70,031,429	11,450,138	5,786,745	183,590,990
Market Value of Assets						120,583,101
Actuarial Value of Assets						124,607,538
Unfunded Actuarial Liability (UAL)						58,983,452
UAL Amortization (Middle of Year)	347,312	1,924,113	1,248,488	265,275	2,919,639	6,704,828
Total Normal Cost (Middle of Year)	277,697	1,654,209	1,010,651	205,119	1,741,113	4,888,789
Expected Employee Contributions	0	0	0	0	(818,318)	(818,318)
Administrative Expense	<u>14,694</u>	<u>81,406</u>	<u>52,821</u>	<u>11,223</u>	<u>123,524</u>	<u>283,669</u>
Employer Contribution Payable Monthly	639,703	3,659,728	2,311,961	481,618	3,965,958	11,058,968
Covered Payroll (Normal Cost)	1,495,907	8,003,557	5,459,882	1,069,928	12,589,503	28,618,777
Covered Payroll (UAL Amort and Admin)	1,567,521	8,684,088	5,634,794	1,197,266	13,177,186	30,260,855
Total Normal Cost as a % of Payroll	18.56%	20.67%	18.51%	19.17%	13.83%	17.08%
Employee Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(6.50%)</u>	<u>(2.86%)</u>
Employer Normal Cost as a % of Payroll	18.56%	20.67%	18.51%	19.17%	7.33%	14.22%
UAL Amortization Rate	22.16%	22.16%	22.16%	22.16%	22.16%	22.16%
Administrative Expense Rate	<u>0.94%</u>	<u>0.94%</u>	<u>0.94%</u>	<u>0.94%</u>	<u>0.94%</u>	<u>0.94%</u>
Total Contribution as a % of Payroll	41.66%	43.77%	41.61%	42.27%	30.43%	37.32% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2023.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**SECTION V – CONTRIBUTIONS**

Table V-4 shows the allocation of the cost calculation between PEPRA and Non-PEPRA members.

<b>Table V-4 Salaried PEPRA/Non-PEPRA Summary</b>			
	<b>Non-PEPRA</b>	<b>PEPRA</b>	<b>Total</b>
1. Entry Age Normal Cost (Middle of Year)	\$ 3,147,676	\$ 1,741,113	\$ 4,888,789
2. Covered Payroll (Normal Cost)	\$ 16,029,274	\$ 12,589,503	\$ 28,618,777
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	19.64%	13.83%	17.08%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	( 6.50%)	( 2.86%)
5. Entry Age Actuarial Liability	\$ 178,012,079	\$ 5,578,911	\$ 183,590,990
6. Actuarial Value of Assets			\$ 124,607,538
7. Unfunded Actuarial Liability: (5) - (6)			\$ 58,983,452
8. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll	\$ 3,785,189	\$ 2,919,639	\$ 6,704,828
9. Expected Administrative Expenses	\$ 160,144	\$ 123,524	\$ 283,669
10. Expected Employee Contributions	\$ 0	\$ (818,317)	\$ (818,317)
11. Employer Contribution Payable in Monthly Installments: (1) + (8) + (9) + (10)	\$ 7,093,010	\$ 3,965,958	\$ 11,058,968
12. Covered Payroll (UAL Amort and Expenses)	\$ 17,083,669	\$ 13,177,186	\$ 30,260,855
13. Total Contribution as a Percent of Covered Payroll: [(1) + (10)] / (2) + [(8) + (9)] / (12)	42.74%	30.43%	37.32% <sup>1</sup>

<sup>1</sup> The District will begin paying this percentage of payroll July 1, 2023.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

The data for this valuation was provided by the Sacramento Regional District Transit staff as of July 1, 2022.

<b>Active Participants</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>
Classic	148	137
PEPRA	103	136
<b>Total Number</b>	<b>251</b>	<b>273</b>
Number Vested	162	160
Average Age	48.2	47.0
Average Service	10.9	10.3
Average Pay	\$110,591	\$110,846
<b>Retired</b>		
Number	330	340
Average Age	68.4	68.7
Average Annual Benefit	\$29,222	\$29,677
<b>Beneficiaries</b>		
Number	21	22
Average Age	68.5	69.5
Average Annual Benefit	\$25,805	\$24,720
<b>Disabled</b>		
Number	5	6
Average Age	67.9	66.1
Average Annual Benefit	\$15,464	\$17,921
<b>Term Vested</b>		
Number	54	52
Average Age	48.0	48.1
Average Annual Benefit	\$15,538	\$14,404
<b>Transferred</b>		
Number	2	1
Average Age	51.8	61.6
Average Annual Benefit	\$646	\$422
<b>Terminated Due Refund of Employee Contributions</b>		
Number	4	9
Average Estimated Refund	\$5,330	\$7,473



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AEA								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2021	29	0	1	19	4	180	10	243
New Entrants	8	0	0	0	0	0	0	8
Rehires	0	0	0	0	0	0	0	0
Disabilities	(1)	0	0	0	1	0	0	0
Retirements	0	0	0	(2)	0	2	0	0
Vested Terminations	0	0	0	0	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(1)	1	0
Transfers	0	0	0	0	0	0	0	0
Died, No Beneficiary, & Other Terminations	(1)	0	0	0	0	(3)	0	(4)
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	(1)	0	0	0	0	(2)
Data Corrections	0	0	0	0	0	1	0	1
July 1, 2022	<b>34</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>5</b>	<b>179</b>	<b>10</b>	<b>245</b>

<sup>1</sup> Transfers with service from another Non-Contract group will be excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AFSC								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2021	98	2	2	7	1	60	1	171
New Entrants	7	0	0	0	0	0	0	7
Rehires	1	0	0	(1)	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(4)	0	0	0	0	4	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	8	(1)	0	0	0	0	0	7
Died, No Beneficiary, & Other Terminations	(1)	0	1	0	0	(1)	0	(1)
Transfer Retirement	0	0	0	1	0	1	0	2
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	(1)	0	0	0	0	(2)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2022	<b>107</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>1</b>	<b>64</b>	<b>1</b>	<b>184</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: AFST								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2021	38	0	0	7	0	19	1	65
New Entrants	13	0	0	0	0	0	0	13
Rehires	0	0	0	0	0	0	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(3)	0	0	0	0	3	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	0	0	0
Transfers	(2)	0	0	0	0	0	0	(2)
Died, No Beneficiary, & Other Terminations	(4)	0	4	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(1)	0	0	0	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2022	<b>40</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>0</b>	<b>22</b>	<b>1</b>	<b>75</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: MCEG								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2021	86	0	1	21	0	71	9	188
New Entrants	12	0	0	0	0	0	0	12
Rehires	1	0	0	0	0	(1)	0	0
Disabilities	0	0	0	0	0	0	0	0
Retirements	(3)	0	0	(3)	0	6	0	0
Vested Terminations	(1)	0	0	1	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(1)	1	0
Transfers	4	0	0	0	0	0	0	4
Died, No Beneficiary, & Other Terminations	(3)	0	3	0	0	0	0	0
Transfer Retirement	0	0	0	0	0	0	0	0
Beneficiary Deaths	0	0	0	0	0	0	0	0
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(4)	0	(1)	0	0	0	0	(5)
Data Corrections	0	0	0	0	0	0	0	0
July 1, 2022	<b>92</b>	<b>0</b>	<b>3</b>	<b>19</b>	<b>0</b>	<b>75</b>	<b>10</b>	<b>199</b>

<sup>1</sup> Transfers with service from another Non-Contract group excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Changes in Plan Membership: All Non-Contract								
	Actives	Actives with Transfer Service <sup>1</sup>	Non-Vested Terms with Funds on Account	Vested Terminations	Disabled	Retired	Beneficiaries <sup>2</sup>	Total
July 1, 2021	251	2	4	54	5	330	21	667
New Entrants	40	0	0	0	0	0	0	40
Rehires	2	0	0	(1)	0	(1)	0	0
Disabilities	(1)	0	0	0	1	0	0	0
Retirements	(10)	0	0	(5)	0	15	0	0
Vested Terminations	(3)	0	0	3	0	0	0	0
Died, With Beneficiary, QDRO	0	0	0	0	0	(2)	2	0
Transfers	10	(1)	0	0	0	0	0	9
Died, No Beneficiary, & Other Terminations	(9)	0	8	0	0	(4)	0	(5)
Transfer Retirement	0	0	0	1	0	1	0	2
Beneficiary Deaths	0	0	0	0	0	0	(1)	(1)
Funds Transferred	0	0	0	0	0	0	0	0
Refund of Contributions	(7)	0	(3)	0	0	0	0	(10)
Data Corrections	0	0	0	0	0	1	0	1
July 1, 2022	<b>273</b>	<b>1</b>	<b>9</b>	<b>52</b>	<b>6</b>	<b>340</b>	<b>22</b>	<b>703</b>

<sup>1</sup> Transfers with service from another Non-Contract group are excluded from the Actives with Transfer Service count.

<sup>2</sup> Beneficiary counts do not include DROs where benefits are paid over the member's lifetime.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Age / Service Distribution Of Non-Union Active Participants As of July 1, 2022														
Age	Service												Total	
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up		
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	3	1	0	0	0	0	0	0	0	0	0	0	0	4
25 to 29	6	0	1	2	1	0	0	0	0	0	0	0	0	10
30 to 34	5	4	3	4	1	8	0	0	0	0	0	0	0	25
35 to 39	5	4	0	4	3	11	2	2	0	0	0	0	0	31
40 to 44	7	4	4	5	3	8	3	11	3	0	0	0	0	48
45 to 49	5	3	3	1	4	4	6	7	8	0	0	0	0	41
50 to 54	3	4	5	2	0	7	6	14	8	3	1	0	0	53
55 to 59	0	1	6	1	1	2	3	10	7	3	0	0	0	34
60 to 64	1	0	0	2	0	3	2	3	6	2	1	0	0	20
65 to 69	0	0	0	0	1	1	0	1	1	0	0	0	0	4
70 & up	0	0	0	0	0	0	0	0	1	1	1	0	0	3
<b>Total</b>	<b>35</b>	<b>21</b>	<b>22</b>	<b>21</b>	<b>14</b>	<b>44</b>	<b>22</b>	<b>48</b>	<b>34</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>273</b>

Average Age = 47.0

Average Service = 10.3

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

Payroll Distribution Of Non-Union Active Participants As of July 1, 2022													
Age	Service												Total
	Under 1	1	2	3	4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
21 to 24	53,012	68,766	0	0	0	0	0	0	0	0	0	0	56,951
25 to 29	71,187	0	55,990	117,530	83,627	0	0	0	0	0	0	0	80,180
30 to 34	90,049	82,217	97,379	114,757	101,061	109,551	0	0	0	0	0	0	100,310
35 to 39	77,357	92,309	0	93,939	73,986	104,234	101,705	129,281	0	0	0	0	95,558
40 to 44	91,189	99,857	107,818	113,340	94,439	116,063	101,500	113,138	94,287	0	0	0	105,821
45 to 49	79,867	113,300	97,018	93,316	102,014	110,537	101,161	135,235	132,416	0	0	0	111,872
50 to 54	96,864	112,730	112,465	116,577	0	99,938	121,202	138,591	137,697	154,659	84,640	0	123,665
55 to 59	0	101,075	107,190	113,664	104,175	128,510	143,952	126,476	128,139	163,225	0	0	126,539
60 to 64	93,639	0	0	115,228	0	99,142	109,981	101,403	116,584	130,182	185,576	0	114,557
65 to 69	0	0	0	0	58,483	121,501	0	130,732	183,015	0	0	0	123,433
70 & up	0	0	0	0	0	0	0	0	88,219	163,025	202,377	0	151,207
<b>Total</b>	<b>81,288</b>	<b>98,009</b>	<b>103,451</b>	<b>109,863</b>	<b>90,048</b>	<b>108,390</b>	<b>113,359</b>	<b>126,869</b>	<b>126,808</b>	<b>153,004</b>	<b>157,531</b>	<b>0</b>	<b>110,846</b>

Average Salary = \$ 110,846



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX A – MEMBERSHIP INFORMATION**

**Service Retired Participants and Beneficiaries**

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	1	\$2,546
50-54	6	\$2,958
55-59	36	\$2,411
60-64	72	\$2,365
65-69	100	\$2,882
70-74	77	\$2,521
75-79	44	\$1,853
80-84	16	\$1,585
85-89	6	\$2,867
90-94	3	\$716
95+	1	\$193
<b>Total</b>	<b>362</b>	<b>\$2,448</b>

**Disabled Participants**

Age	Number	Average Monthly Benefit
35-39	0	\$0
40-44	0	\$0
45-49	1	\$579
50-54	1	\$2,517
55-59	1	\$1,739
60-64	0	\$0
65-69	0	\$0
70-74	1	\$2,561
75-79	1	\$978
80-84	0	\$0
85-89	1	\$586
90-94	0	\$0
95+	0	\$0
<b>Total</b>	<b>6</b>	<b>\$1,493</b>

**Terminated Vested Participants**

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	1	\$637
35-39	2	\$535
40-44	14	\$769
45-49	14	\$1,338
50-54	17	\$1,729
55-59	3	\$516
60-64	0	\$0
65-69	1	\$263
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
<b>All Ages</b>	<b>52</b>	<b>\$1,200</b>

**Tranferred Participants**

Age	Number	Average Monthly Benefit
25-29	0	\$0
30-34	0	\$0
35-39	0	\$0
40-44	0	\$0
45-49	0	\$0
50-54	0	\$0
55-59	0	\$0
60-64	1	\$35
65-69	0	\$0
70-74	0	\$0
75-79	0	\$0
80-84	0	\$0
85-89	0	\$0
90+	0	\$0
<b>All Ages</b>	<b>1</b>	<b>\$35</b>



**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methods used in the actuarial valuation as of July 1, 2022 are:

**Actuarial Method**

The normal cost (and resulting Actuarial Liability) is determined as a single result for each individual, with the normal cost percentage equal to the total projected value of benefits at entry age, divided by the present value of future salary at entry age.

The excess of the Actuarial Liability over Plan assets is the Unfunded Actuarial Liability. As of July 1, 2007, the amortization period was reset to a 30-year period, decreasing two years with each valuation until a 20-year amortization period was achieved, at which point the amortization period was reduced by one year annually. The amortization period as of July 1, 2022 is 10 years for the UAL determined as of July 1, 2019 with 20-year layered amortization for UAL changes after 2019. The payment for the UAL layer associated with the assumption changes adopted as part of the July 1, 2020 actuarial valuation was fully phased-in over a three-year period.

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

**Actuarial Value of Plan Assets**

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

**Modeling**

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic and stochastic projections in this valuation report were developed using R-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. R-scan uses standard roll-forward techniques that implicitly assume a stable active population. Because R-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent. We have relied on Cheiron colleagues who developed the tool, and we have used the tool in accordance with its purpose.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**Actuarial Assumptions**

The actuarial assumptions were developed based on an experience study covering the period from July 1, 2015 through June 30, 2020.

**1. Rate of Return**

The annual rate of return on all Plan assets is assumed to be 6.75% for the current valuation net of investment, but not administrative, expenses.

**2. Cost of Living**

The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 2.50% per year.

**3. Increases in Pensionable Payroll / Amortization Payments**

Overall pensionable compensation (used in the calculation of amortization payments) is expected to grow by 2.75% per year. The PEPR Compensation Limit is assumed to increase by 2.50% per year (in line with the increase in the CPI).

**4. Plan Expenses**

Administrative expenses are assumed to be \$283,669 for Fiscal Year 2022-23 and are added directly to the actuarial cost calculation. The expenses are assumed to increase with CPI in future years.

**5. Increases in Pay**

Assumed pay increases for active Participants consist of increases due to wage inflation and those due to longevity and promotion.

Based on an analysis of pay levels and service for the Salaried Plan Participants, we assume that pay increases due to longevity and promotion will occur in accordance with the following table:

<b>Pay Increases</b>	
<b>Base Increase</b>	2.75%
<b>Longevity &amp; Promotion</b>	2.50%
<b>Total (Compound)</b>	5.32%

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**6. Family Composition**

85% of participants are assumed to be married. Males are assumed to be three years older than their spouses, and females are assumed to be three years younger than their spouses. This assumption is applied to active members, as well as retired members with a joint and survivor benefit where the data is missing the beneficiary date of birth.

**7. Terminal Payments**

Retirement benefits are assumed to be increased by 7% due to the application of payments for unused vacation and sick leave to Average Final Monthly Earnings.

No liability adjustment for retirement is used for members who joined the plan on or after January 1, 2015.

**8. Bridging Service**

The Plan has been modified to enable members who are rehired after a previous period of non-vested service to use this prior service for benefit and eligibility purposes. As the impact on the liabilities and contribution level of the Plan is expected to be minor and will depend on the number of members actually rehired (if any), no additional liability is currently being included for this provision.

**9. Missed Pay Periods**

A 0.57% load is applied to the normal cost for Salaried PEPRA members to adjust for the missed pay periods in which service is credited yet no contributions are made by the member.

**10. Employment Status**

No Plan Participants are assumed to transfer between the Salaried Plan and the ATU or IBEW Plans.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**11. Rates of Termination**

Rates of termination for all Participants from causes other than death, disability, and service retirement are based on the Participant’s age, service, and sex.

Representative rates are shown in the following table:

<b>Termination Rates<sup>1</sup></b>	
<b>Years of Service</b>	<b>Rate</b>
0-4	10.00%
5-9	5.00%
10-19	3.00%
20+	1.50%

<sup>1</sup> No terminations are assumed after eligibility for normal retirement or after 25 years of service for non-PEPRA members. PEPRA members terminating with at least five years of service are expected to receive a deferred annuity benefit; those terminating with less than five years of service are expected to receive a refund of contributions (with interest).

**12. Rates of Disability**

No assumed incidence of disability.

**13. Rates of Mortality for Active Healthy Lives**

Rates of mortality for active Participants are given by the Retired Pensioners (RP) 2014 Male and Female Employee Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 130% for females.

**14. Rates of Mortality for Disabled Retirees**

Rates of mortality for all disabled Participants are given by Retired Pensioners (RP) 2014 Male and Female Disabled Retiree Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 130% for males and 115% for females.

**15. Retired Member and Beneficiary Mortality**

Rates of mortality for retired Participants and their beneficiaries are given by the Private Retirement (Pri) 2012 Bottom Quartile Tables for Healthy Annuitants Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted 105% for females.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

**16. Rates of Retirement**

Rates of service retirement among all Participants eligible to retire are given by the following table:

<b>Rates of Retirement<sup>1</sup></b>					
<b>Age</b>	<b>Years of Service</b>				
	<b>5-9</b>	<b>10-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30+</b>
Under 55	0.00%	0.00%	0.00%	10.00%	15.00%
55-59	5.00%	5.00%	10.00%	10.00%	15.00%
60	15.00%	15.00%	20.00%	25.00%	35.00%
61-64	8.25%	15.00%	20.00%	25.00%	35.00%
65+	25.00%	25.00%	20.00%	35.00%	35.00%

<sup>1</sup> The rate of service retirement among all Participants eligible to retire with 30 or more years of service is assumed to be 25.0% per year, and 100% per year for all Participants 70 or older. PEPRAs members are assumed to begin retiring at age 52, with at least five years of service.

**17. Since Last Valuation**

None.

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**1. Definitions**

Average Final  
Monthly  
Earnings:

A Participant's Average Final Monthly Earnings is the highest average consecutive 48 months' Compensation paid. Payments for accumulated vacation or sick leave not actually taken prior to retirement are included in computing Average Final Monthly Earnings if the last 48 months of compensation are used in the calculation, except for PEPRA members.

Compensation:

A Participant's Compensation is the earnings paid in cash to the participant during the applicable period of employment with the District.

PEPRA member's Compensation is computed using base salary, without overtime or other special compensation such as terminal payments. Pensionable compensation for PEPRA members is limited to the PEPRA Compensation Limit (for 2023, \$146,042 for those participating in Social Security; increased by the CPI-U in subsequent years).

Service:

Service is computed from the date in which the Participant becomes a full or part-time employee and remains in continuous employment to the date employment ceases. Service includes time with the District or predecessor companies immediately prior to August 1, 1968 and subsequent to hire. For AFSCME employees, service earned prior to January 1, 2015 is measured in completed quarters of a year and completed months for service earned on or after January 1, 2015. For MCEG and AEA employees, service is measured in completed months.

**2. Participation**

Eligibility:

Any person employed by the District in a full or part-time position in an authorized job classification covered by one of the defined employee groups of (i) Non-union Management and Confidential Employees, (ii) Employee members of the Administrative Employee Association (AEA), or (iii) Employee members of American Federation of State, County and Municipal Employees (AFSCME), is eligible to participate in the Plan.

Any member joining the Plan for the first time on or after January 1, 2015 is a New Member and will follow PEPRA provisions. Employees who transfer from and are eligible for reciprocity with another public employer will not be New Members if the service in the reciprocal system was under a pre-PEPRA plan.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

3. Retirement Benefit

Eligibility: Prior to January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing nine or more years of service.

On and after January 1, 2006, a Participant is eligible for normal service retirement upon attaining age 55 and completing five or more years of service.

Effective January 1, 2000, employees with 25 years of credited service will be eligible for an early retirement option.

PEPRA members are eligible upon attaining age 52 and completing five or more years of service.

Benefit Amount: The normal service retirement benefit is the greater of the benefit accrued under the plan provisions in effect prior to February 1, 1994 or the Participant's benefit under the current plan provisions. Under the current plan provision, the member would receive a percentage of the Participant's Average Final Monthly Earnings multiplied by the Participant's service at retirement. For AFSCME members with at least five but less than nine years of service, a vesting schedule is applied unless the member has reached age 62.

For retirements and terminations prior to January 1, 2005, the percentage is equal to:

- 2.0%, if the member retires prior to age 65, and
- 2.5%, if the member retires at age 65 or later.

For AEA and MCEG retirements and terminations on and after July 1, 2006 and prior to January 1, 2008, the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.125%, if the member retires at age 56 or with 26 years of service,
- 2.25%, if the member retires between the ages of 57 and 64 or with 27 or more years of service, and
- 2.5%, if the member retires at age 65 or later.

For retirements and terminations on and after January 1, 2008 (July 1, 2006 for AFSCME members), the percentage is equal to:

- 2.0%, if the member retires at age 55 or with 25 years of service,
- 2.1%, if the member retires at age 56 or with 26 years of service,
- 2.2%, if the member retires at age 57 or with 27 years of service,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

- 2.3%, if the member retires at age 58 or with 28 years of service,
- 2.4%, if the member retires at age 59 or with 29 years of service, and
- 2.5%, if the member retires at age 60 or later or with 30 or more years of service.

For PEPRA members, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

**Form of Benefit:** The benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

**4. Disability Benefit**

**Eligibility:** A Participant is eligible for a disability benefit if the Participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Nine years of service is required to qualify for disability. Effective January 1, 2006, five years of service is needed to qualify for disability retirement for AEA and MCEG members.

**Benefit Amount:** For AEA and MCEG members, the disability benefit is equal to the Normal Retirement Benefit, using the Participant's Average Final Monthly Earnings and service accrued through the date of disability. For AFSCME members, the disability benefit is equal to 2% of the Participant's Average Final Monthly Earnings multiplied by service accrued through the date of disability. The disability benefit cannot exceed the Retirement Benefit the member would be entitled to on the basis of Average Final Monthly Earnings determined at the date of disability multiplied by the service the member would have attained had employment continued until age 62.

**Form of Benefit:** The benefit begins at disability and continues until recovery or for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.



APPENDIX C – SUMMARY OF PLAN PROVISIONS

5. Pre-Retirement Death Benefit

Eligibility: For deaths prior to January 1, 2006, a Participant's surviving spouse, Domestic Partner or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed nine years of service with the District.

For deaths on and after January 1, 2006, a Participant's surviving spouse, Domestic Partner, or minor dependent child is eligible for a pre-retirement death benefit if the Participant has completed five years of service with the District.

Benefit Amount: The pre-retirement death benefit is the actuarial equivalent of the Normal Retirement Benefit, as if the member retired on the day prior to his/her death. The amount payable to the spouse or Domestic Partner is equal to the Life benefit payable under Article V of the Plan document.

Form of Benefit: The death benefit begins when the Participant dies and continues for the life of the surviving spouse or Domestic Partner, or until the death, marriage, or attainment of 21 years of age of a dependent minor child. No optional form of benefit may be elected. No cost of living increases are payable.

6. Termination Benefit

Eligibility: A Participant is eligible for a termination benefit after earning five years of service. The Participant will be eligible to commence benefits at age 55.

Benefit Amount: For AFSCME terminations, and AEA and MCEG terminations prior to January 1, 2006, the benefit payable to a vested terminated Participant is a percentage of the Normal Retirement Benefit earned on the date of termination, based on the age, service, and Average Final Monthly Earnings accrued by the Participant at that point. The percentage is based on the Participant's service with the District, as shown in the table below:

Service	Vested Percentage
5	20%
6	40%
7	60%
8	80%
9 or more	100%

For AEA and MCEG terminations on and after January 1, 2006, a Participant is eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the age,

**RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES:  
SALARIED ACTUARIAL VALUATION REPORT AS OF JULY 1, 2022**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

service, and Average Final Monthly Earnings accrued by the Participant at that point.

PEPRA members are eligible after earning five years of service for the full Normal Retirement Benefit earned on the date of termination, based on the service and Average Final Monthly Earnings accrued by the Participant at that point, and using the factor based on the age at which the benefit commences.

Form of Benefit: The termination benefit is payable for the life of the Participant only beginning at age 55. For PEPRA members the benefit can begin as early as age 52. No cost of living increases are payable.

**7. Reciprocity Benefit**

Eligibility: A Participant who transfers from this Plan to the RT Union Plan, and who is vested under this Plan, is eligible for a retirement benefit from this Plan.

Benefit Amount: The benefit payable to a vested transferred Participant is equal to the Normal Retirement Benefit based on service earned under this Plan to the date of transfer and based on Average Final Earnings computed under this Plan and the Union Plan together, as if the plans were a single plan.

Form of Benefit: The reciprocity benefit begins at retirement and continues for the Participant's life with no cost of living adjustments. A Participant may elect to receive reduced benefits in the form of a contingent annuity with 50% or 100% continuing to a beneficiary after death, or in the form of an increased benefit prior to receiving Social Security benefits, and a reduced benefit thereafter.

**8. Funding**

Members hired on or after January 1, 2015 contribute half of the normal cost of the Plan rounded to the nearest 0.25%. Once established, contribution rate for New Members is adjusted to reflect a change in the normal cost rate, but only if the normal cost rate changed by more than 1% of payroll. For the Fiscal Year 2022-2023, the contribution rate for PEPRA members was 6.50% of payroll (based on 1/2 of 13.08%, rounded to the nearest quarter). The normal cost rate for the PEPRA members as of the July 1, 2022 valuation is 13.83%, and since the increase is less than 1%, the rate for the following fiscal year will not change.

The remaining cost of the Plan is paid by the District.

**9. Changes in Plan Provisions**

None.

## APPENDIX D – GLOSSARY

### 1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

### 2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

### 3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial Assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

### 4. Actuarial Liability

The portion of the actuarial present value of projected benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

### 5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

### 6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

### 7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

### 8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

## APPENDIX D – GLOSSARY

### 9. Amortization Payment

The portion of the pension plan contribution, which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

### 10. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

### 11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

### 12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

### 13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

### 14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets. The Unfunded Actuarial Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.



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