



# Sacramento Regional Transit District Agenda

**SPECIAL COMBINED MEETING OF THE  
RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE  
SACRAMENTO REGIONAL TRANSIT DISTRICT  
WEDNESDAY, FEBRUARY 26, 2025 AT 1:00 P.M.  
SACRAMENTO REGIONAL TRANSIT Q STREET AUDITORIUM  
1102 Q STREET, 4<sup>TH</sup> FLOOR, SUITE 4600  
(13th Street Light Rail Station)**

**Website Address: [www.sacrt.com](http://www.sacrt.com)**

**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, Valenton, McGee Lee, Scott Alternates: Selenis, Smith
IBEW Retirement Board:	Directors: Li, Valenton, Pickering Alternates: Selenis, D. Thompson
AEA Retirement Board:	Directors: Li, Valenton, Devorak, McGoldrick Alternates: Selenis, Santhanakrishnan
AFSCME Retirement Board:	Directors: Li, Valenton, Guimond, L. Thompson Alternates: Selenis, Elder
MCEG Retirement Board:	Directors: Li, Valenton, Bobek, Hinz Alternates: Selenis, Flores

**GOVERNANCE**

1. Resolution: Election of Common Chair and Common Vice Chair (ALL). (Gobel)	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**CONSENT CALENDAR**

2. Motion: Approving the Minutes for the December 18, 2024 Quarterly Retirement Board Meeting (ATU). (Gobel)	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion: Approving the Minutes for the December 18, 2024 Quarterly Retirement Board Meeting (IBEW). (Gobel)	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Motion: Approving the Minutes for the December 18, 2024 Quarterly Retirement Board Meeting (AEA). (Gobel)	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# AGENDA FOR 2/26/2025 SPECIAL MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

## CONSENT CALENDAR (CONTINUED)

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
5. Motion: Approving the Minutes for the September 11, 2024 Quarterly Retirement Board Meeting (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Motion: Approving the Minutes for the October 23, 2024 Special Retirement Board Meeting (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2024 for the Salaried Pension Plan (AFSCME). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Information: Investment Performance Review of the S&P 500 Index and MSCI EAFE Funds by State Street Global Advisors (SSgA) for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2024 (AFSCME). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2024 (AFSCME). (Johnson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Motion: Adoption of the Sacramento Regional Transit Retirement Boards Meeting Calendar for 2025. (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Information: Annual Report on Educational Activities of Retirement Board Members (AFSCME). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Motion: Approving the Minutes for the December 18, 2024 Quarterly Retirement Board Meeting (MCEG). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## NEW BUSINESS

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
13. Information: Preliminary Results of Actuarial Valuation Process for Retirement Plans (ALL). (Gobel)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## REPORTS, IDEAS AND COMMUNICATIONS

	<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
14. Information: Senior Manager, Pension & Retirement Services, Verbal Update (ALL). (Gobel)	<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. An agenda, in final form, is posted to SacRT's website at [www.sacrt.com](http://www.sacrt.com) and at the front of the Sacramento Regional Transit District's administration building on 1102 Q Street. Persons requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Retirement Services Administrator at (916) 556-0296 (voice) or (916) 483-4327 (TDD) at least 72 business hours in advance of the Board meeting.

Any staff reports or other documentation submitted for items on the agenda are available online at [www.sacrt.com](http://www.sacrt.com), on file with the Retirement Services Administrator and the Clerk to the Board of Directors of the Sacramento Regional Transit District, and available for public inspection at 1400 29th Street, Sacramento, CA. Persons with questions regarding those materials should contact the Retirement Services Administrator (916) 556-0296.



# RETIREMENT BOARD STAFF REPORT

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**DATE:** February 26, 2025  
**TO:** Sacramento Regional Transit Retirement Boards - All  
**FROM:** John Gobel - Senior Manager, Pension and Retirement Services  
**SUBJ:** ELECTION OF COMMON CHAIR AND COMMON VICE CHAIR

## **RECOMMENDATION**

Adopt the Attached Resolution(s).

## **RESULT OF RECOMMENDED ACTION**

Adoption of the Resolution will document the nomination and election of a new Common Chair and Common Vice Chair to preside over meetings of two or more of the five Retirement Boards.

## **FISCAL IMPACT**

There is no fiscal impact associated with this action.

## **DISCUSSION**

On January 12, 2004, the Sacramento Regional Transit District (SacRT) Governing Board established five separate Retirement Boards to conduct business related to the Retirement Plans on behalf of their members. Since that time, each Board has adopted and operated under a governing document known as the By-Laws for the Retirement Boards (By-Laws).

Pursuant to § 2.21 of the By-Laws, each of the five Retirement Boards elects three officer positions: Chair, Vice Chair, and Secretary. Historically, each Retirement Board has elected bargaining unit representatives to be Chair and Vice Chair, and a management representative to be Secretary.

Pursuant to § 2.13 the Bylaws, the five Retirement Boards may collectively elect a Common Chair and Common Vice Chair “to preside over common meetings on an ad hoc or standing basis.” Historically, all five Retirement Boards have elected their common members to serve as Common Chair and Common Vice Chair to ensure orderly and efficient joint meetings of two or more of the Retirement Boards, for so long as the Common Chair and Common Vice Chair agree to perform such duties and for so long as each Board continues to agree on such selection.

Retirement Board Agenda Item 1  
February 26, 2025  
Page 2

With the resignation of the most-recent Common Chair, Director Patrick Kennedy, from the Retirement Boards earlier this month, staff recommends the Retirement Boards nominate and elect a new Common Chair and Common Vice Chair.

In accordance with the By-Laws, the nominations and votes for Common Chair and Common Vice Chair may only consider the Directors who are members of all five Retirement Boards, who are currently Director Henry Li and Director Shelly Valenton.

**RESOLUTION NO. 2025-02-361**

**SACRAMENTO REGIONAL TRANSIT RETIREMENT BOARD RESOLUTION**

Agenda Item: 1

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

**February 26, 2025**

**Election of Common Chair and Common Vice Chair for Retirement Board**

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

THAT, the Board of Directors:

Elects \_\_\_\_\_ as Common Chair to preside over all regular and special meetings of this Board;

Elects \_\_\_\_\_ as Common Vice Chair to preside over all regular and special meetings of this Board in the absence or unavailability of the Common Chair.

THAT, each of the above-listed individuals will serve for as long as they each are common members of the five Retirement Boards and until (a) the Common Chair and/or Common Vice Chair resigns from such role or (b) any of the Retirement Boards no longer agrees to such common selection as evidenced by a majority vote of that Board, in which case the Chair and Vice Chair of common meetings of two or more Retirement Boards shall be selected by those Retirement Board Directors present at each such common meeting.

THAT, this action does not alter this Board's existing appointments of its own Chair, Vice Chair, Secretary, or Assistant Secretary.

\_\_\_\_\_  
Crystal McGee Lee, Chair

ATTEST:  
Henry Li, Secretary

By:

\_\_\_\_\_  
John Gobel, Assistant Secretary

**Sacramento Regional Transit District  
Quarterly Retirement Board Meeting (ATU)  
Wednesday, December 18, 2024  
Meeting Minutes**

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

The Retirement Board was brought to order at 10:02 a.m. A quorum was present and comprised as follows: Director Kennedy, Director Scott, and Alternate Smith. Director McGee Lee, Director Li, and Alternate Valenton were absent.

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

**PUBLIC COMMENT**

John Gobel, Senior Manager of Pension and Retirement Services, asked if there were any comments from the public regarding items on the consent calendar or matters not on the agenda. There were none.

**CONSENT CALENDAR**

- 1. Motion: Approving the Minutes for the September 11, 2024 Quarterly Retirement Board Meeting (ATU). (Gobel)
  
- 6. Motion: Approving the Minutes for the October 23, 2024 Special Retirement Board Meeting (ATU). (Gobel)
  
- 11. Motion: Receive and File Administrative Reports for the Quarter Ended September 30, 2024, for the ATU Pension Plan (ATU). (Johnson)
  
- 14. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)

Director Scott moved to adopt Agenda Items 1, 6, 11. and 14. The motion was seconded by Alternate Smith. Agenda Items 1, 6, 11, and 14 were carried unanimously by roll call vote: Ayes – Scott, Smith, and Kennedy; Noes – None.

unanimously by roll call vote: Ayes – Pickering, D. Thompson, and Kennedy; Noes – None.

**NEW BUSINESS**

- 15. Information: Investment Performance Review of the S&P 500 Index and MSCI EAFE Funds by State Street Global Advisors (SSgA) for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2024 (ALL). (Johnson)

## December 18, 2024 Meeting Minutes – Continued

Jason Johnson, Vice President, Finance/CFO, authored the staff report on the Retirement Plans' index manager, State Street Global Advisors (SSgA), and Mr. Gobel introduced Vice President and Head of Asset Owner Relationship Management Susan McDonough (who presented to the Retirement Boards via videoconference). As part of the introduction, Mr. Gobel explained that SSgA's presentation was an informational item, which did not require a vote or any other action by the Retirement Boards.

SSgA manages two index funds for the Retirement Plans: the S&P 500 Index Strategy and the MSCI EAFE Index Strategy. As indicated in written materials presented by SSgA, the Retirement Boards' allocation to the S&P 500 strategy is approximately \$78.1 million and the allocation to the MSCI EAFE Index Strategy is approximately \$21.4 million. For the measurement period ended September 30, 2024, those written materials reported the following annualized returns for the S&P 500 strategy: 1-Year of 36.34%, 3-Year of 11.90%, and 5-Year of 15.95%. For the same measurement period, the following annualized returns were reported for the MSCI EAFE strategy: 1-Year of 25.02%, 3-Year of 5.81%, and 5-Year of 8.54%. All returns reported were gross of fees.

During her presentation to the Retirement Boards, Ms. McDonough noted that the S&P 500 strategy continued to track the index very closely, while the MSCI EAFE strategy showed a positive tracking error relative to the index (as a result of different tax withholding requirements for U.S. institutional investors). Ms. McDonough also discussed the advantage of cross-trading among SSgA's institutional clients by explaining that 91% of the transactions required for these two strategies have involved low cost or zero cost trades, which have translated to more than \$50,000 in savings for the Retirement Plans over the period of investment.

The Retirement Boards had no questions for Ms. McDonough.

16. Motion: Receive and File Investment Performance Results for the ATU, IBEW, and Salaried Employee Retirement Plans for the Quarter Ended September 30, 2024 (ALL). (Johnson)

Mr. Johnson authored the staff report on the Retirement Plans' investment performance and Mr. Gobel introduced the Retirement Boards' investment consultant from Callan, LLC, Uvan Tseng (who presented to the Retirement Boards via videoconference).

During the capital market update, Mr. Tseng described a broadening of market leadership -- in contrast to the concentration reported during the first half of the calendar year. Mr. Tseng also referenced the Federal Reserve's decision to cut interest rates by 50 basis points in September, a second rate cut of 25 basis points in early November, and another rate cut of 25 basis points that was widely expected for December 18<sup>th</sup>.

During the performance review, Mr. Tseng reported that the Retirement Plans held approximately \$439 million in assets as of September 30, 2024 and that investments had outperformed the policy target by 62 basis points (while producing a gross quarterly return of 6.66%) and returned 21.4% over the past twelve months. He also referenced the

## **December 18, 2024 Meeting Minutes – Continued**

positive contribution of value managers during the quarter and identified small caps, emerging markets, and fixed income as asset classes that had performed particularly well. Finally, Mr. Tseng discussed managers currently on the Watch List by referencing a pending retirement at Atlanta Capital, a similar personnel change at Boston Partners, and a series of recent and upcoming retirements and related personnel changes at TCW. Mr. Tseng noted that Callan has begun its work on a search for a fixed income manager to complement or replace TCW.

There were no questions from the Retirement Boards.

Director Scott moved to approve Agenda Item 16. The motion was seconded by Alternate Smith. The motion carried unanimously by roll call vote: Ayes – Scott, Smith, and Kennedy; Noes – None.

### **REPORTS, IDEAS AND COMMUNICATION**

17. Resolution: Adoption of the Sacramento Regional Transit Retirement Boards Meeting Calendar for 2025. (ALL). (Gobel)

Mr. Gobel discussed the meeting calendar for 2025 and noted that he recommended continuing the 1:00 p.m. start times for all regular and special meetings into the next calendar year. Looking toward the next two meetings, he reminded the Retirement Boards that preliminary results of the actuarial valuation process would be presented on February 26, 2025. Given the proximity of that Special Retirement Board Meeting to the next Quarterly Retirement Board Meeting, Mr. Gobel also explained that he had recommended moving the March 2025 meeting date from the second Wednesday of the month to the third Wednesday (March 19, 2025).

There were no questions from the Retirement Boards.

Director Scott moved to approve Agenda Item 17. The motion was seconded by Alternate Smith. The motion carried unanimously by roll call vote: Ayes – Scott, Smith, and Kennedy; Noes – None.

18. Information: Annual Report on Educational Activities of Retirement Board Members (ALL). (Gobel)

Mr. Gobel presented the annual report on educational activities of Board Members and noted that the meeting materials included a copy of the Retirement Board Member and Staff Education and Travel Policy (Policy). In accordance with the Policy's reporting requirements, Mr. Gobel also noted that individual, semi-annual progress reports would be distributed to all Directors and Alternates in January 2025.

Mr. Gobel reported steady progress on pension and investment education goals over the past two years. Mr. Gobel noted that Board Members who attended in-person events



## December 18, 2024 Meeting Minutes – Continued

had spoken highly of the experience and encouraged others to consider attending similar events in future years.

There were no questions from the Retirement Boards.

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

Mr. Gobel reminded the Directors and Alternate Directors of the Retirement Boards that they are required to file Form 700 Statements of Economic Interests every calendar year. Unlike prior years, however, he explained that the filing process would migrate to an online platform for the 2024 reporting cycle. Accordingly, Mr. Gobel advised the Retirement Boards to expect e-mail notices from a new vendor in the coming months and indicated that he would keep the Retirement Boards apprised of this process change.

Mr. Gobel explained that the four Retirement Boards in attendance would no longer have a quorum upon the departure of Common Chair Kennedy, who could not attend the meeting beyond 11:00 a.m. Accordingly, Mr. Gobel proposed that the Retirement Boards adjourn their meeting at the conclusion of his comments, after which Directors and Alternates who were available could reconvene to complete the required AB 1234 Ethical Standards Training with Hanson Bridgett LLP.

Director Kennedy reported that he had already completed his AB 1234 training requirement with a separate agency and, therefore, would not be attending today's session with the Retirement Boards.

### **ADJOURN**

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 10:41 a.m.

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Crystal McGee Lee, Board Chair

ATTEST:

Henry Li, Secretary

By: \_\_\_\_\_  
John Gobel, Assistant Secretary



# RETIREMENT BOARD STAFF REPORT

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**DATE:** February 26, 2025  
**TO:** Sacramento Regional Transit Retirement Boards - All  
**FROM:** John Gobel - Senior Manager, Pension and Retirement Services  
**SUBJ:** PRELIMINARY RESULTS OF ACTUARIAL VALUATION  
PROCESS FOR RETIREMENT PLANS

## **RECOMMENDATION**

No Recommendation - For Information Only.

## **RESULT OF RECOMMENDED ACTION**

No recommended action.

## **FISCAL IMPACT**

There is no fiscal impact associated with this informational Staff Report.

## **DISCUSSION**

Every year (usually in February), the Retirement Plans' consulting actuary, Graham Schmidt of Cheiron, meets with the Retirement Boards and presents preliminary results for the actuarial valuations. This meeting occurs prior to the submission of final valuations (usually in March) for Sacramento Regional Transit District's three separate defined benefit (DB) plans, which are commonly referred to as the ATU Plan, the IBEW Plan, and the Salaried Plan.

Discussion of the preliminary results serves as an annual refresher for the Retirement Boards and provides an opportunity for Directors to ask questions prior to completion of the Actuarial Valuation Reports (AVRs). In some years, the Retirement Plans' actuary also asks the Retirement Boards for input on assumptions (such as anticipated investment rates of return) that could alter the AVRs. The AVRs are then presented at a subsequent meeting for adoption by the Retirement Boards.

At this February 26<sup>th</sup> Special Meeting, Mr. Schmidt will utilize the same, dynamic format employed for the past two years. After the meeting, staff will also share a URL or link to the web-based presentation with the Retirement Boards, so interested Directors and Alternate Directors can review the information further and retain access to the electronic record.

In presenting the preliminary results for the Retirement Plans, Mr. Schmidt will discuss the annual valuation process, highlight long-term trends, and provide context for the developments summarized below:

- Investment Returns in excess of the Retirement Plans' assumed rate of return had a positive impact during the plan year ended June 30, 2024 and also produced deferred gains for recognition in future AVRs.
- Funded Ratios for all three Retirement Plans are above 70% (as measured against the Actuarial Value of Assets) and have improved by a range 2.2% to 2.9%,
- Actuarially Determined Contributions (which are paid by the employer and expressed as a single blended rate for all membership categories) are expected to decrease by a factor of 0.1% to 1.3% for the fiscal year ending June 30, 2026.


The information presented by the actuary in February is a precursor to the AVRs and the contribution rates submitted for adoption in March. For that reason, each Director and Alternate Director is strongly encouraged to attend the next Quarterly Retirement Board Meeting on March 19, 2025.



Sacramento Regional Transit  
Preliminary Valuation Results  
as of June 30, 2024

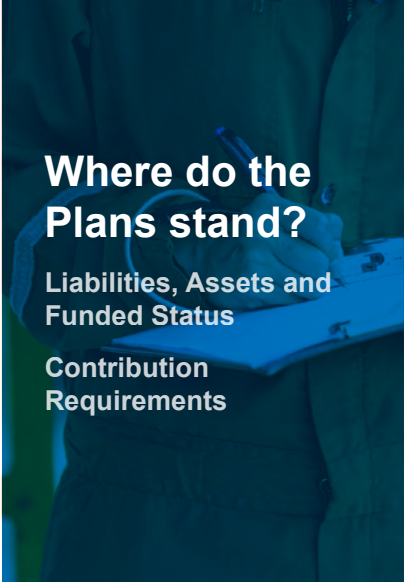
Graham Schmidt, Chairman

The preliminary results are intended to review the following elements of the actuarial valuation, based on the current assumptions and methods.



## What are the SacRT Retirement Plans?

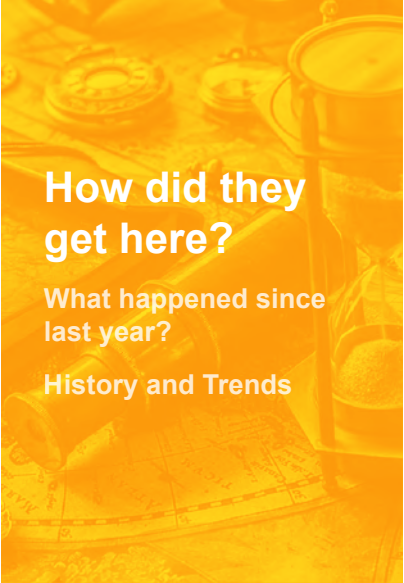
Members  
Groups



## Where do the Plans stand?

Liabilities, Assets and  
Funded Status

Contribution  
Requirements



## How did they get here?

What happened since  
last year?

History and Trends



## Where are they going?

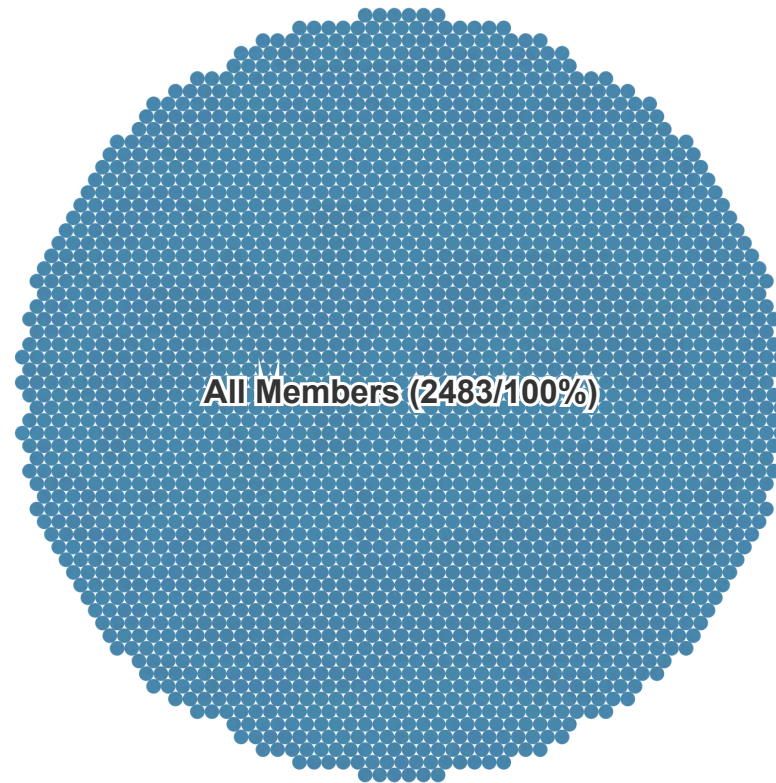
Projected Cost

Projected Funded Ratio





a **System** of plans designed to provide **pension** benefits to the **members** on behalf of the **District**



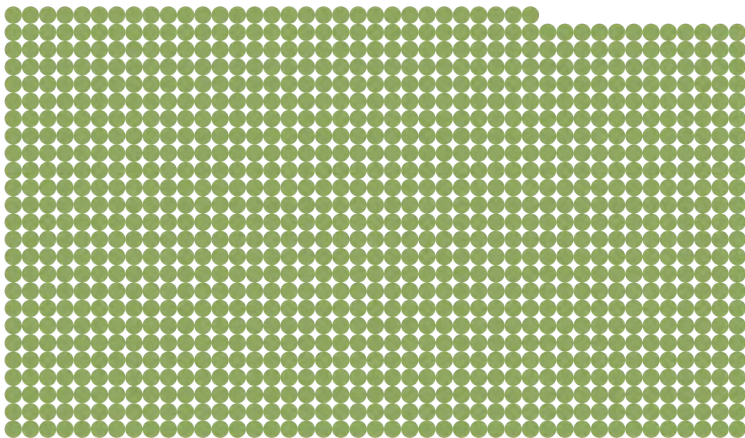
We relied on demographic information supplied by SacRT. We did not audit the data. However, we performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.



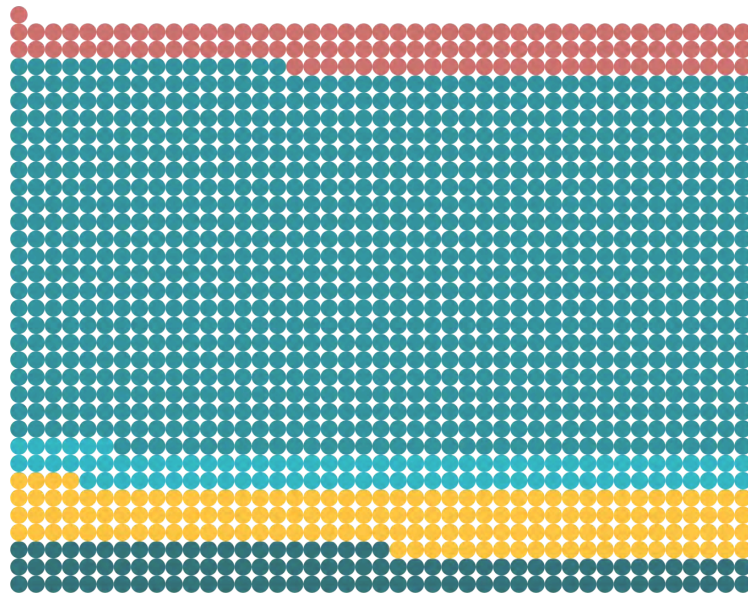


Just over 42% are **active** employees, with the rest **in pay status** - retirees, disabled members, or beneficiaries - or eligible for a **deferred benefit**. All members not currently actively working are referred to as **inactive**.

Stat ■ Active ■ Beneficiary ■ Deferred/Termed ■ Disabled ■ Retiree ■ TNV/Due Refund



Active



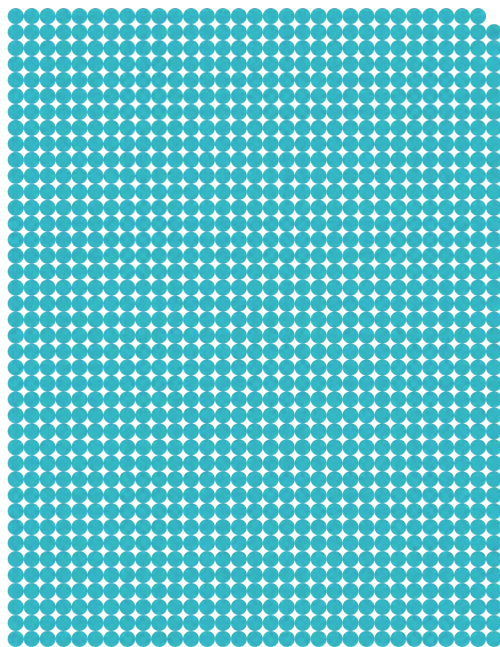
Inactive

We relied on demographic information supplied by SacRT. We did not audit the data. However, 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.

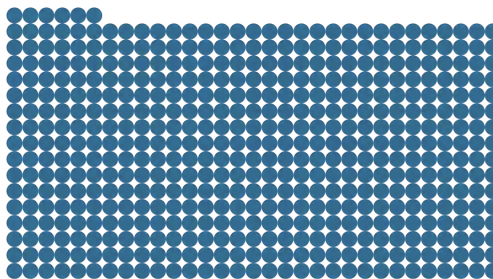




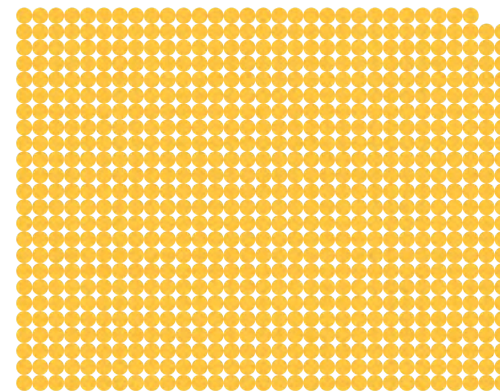
The system has three separate subplans: one for members of **ATU**, one for members of **IBEW**, and one for the remaining unions (the **Salaried** plan).



ATU



IBEW



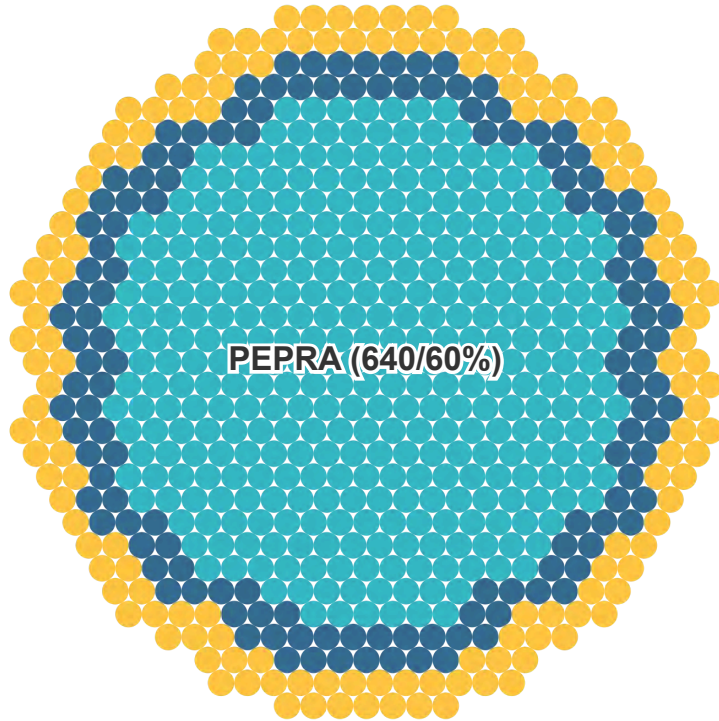
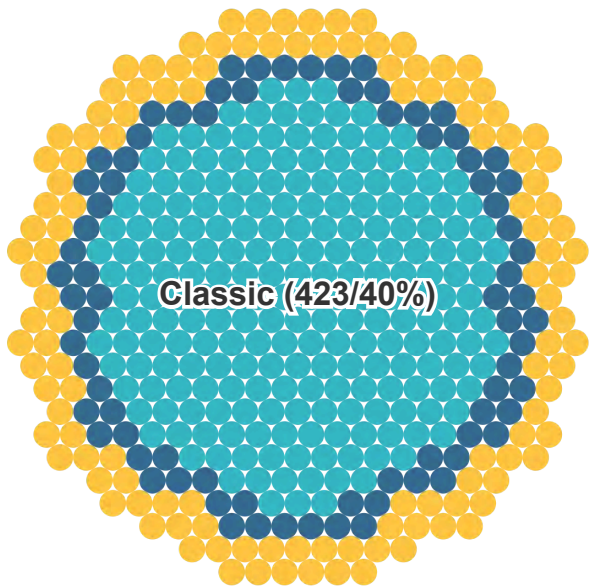
Salaried



We relied on demographic information supplied by SacRT. We did not audit the data. However, 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.

As of June 30, 2024, the newest Tier (**PEPRA**) now makes up **60% of the active workforce.**

Plan ■ ATU ■ IBEW ■ Salaried

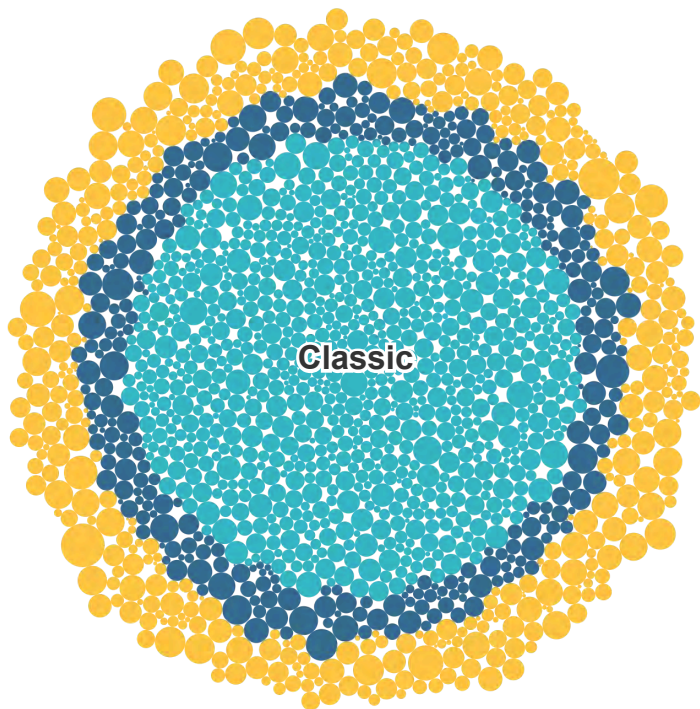


We relied on demographic information supplied by SacRT. We did not audit the data. However, we performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.



However, when weighted by **liability**, the **Classic (pre-PEPRA)** active membership still dominates.

Plan ■ ATU ■ IBEW ■ Salaried



We relied on demographic information supplied by SacRT. We did not audit the data. However, 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.





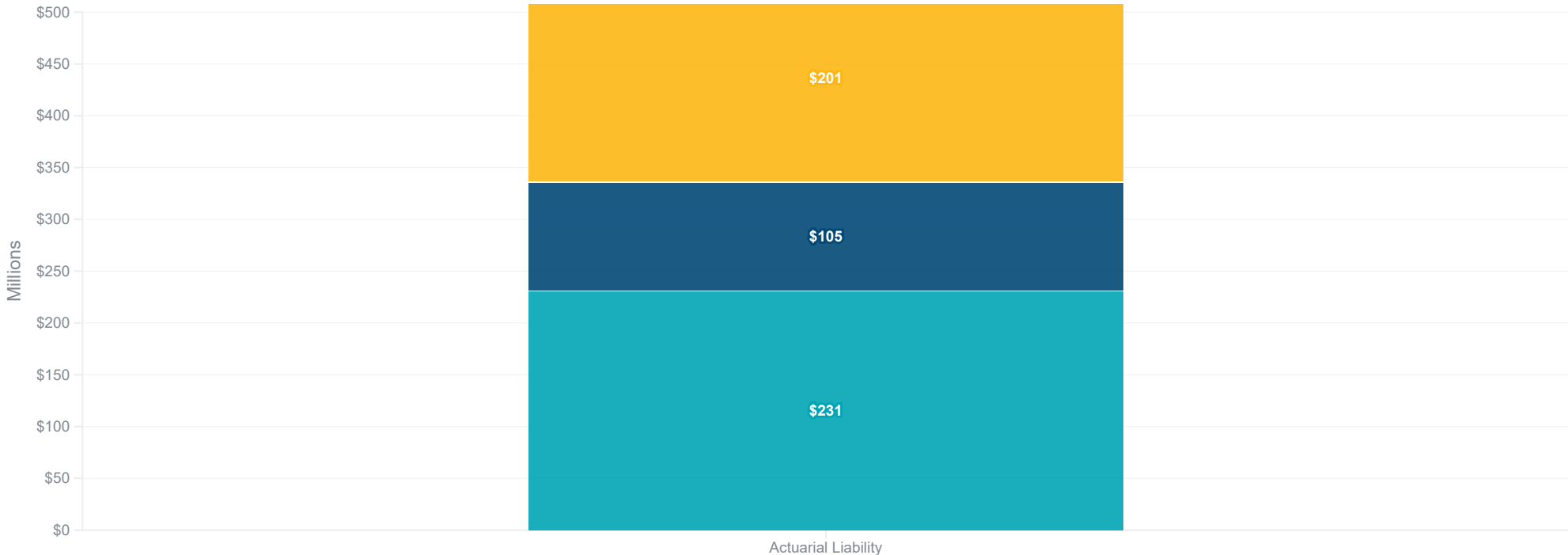
A person wearing an orange safety suit is holding a clipboard and writing with a pen. The background is a blurred industrial or construction site.

What are the Plans' **Liabilities, Assets, and Funded Status?**

What are the **contributions** required to properly fund the System?

We first review the value of the benefits already earned, known as the **Actuarial Liability**, or the current funding target for the assets. The Actuarial Liability is shown divided among the three main valuation subgroups.

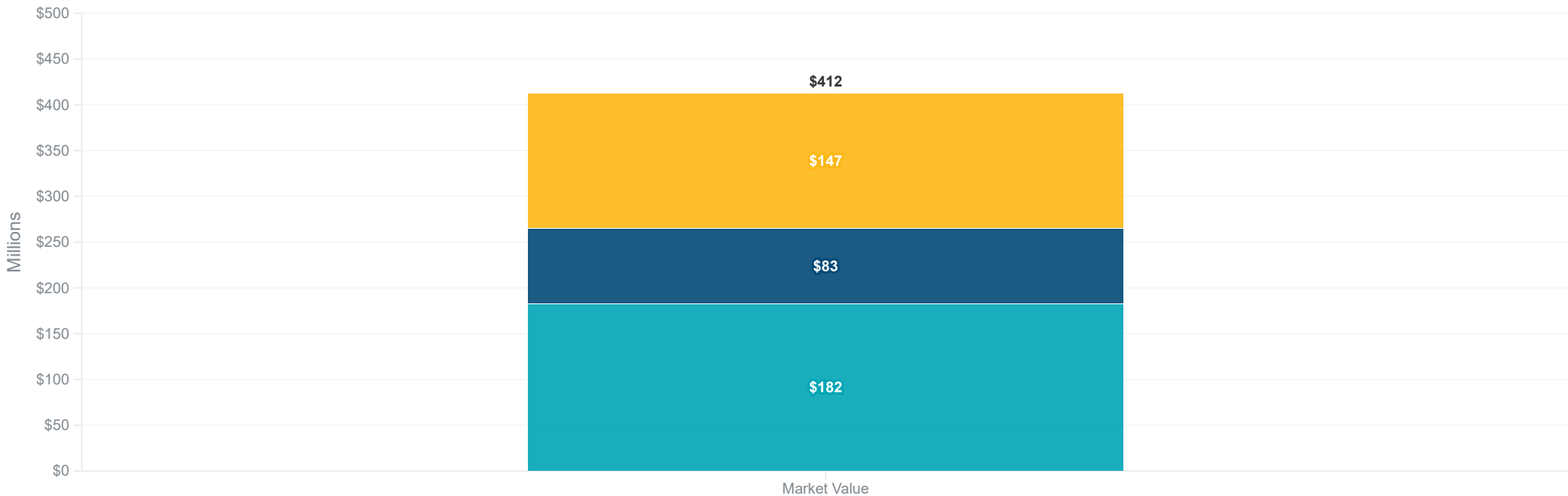
■ ATU ■ IBEW ■ Salaried



Next, we turn to the Plans' assets. The **Market Value of Assets** is the **Fair Value** as of the **Measurement Date**, June 30, 2024. The District separately tracks the assets for each group.

All **Market Value** Actuarial Value

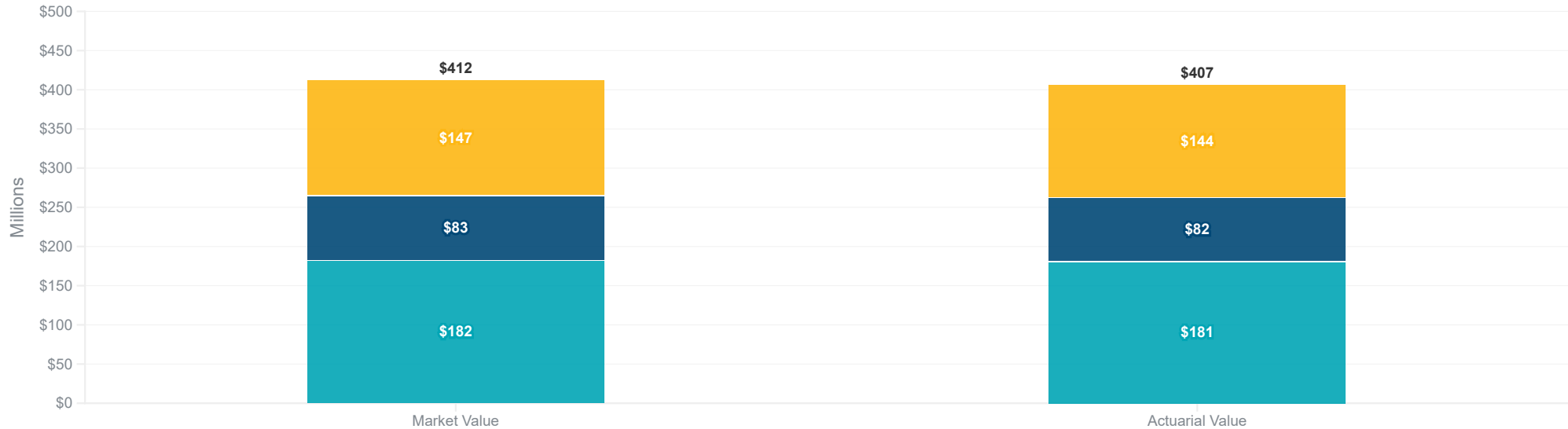
ATU IBEW Salaried



The Market Value can fluctuate significantly from year to year because of rapid changes in the investment markets. We also calculate a smoothed value, the **Actuarial Value of Assets**, to reduce volatility in the contributions and better understand trends in funded status. Because the System had a strong return during FY 2023-24, the Actuarial Value is currently less than the Market Value, which means there are deferred gains which will get recognized in future years.

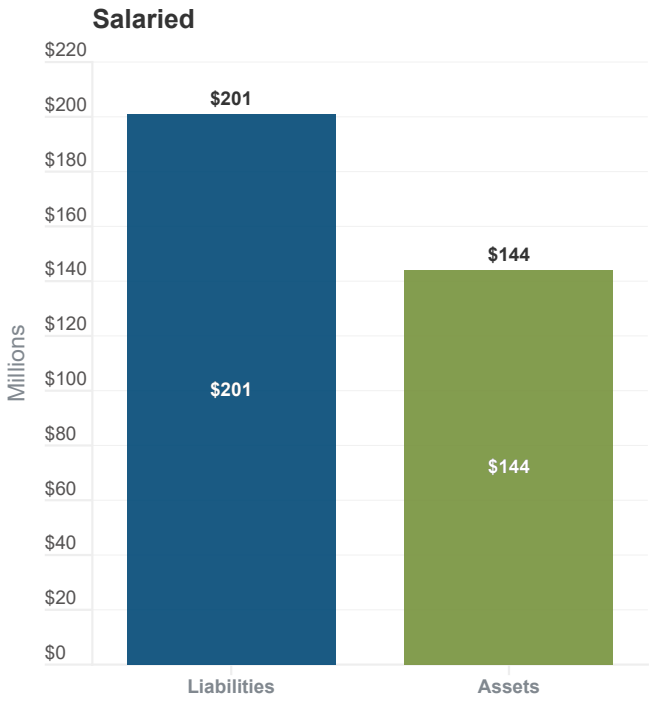
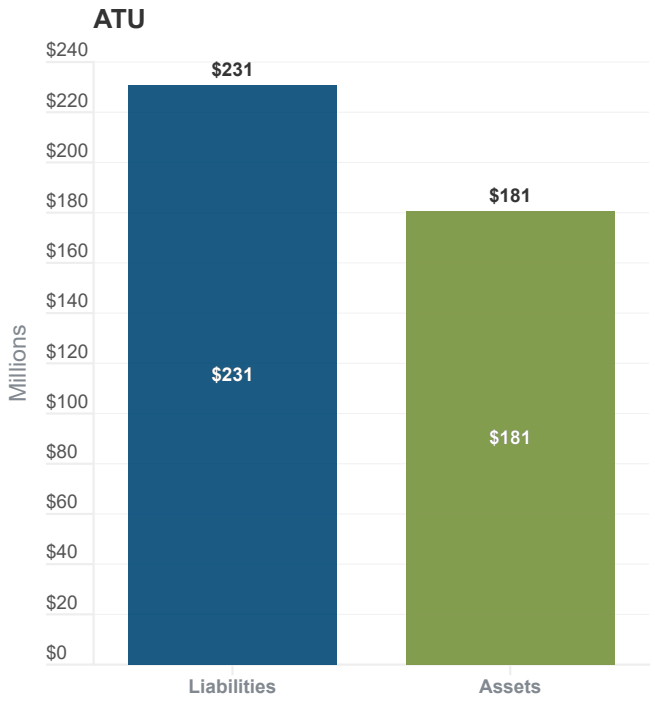
All Market Value Actuarial Value

ATU IBEW Salaried



Next, we review the **Funded Status** of each Plan, where the **liabilities** are compared to the **assets**. The assets are shown based on the **Actuarial** (smoothed) value as of June 30, 2024.

■ Actuarial Liability ■ Actuarial Assets ■ Unfunded Liability (UAL)

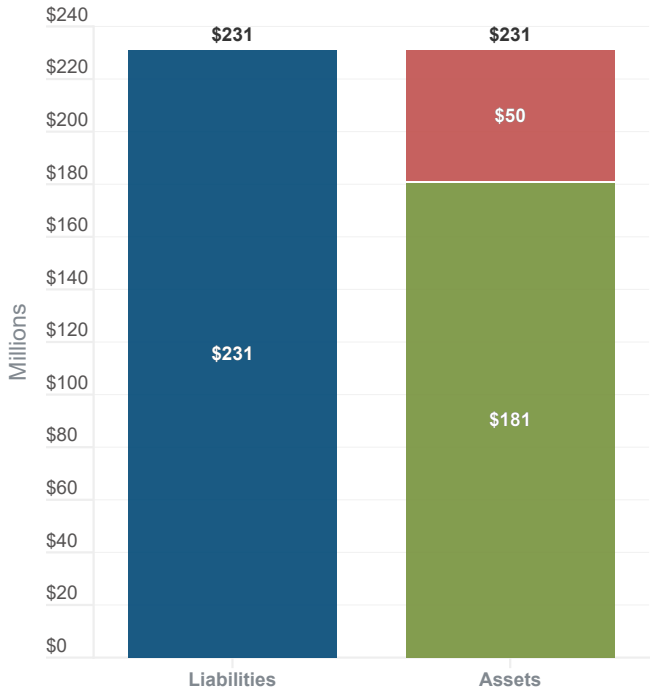




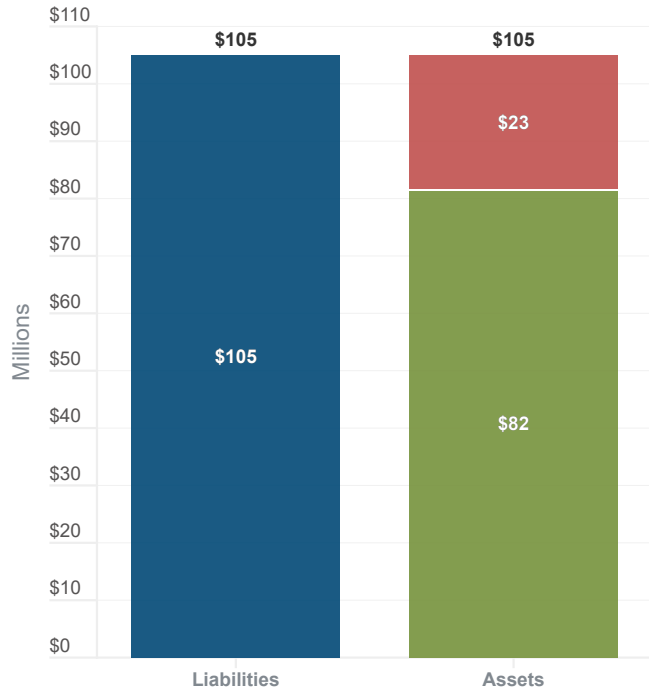
The **Unfunded Actuarial Liability (UAL)** is calculated by subtracting the **Actuarial Assets** from the **Actuarial Liability**.

■ Actuarial Liability ■ Actuarial Assets ■ Unfunded Liability (UAL)

### ATU



### IBEW



### Salaried

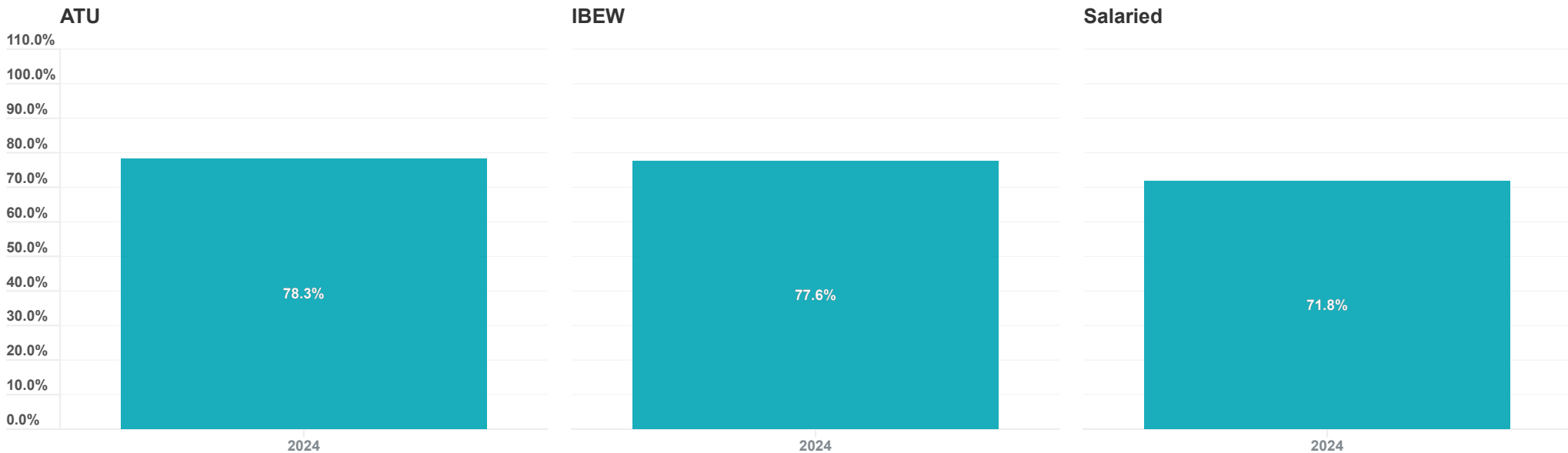


The **Funded Ratio** is calculated as the *assets divided by the liabilities*.

## Funded Ratio

2024 ▾

Funded Ratio (AVA) Funded Ratio (MVA)

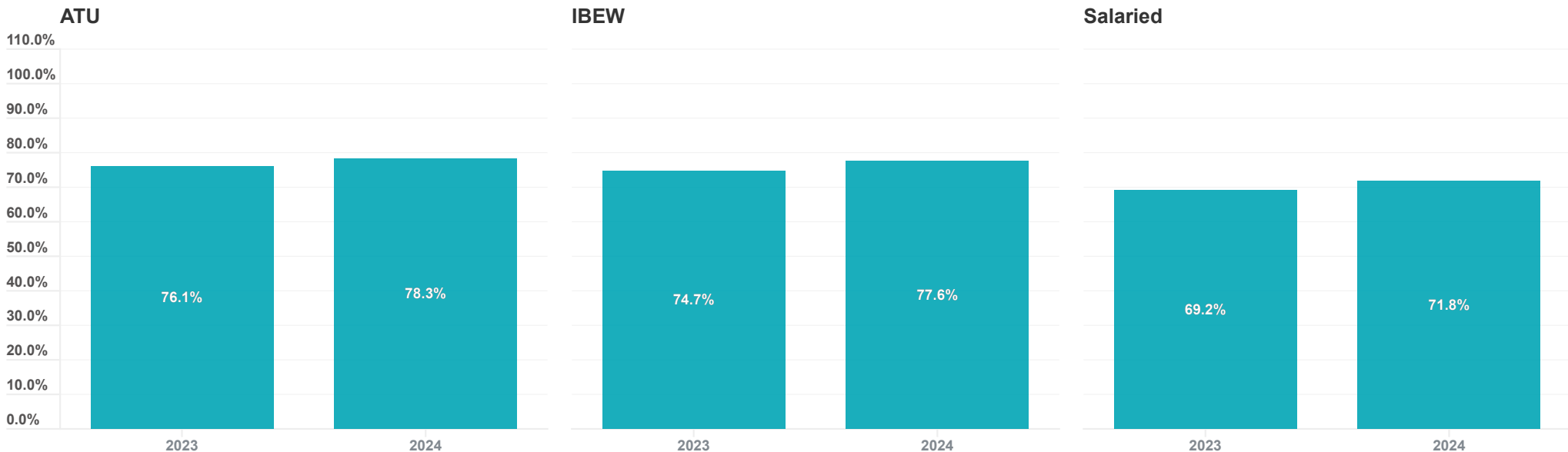


The funded ratio has increased from last year for all three Plans.

## Funded Ratio

All ▾

Funded Ratio (AVA) Funded Ratio (MVA)

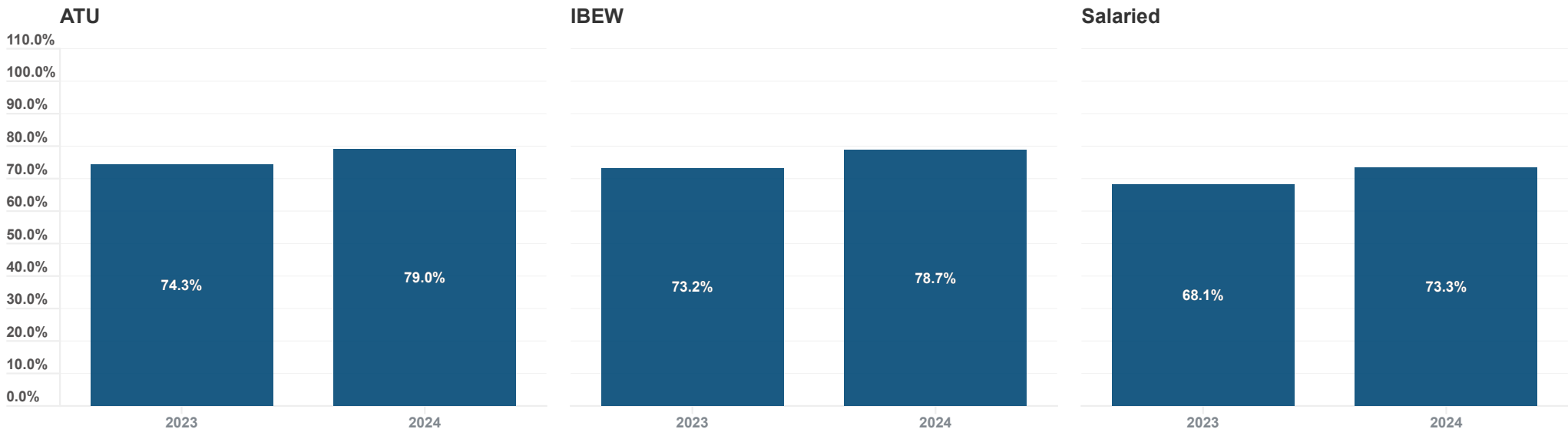


The improvement in the funded ratios is even more significant when calculated using the Market Value of Assets, since these ratios fully reflect the FY 2023-2024 investment gains.

## Funded Ratio

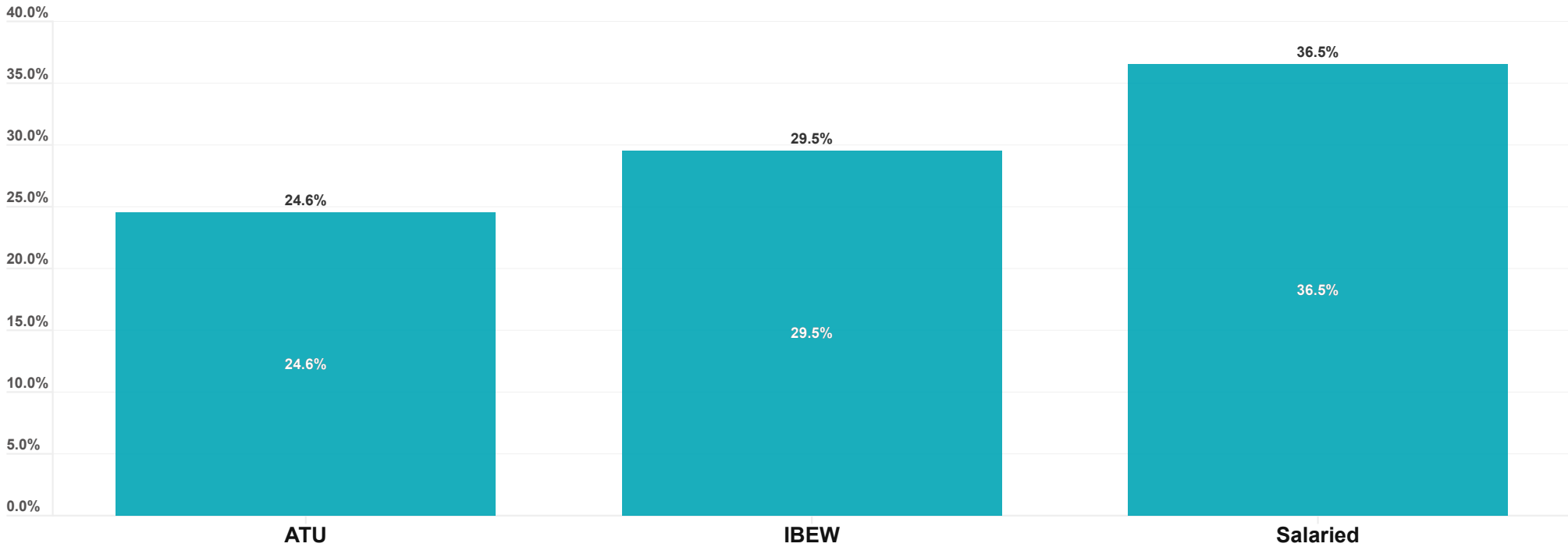
All ▾

Funded Ratio (AVA) Funded Ratio (MVA)



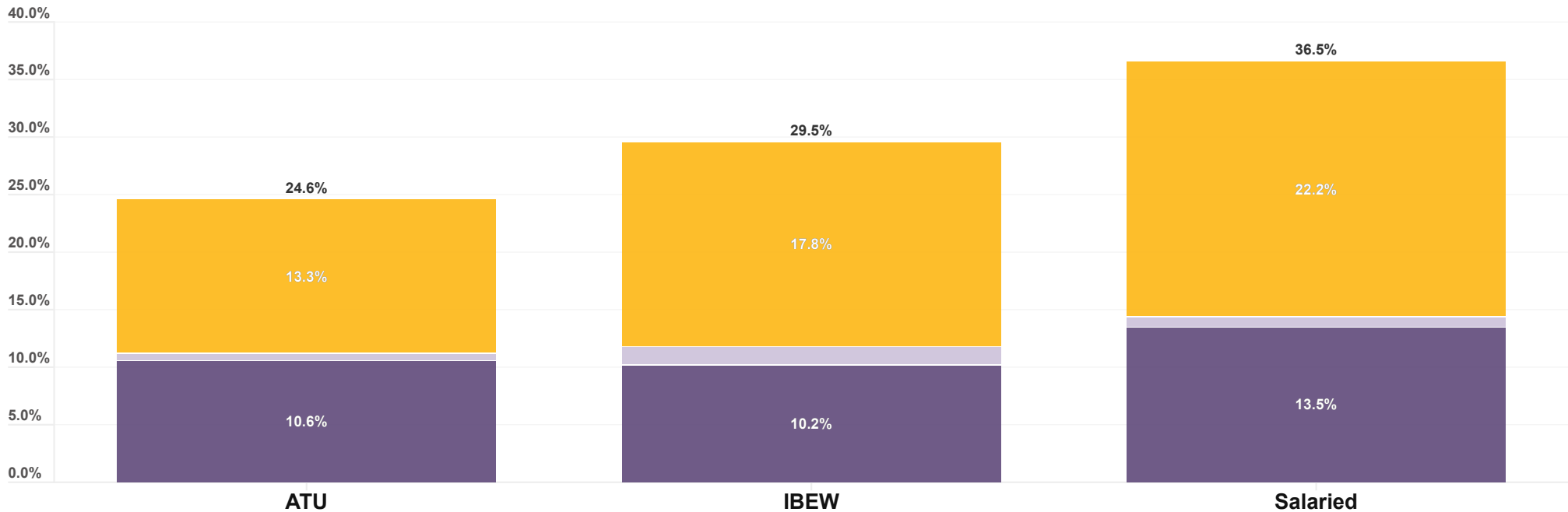
Next, we review the **Actuarially Determined Contribution (ADC) rates** for the Plans, shown as *a percentage of projected pensionable pay*. The contribution rates are effective for the fiscal year following the valuation date (i.e. from 7/1/2025-6/30/2026).


■ Total ADC Rate ■ Employer Normal Cost ■ Admin Expense ■ UAL Amortization



The contributions are made up of the **Normal Cost** (the cost assigned to benefits earned by active members this year, net of any member contributions), plus a payment to cover the Plan's **administrative expenses**, plus the **Unfunded Actuarial Liability Amortization** payment.

■ Total ADC Rate ■ Employer Normal Cost ■ Admin Expense ■ UAL Amortization



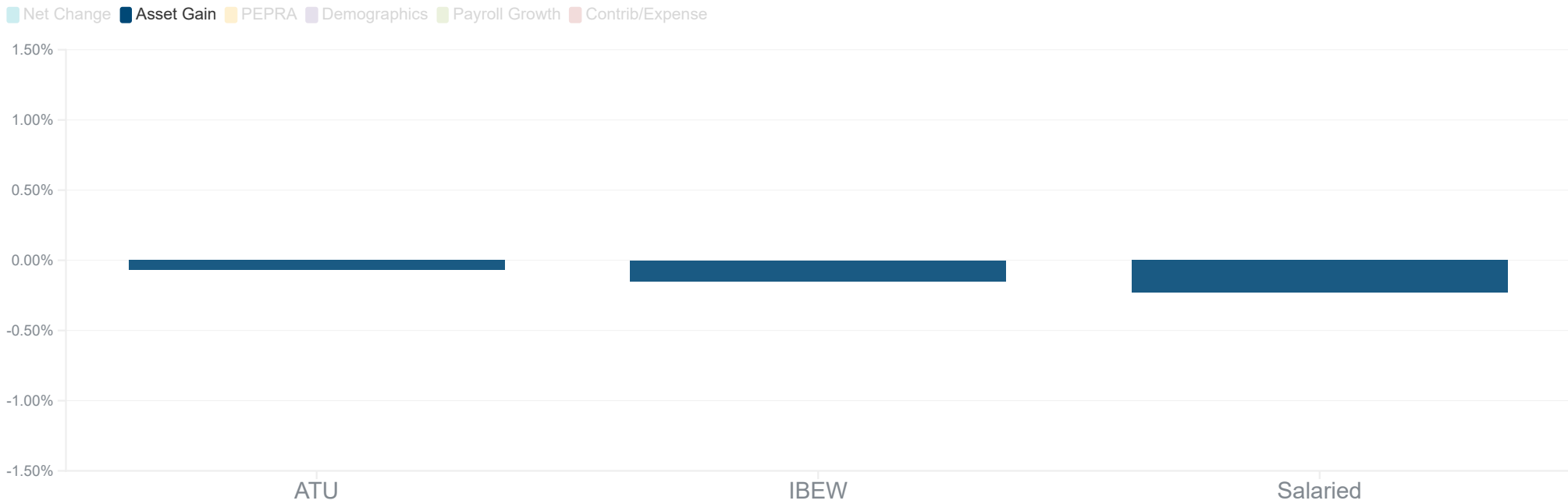
A still life composition of antique navigational instruments. In the center, a brass telescope lies horizontally. To its right, a glass hourglass with a metal frame stands upright, with sand falling from the top bulb. Several brass compasses are scattered around, some open and some closed. The background is a detailed, aged map with various geographical labels and lines. The lighting is warm and directional, creating strong highlights and deep shadows.

What happened to the System in the **past year**?

What are the **history** and **trends** over time?

We review the change in the Actuarially Determined Cost (ADC) rate for each group over the past year. First, assets returned more than the 6.75% assumption on both the market basis (at least 10.5% for all three groups) and smoothed basis (between 7.0% and 7.5% for all three groups), which decreased the ADC.

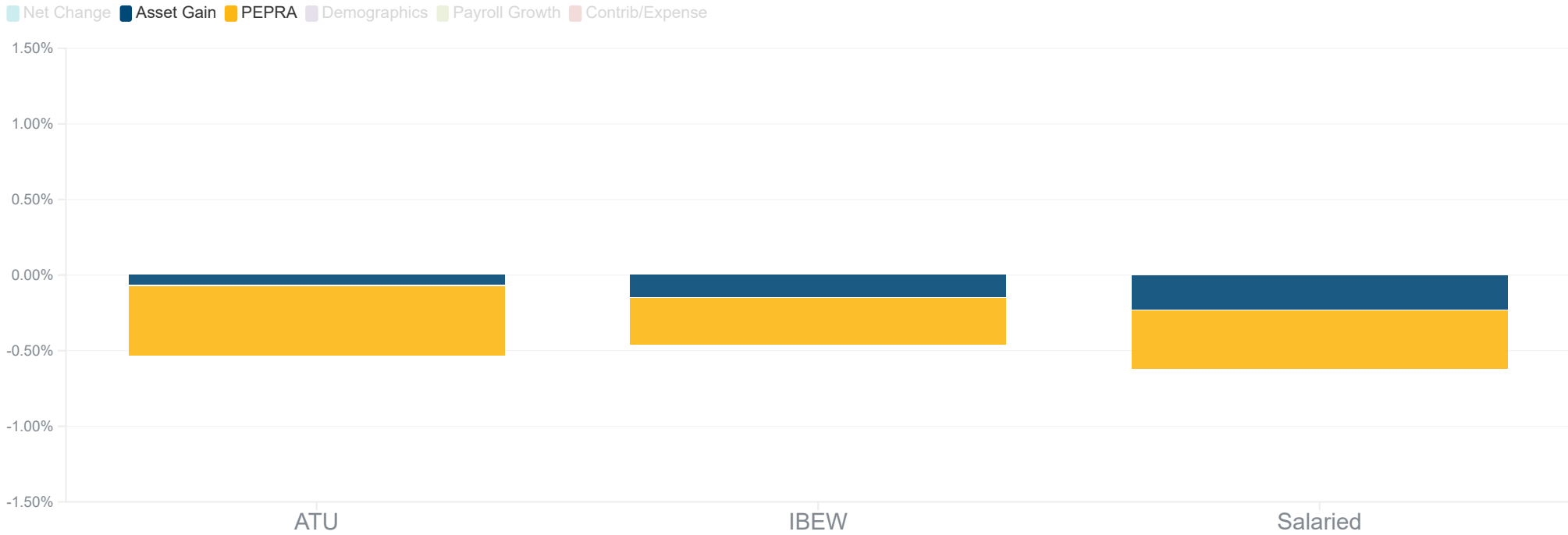
### ADC Change by Source





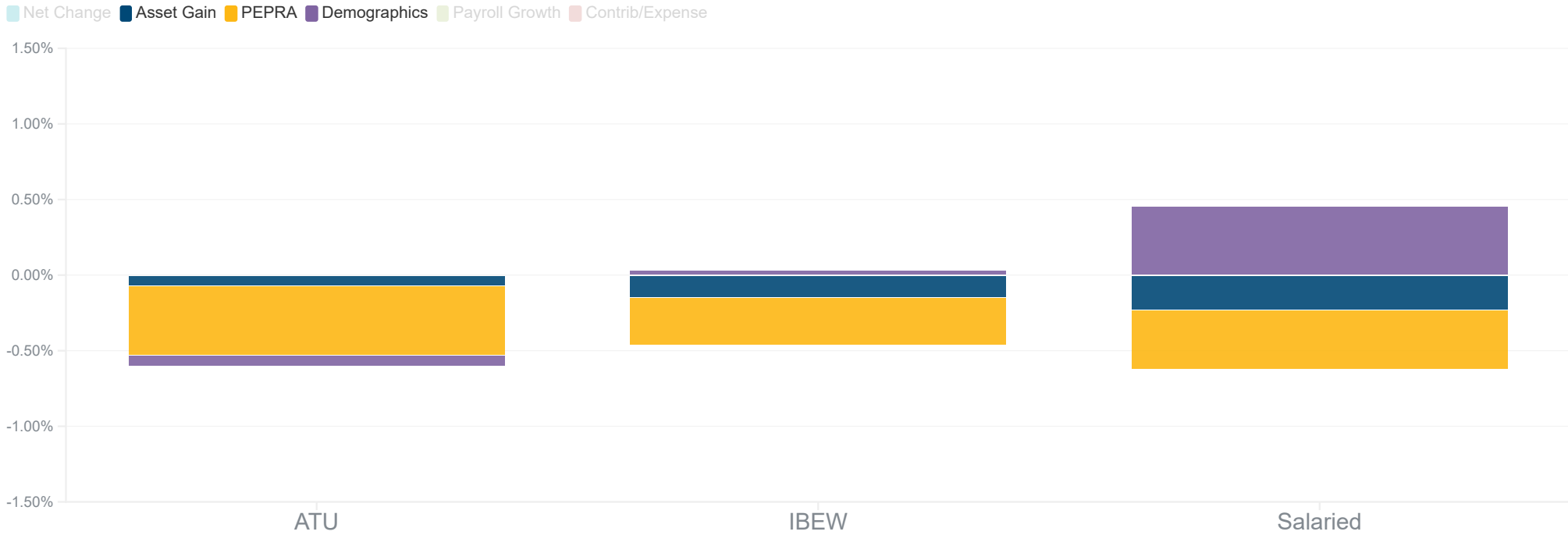
The growth in the PEPRAs tier as a percentage of the overall membership *reduced the normal cost rate* (since the PEPRAs members receive lower benefits and contribute a larger share).

### ADC Change by Source



Demographic changes were fairly insignificant for ATU and IBEW. For the Salaried plan, lower than expected mortality rates among inactive members resulted in an increase in the ADC.

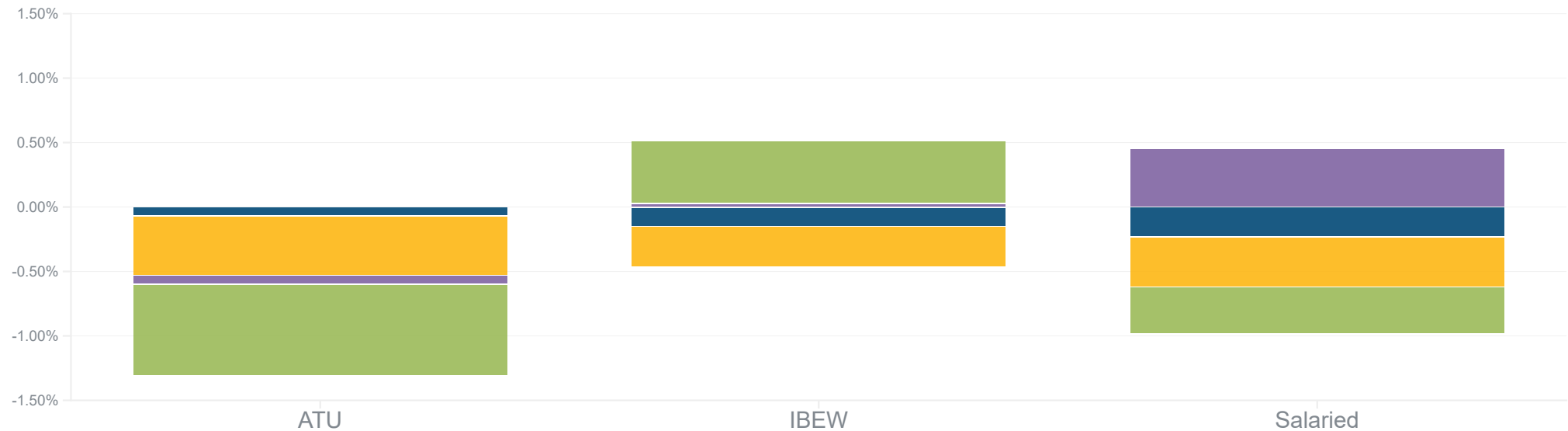
### ADC Change by Source



Projected payroll grew faster than anticipated for ATU (7.8%) and the Salaried Plan (4.4%), but less than the expected 2.75% for IBEW (only 0.3%). Since the UAL payment is spread over a larger base for ATU and the Salaried Plan, it decreases the ADC as a % of pay and increases the ADC as a % of pay for IBEW since the UAL payment is spread over a smaller base. Payroll growth does not impact the *dollar* amount of the ADC.

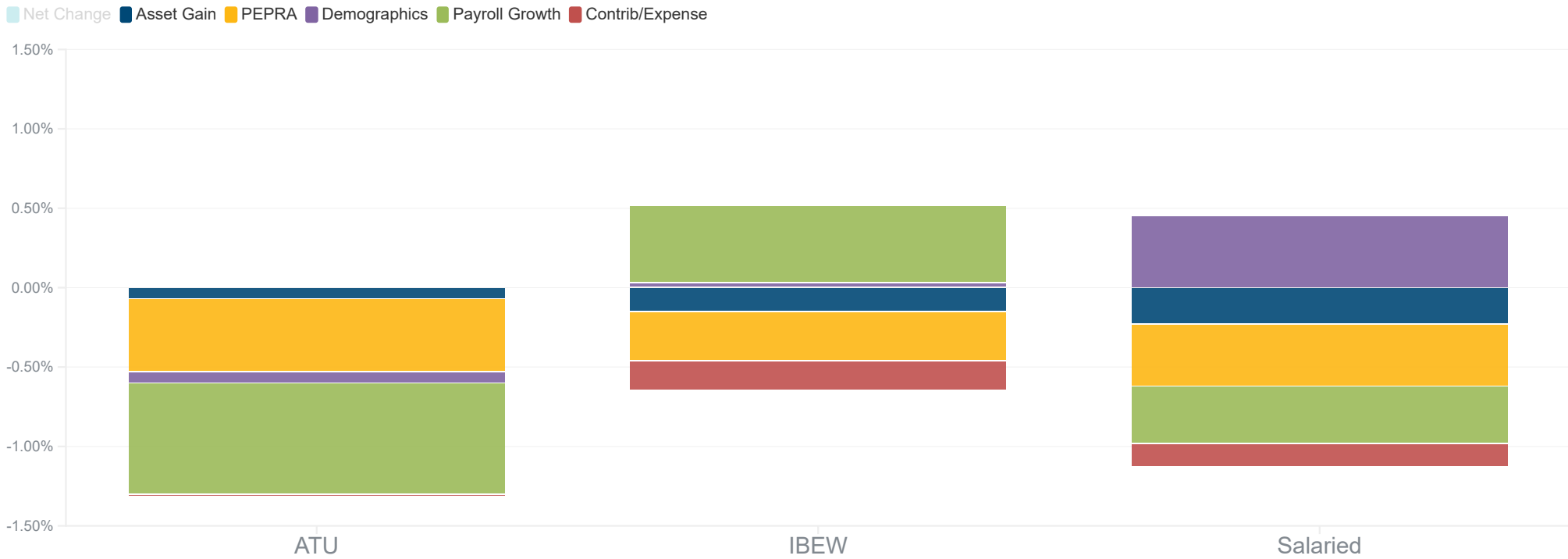
## ADC Change by Source

Net Change Asset Gain PEPRA Demographics Payroll Growth Contrib/Expense



Contributions were higher than the ADC which decreased the ADC rate for all groups.

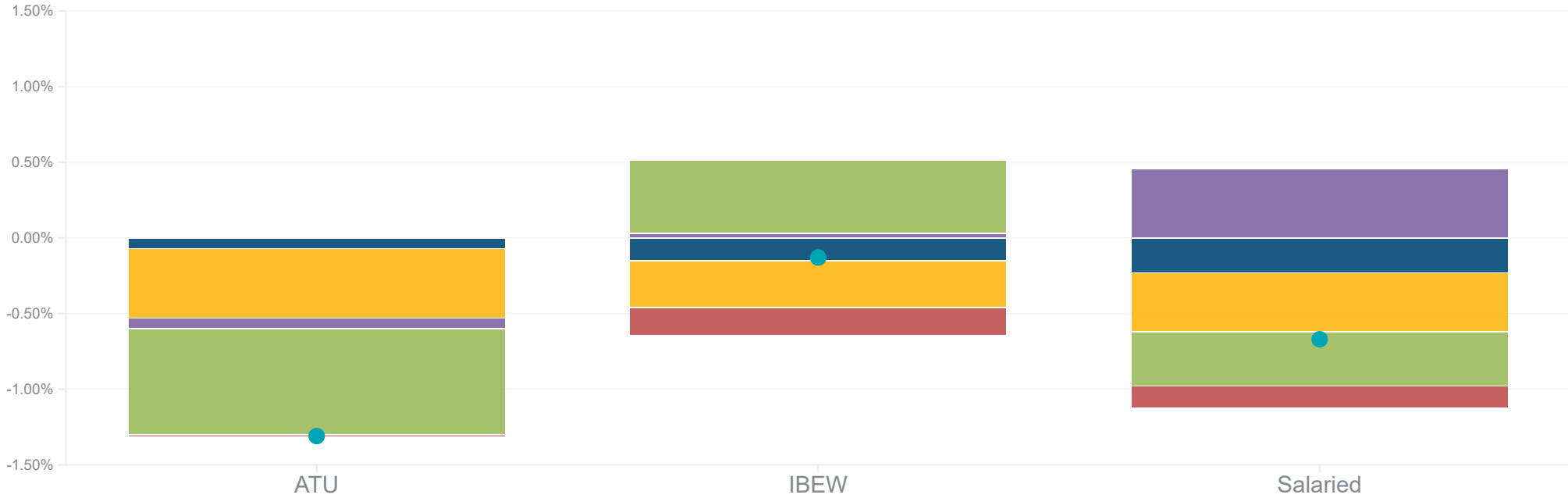
### ADC Change by Source



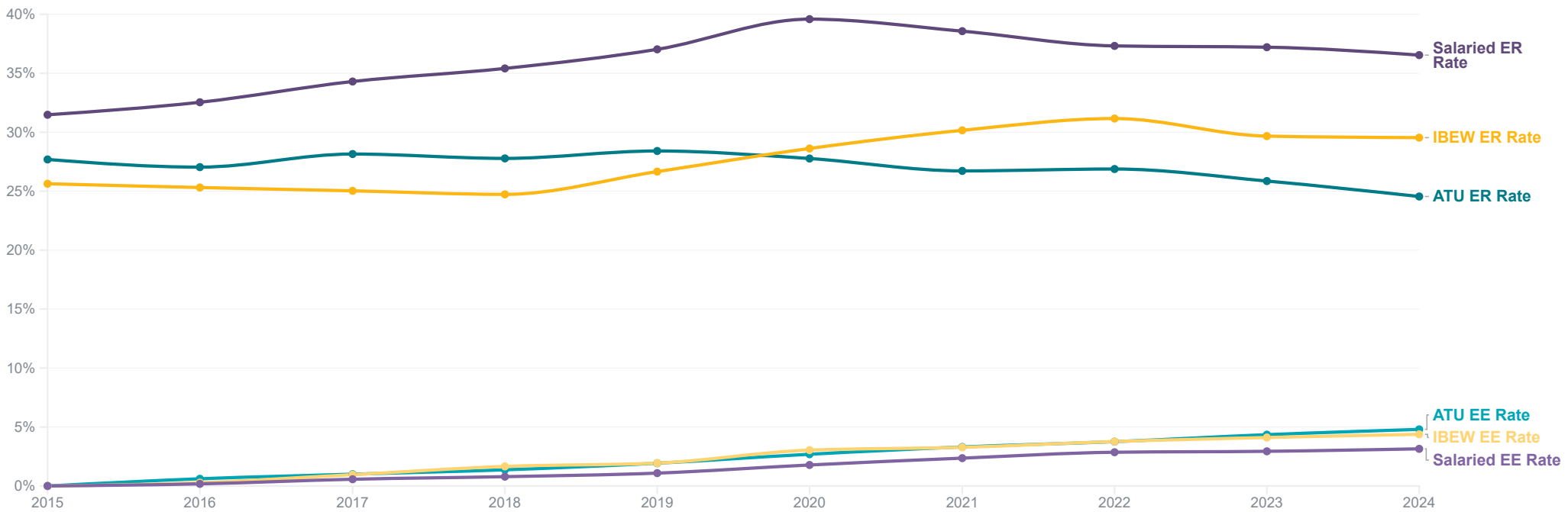
The net impact was a reduction in cost for ATU (by 1.3% of pensionable pay), IBEW (by 0.1%), and for the Salaried Plan (by 0.7%), primarily from the gain on assets, the growing PEPRA population, and payroll growth (for ATU and the Salaried Plan).

### ADC Change by Source

Net Change Asset Gain PEPRA Demographics Payroll Growth Contrib/Expense

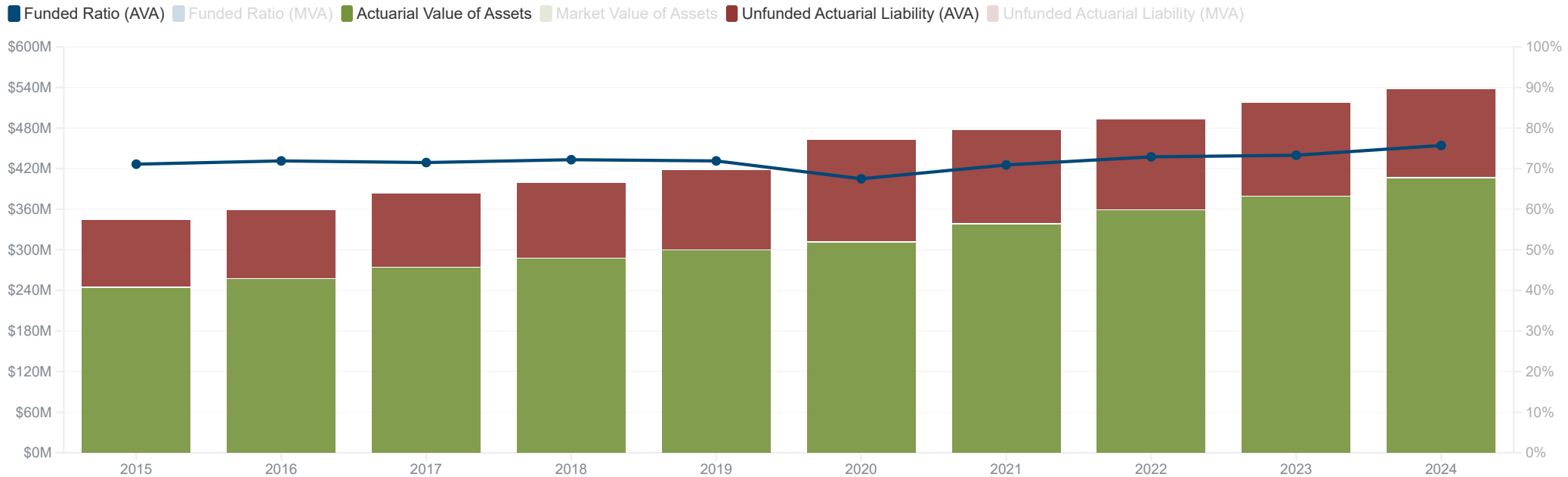


We next review the **history and trends** in the employer and employee rates over the past ten years. The ATU employer rate was relatively flat but has declined over the past few years. The employer rates for IBEW and Salaried plans have increased overall but have also experienced a slight decline over the past two years. The average member rates have also increased, as the PEPRAs membership has grown.



Here we review the history of the combined funded status for the past ten valuations. The line shows the funded ratio (on an AVA basis), with the scale shown along the right-hand axis. Assets and the UAL in dollars are shown in the bars. Individual plans can be selected from the drop down below. We note that the funded ratio has varied around 65-75%, and has increased in each of the last four years.

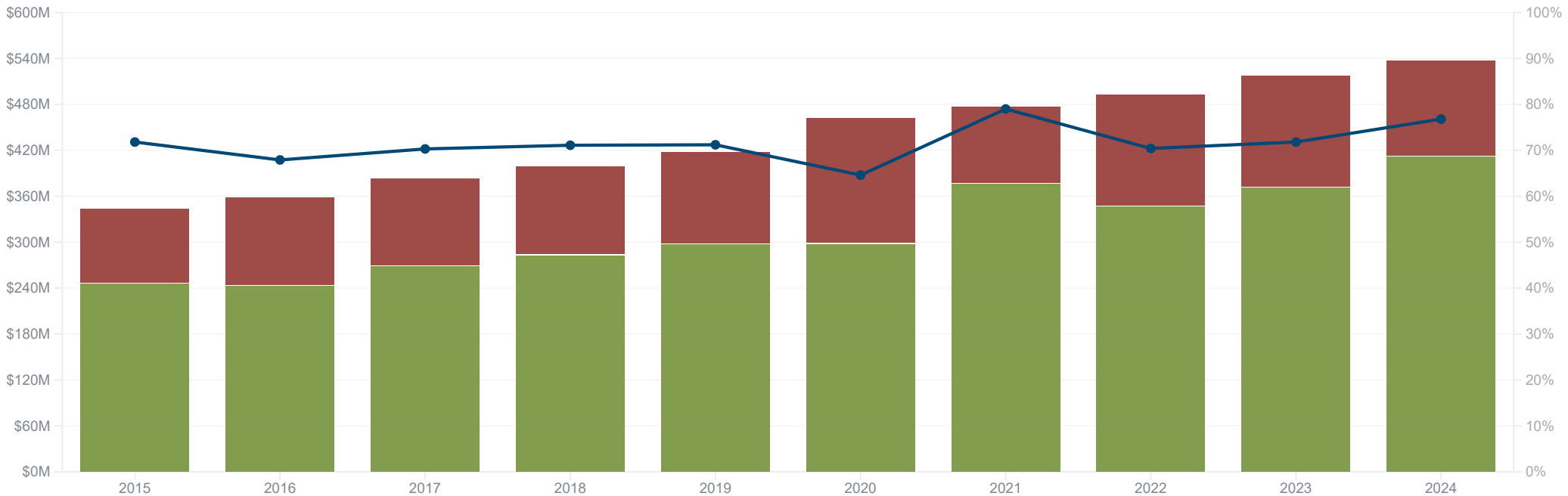
Combined ▾



Here the same information is shown using the Market Value of Assets.

Combined ▾

Funded Ratio (AVA)   Funded Ratio (MVA)   Actuarial Value of Assets   Market Value of Assets   Unfunded Actuarial Liability (AVA)   Unfunded Actuarial Liability (MVA)

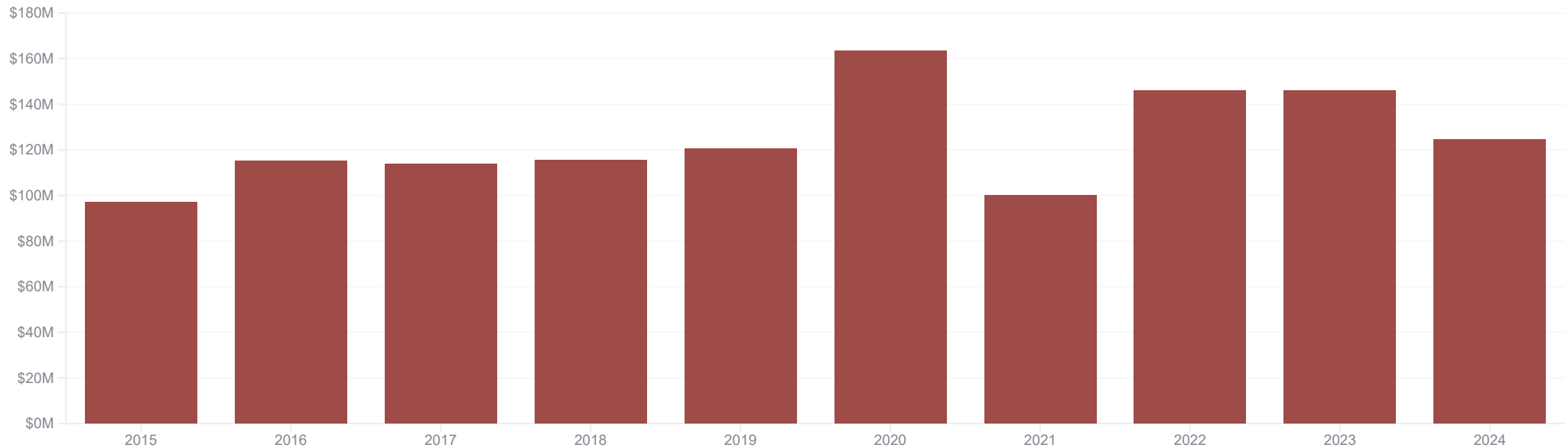




Focusing on the Market Value Unfunded Liability, there was a decrease from the prior year due to the gain on investments. The largest increases occurred in 2020 (largely as a result of the reduction in the earnings assumption) and in 2022 (due to an investment loss). The largest decrease was in 2021 as a result on gains on investments.

Combined ▾

Funded Ratio (AVA) Funded Ratio (MVA) Actuarial Value of Assets Market Value of Assets Unfunded Actuarial Liability (AVA) Unfunded Actuarial Liability (MVA)



A wooden signpost stands in the center of a road that curves into the distance. The signpost has two wooden arrows pointing in opposite directions. The background is a soft-focus landscape with trees and a bright sun on the left, creating a hazy, golden atmosphere.

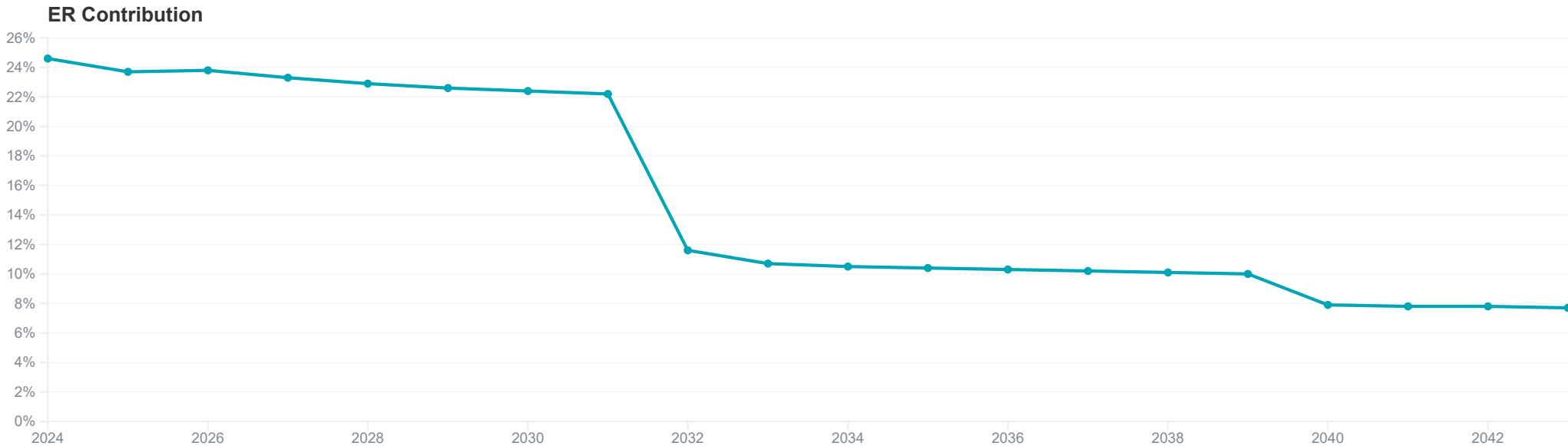
How are **contributions** expected to change?

What is **expected** to happen to each Plans' funded status?

Below we show the projected employer contributions for the ATU plan, assuming all assumptions are met (including a 6.75% return each year). The rates are expected to decline slowly over the next seven years as net deferred asset gains are recognized and the PEPRA population increases. The rate is expected to drop significantly in the 2032 valuation, when the largest layer of the UAL is paid off.

ER Contribution

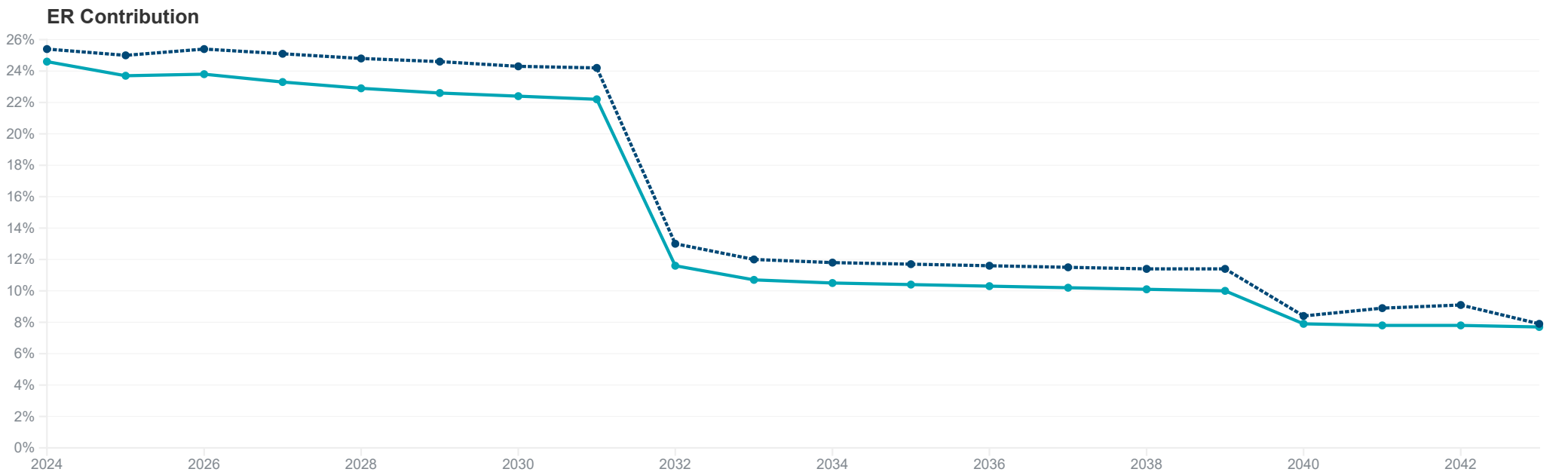
ATU ATU (2023 AVR) IBEW IBEW (2023 AVR) Salaried Salaried (2023 AVR)



These projected costs are lower than the projected employer contributions from the prior valuation (shown in the dotted line), because of the impact of the 2024 investment gain.

ER Contribution ▼

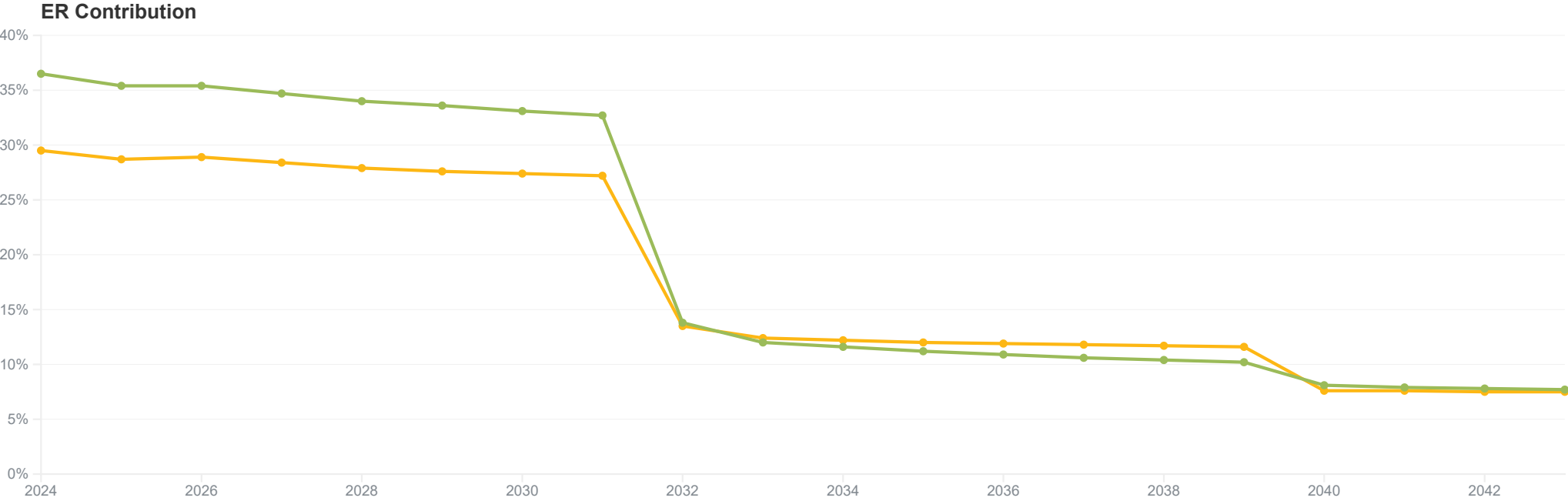
■ ATU ■ ATU (2023 AVR) ■ IBEW ■ IBEW (2023 AVR) ■ Salaried ■ Salaried (2023 AVR)



The projected employer rates for IBEW and Salaried are also shown below, which exhibit similar patterns.

ER Contribution

ATU ATU (2023 AVR) IBEW IBEW (2023 AVR) Salaried Salaried (2023 AVR)

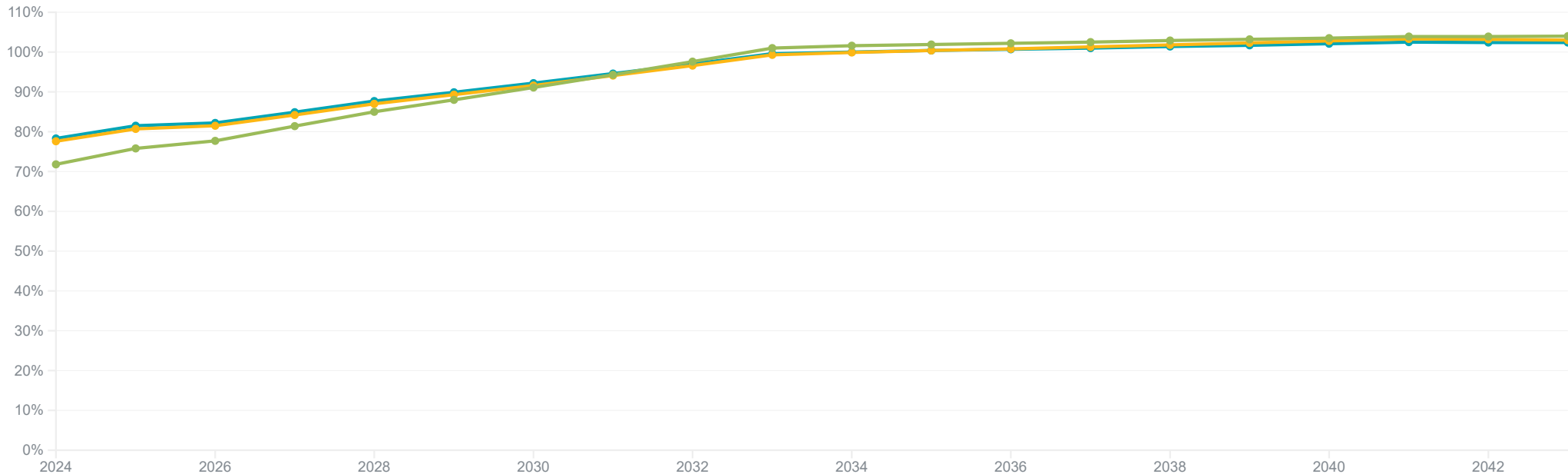


If all assumptions are met, the funded ratios are expected to continue to increase.

Funded Ratio (AVA) ▾

■ ATU ■ ATU (2023 AVR) ■ IBEW ■ IBEW (2023 AVR) ■ Salaried ■ Salaried (2023 AVR)

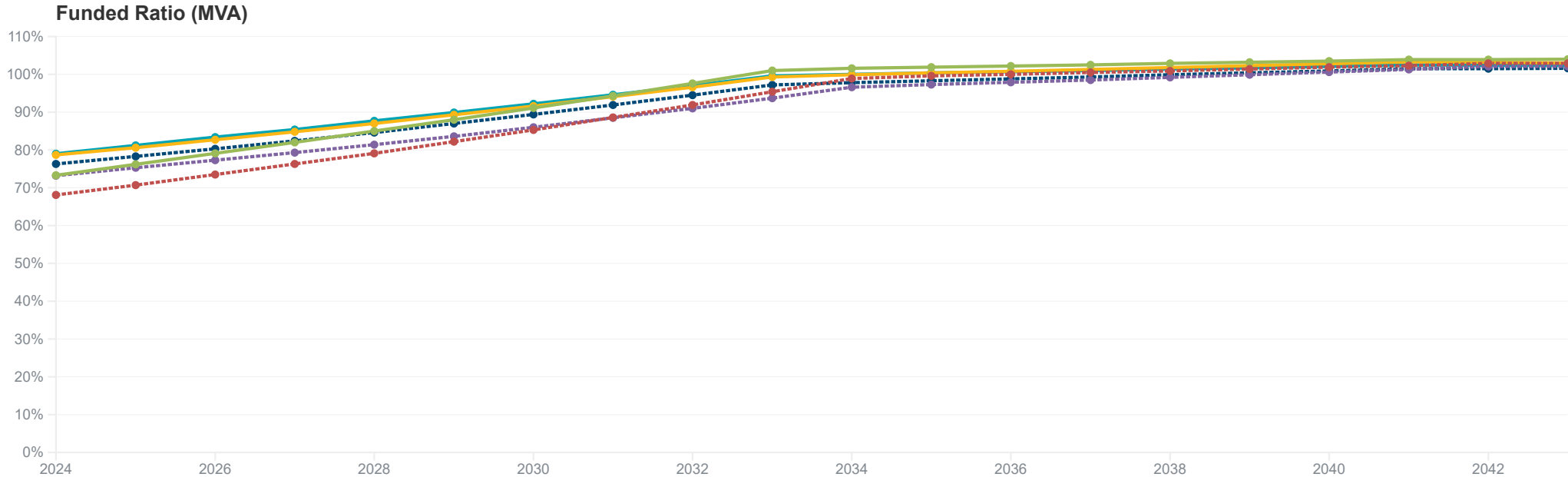
Funded Ratio (AVA)



Comparing the Market Value funded ratios to the same projections from the prior valuations, we note that these ratios are higher than where we expected them to be this year, as a result of the FY2023-24 investment gain.

Funded Ratio (MVA) ▼

■ ATU ■ ATU (2023 AVR) ■ IBEW ■ IBEW (2023 AVR) ■ Salaried ■ Salaried (2023 AVR)



This concludes the summary presentation. The results presented herein are preliminary, and are still subject to peer review. The final actuarial valuation report will be presented at a future meeting, and will contain additional details.





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## Certification

The purpose of this report is to present the preliminary results of the SacRT actuarial valuations as of June 30, 2024. These results are still under peer review and subject to change.

In preparing our presentation, we relied on information (some oral and some written) supplied by SacRT. This information includes, but is not limited to, the 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. The data and actuarial assumptions used (unless modified within this communication) will be described in our June 30, 2024 actuarial valuation report.

Future projections may differ significantly from the projections presented in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

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.

Projections in this presentation 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.

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared for the SacRT Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

