



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

OPEB Prefunding Trust Program Client Review
Pension Rate Stabilization Program (PRSP)
September 5, 2017

CONTACTS

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OPEB PROGRAM TEAM



Trust Administrator & Consultant	Trustee	Investment Manager
<ul style="list-style-type: none"> Recordkeeping/sub-trust accounting Actuarial coordination Monitor contributions/process disbursements Monitor plan compliance Ongoing client liaison 	<ul style="list-style-type: none"> Safeguard plan assets Oversight protection Plan fiduciary Custodian of assets 	<ul style="list-style-type: none"> Investment sub-advisor to U.S. Bank Open architecture Investment strategy and asset allocation development Investment policy assistance
Corporate Experience		
33 years (1984 – 2017)	154 years (1863 – 2017)	98 years (1919 – 2017)
Plans Under Administration		
1,600+ plans, 850+ public agencies, 400,000+ participants		
Dollars under Administration		
Over \$2.4 billion	Over \$4 trillion	Over \$15.6 billion under management



OPEB/PENSION CLIENT LISTS

UPDATED: AUGUST 2017

CITIES & TOWNS

Alameda

Alhambra
Atherton
Bakersfield

Bell Gardens

Brea*

Brisbane

Burlingame

Camarillo

Capitola*

Chino Hills

Colma

Commerce

Coronado

Covina

Crescent City

Cupertino

Daly City

Duarte

Elk Grove

Fountain Valley

Fullerton

Galt

Glendale

Half Moon Bay

Healdsburg*

Hercules

Hermosa Beach

Huntington Beach

La Mesa*

La Verne

Lake Forest

Lakewood

Livermore

Lodi

Los Gatos

Mammoth Lakes

Manhattan Beach

Morgan Hill

Napa

Norwalk

Novato

Oakley

Palo Alto

Pasadena

Rancho Cucamonga*

Redding

Redwood City

Rialto

Richmond

Rohnert Park

Rolling Hills

Rosemead

San Leandro

Santa Ana

Santa Clara

Santa Clarita

Sausalito

Solana Beach

Stanton

Temple City

Tiburon

Tustin

Union City

Upland

Vallejo

West Sacramento

Westminster*

Woodland

Yountville

Yuba City

Yucca Valley

COUNTIES

Amador

Contra Costa

Humboldt

Imperial

Inyo

Kern

Kings

Merced

Mono

Nevada

Placer

Plumas

Riverside

San Benito

Shasta

Siskiyou

Solano

Sonoma

Sutter

Trinity

Yolo

Bolded agencies have adopted PRSP

* PRSP only

OPEB/PENSION CLIENT LISTS

UPDATED: AUGUST 2017

SPECIAL DISTRICTS

Bodega Bay Public Utility District

Calaveras County Water District

California JPIA

California Joint Powers RMA

Central Contra Costa Sanitary District

Central Contra Costa Transit Authority

Coastside Fire Protection District

Contra Costa MVCD

Crestline Village Water District

Delta Diablo (Sanitation District)

Desert Recreation District

Eastern Sierra Community Services District

El Dorado Hills County Water District

Fallbrook Public Utility District

Fresno Irrigation District

Fresno Metropolitan Flood Control District

Glenn-Colusa Irrigation District

Goleta West Sanitary District

Great Basin Unified APCD

Hayward Area Recreation & Park District

Housing Authority of the County of Contra Costa

Housing Authority of the County of San Bernardino

Humboldt No. 1 Fire Protection District

Menlo Park Fire Protection District

Mesa Water District

Metropolitan Transportation Commission

Mid-Peninsula Water District

Mojave Desert AQMD

Montecito Fire Protection District

Monterey Bay UAPCD

Moraga-Orinda Fire Protection District

Municipal Water District of Orange County

Napa County Mosquito Abatement District

Nevada County Consolidated Fire District*

Novato Sanitary District

Orange County Vector Control District

Orange County Water District

Placer County Resource Conservation District

Rancho Cucamonga Fire Protection District*

Rancho Murrieta Community Services District

Rowland Water District

San Mateo County MVCD

Santa Barbara County Law Library

Santa Cruz Regional 9-1-1

South Montebello Irrigation District

South Coast Water District

South Orange County Wastewater Authority

South Placer Fire Protection District

Southern Marin Fire Protection District

Superior Court of CA, County of Contra Costa

Superior Court of CA, County of Imperial

Superior Court of CA, County of Inyo

Superior Court of CA, County of Kern

Superior Court of CA, County of Marin

Superior Court of CA, County of Merced

Superior Court of CA, County of Orange

Superior Court of CA, County of San Mateo

Superior Court of CA, County of Shasta

Superior Court of CA, County of Siskiyou

Superior Court of CA, County of Sonoma

Three Valleys Municipal Water District

Twentynine Palms Water District*

Vallejo Sanitation & Flood Control District

Ventura Regional Sanitation District

Walnut Valley Water District

West Bay Sanitary District

West County Wastewater District

Western Riverside Council of Governments

Bolded agencies have adopted PRSP

* PRSP only

OPEB/PENSION CLIENT LISTS

UPDATED: AUGUST 2017

SCHOOL DISTRICTS

Auburn Union School District

Bass Lake Joint Union Elementary School District

Bellflower Unified School District

Beverly Hills Unified School District

Calistoga Joint Unified School District

Campbell Union High School District

Compton Unified School District

Corning Union Elementary School District

Cotati-Rohnert Park Unified School District

El Dorado Union High School District

Fowler Unified School District

Hesperia Unified School District

John Swett Unified School District

Lakeside Union School District

Lemon Grove School District

Manteca Unified School District

Moreno Valley Unified School District

Natomas Unified School District

Ocean View School District

Ontario-Montclair School District

Placer Union High School District

Red Bluff Joint Union High School District

Red Bluff Union Elementary School District

River Delta Unified School District

Riverdale Joint Union School District

San Bruno Park School District

San Marino Unified School District

Santa Barbara Unified School District

Santa Rita Union School District

Trona Joint Unified School District

Twin Rivers Unified School District

Visalia Unified School District

Westside Union School District

Whittier City School District

Wilsona School District

COMMUNITY COLLEGE DISTRICTS

Coast CCD*

Grossmont-Cuyamaca CCD

Hartnell CCD*

Marin CCD

San Bernardino CCD

State Center CCD

Victor Valley CCD*

Yosemite CCD

SPECIAL EDUCATION DISTRICTS

Intelecom

Bolded agencies have adopted PRSP

* PRSP only

SUMMARY OF AGENCY'S OPEB PLAN

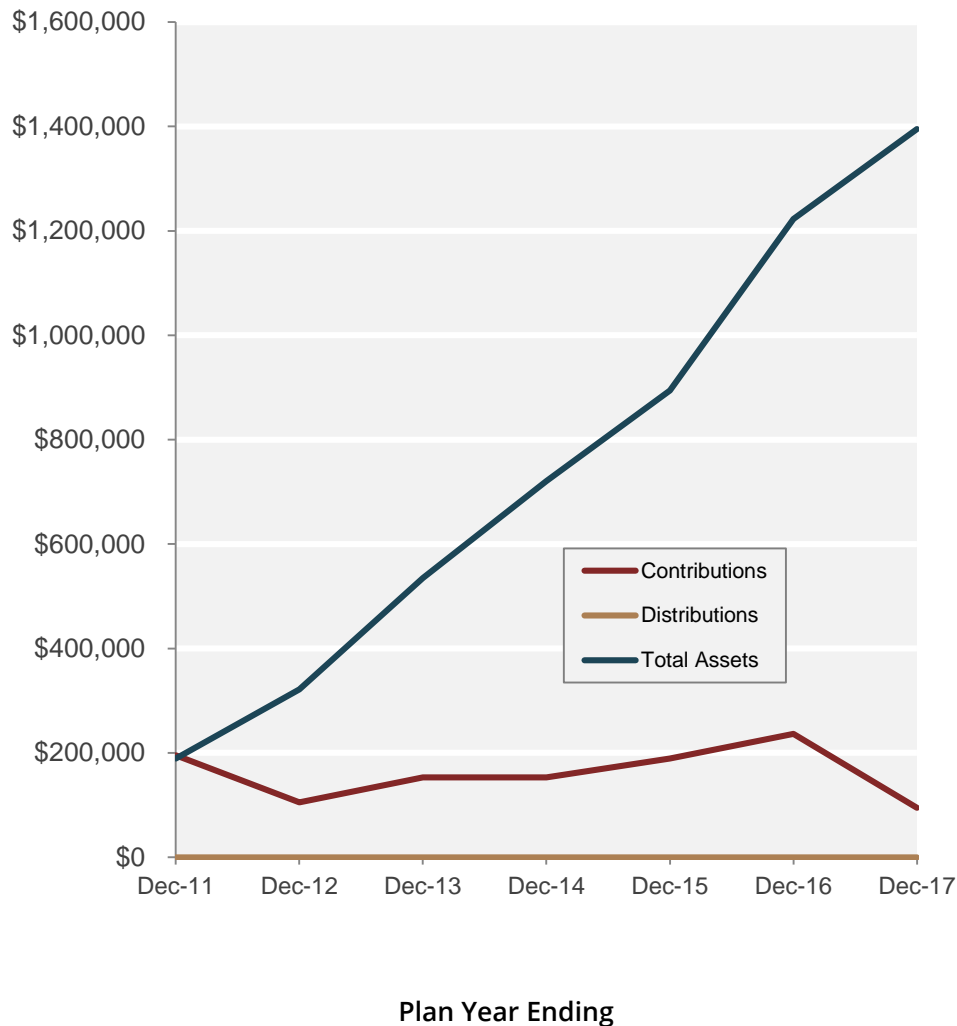
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	January 1, 2011
Plan Administrator:	Darlene Gillum – General Manager
Current Investment Strategy:	Balanced Index PLUS (Passive) Strategy; Pooled Account - Initial contribution averaged in over a 3-month period

AS OF JUNE 30, 2017:

Initial Contribution (March 2011):	\$160,000
Additional Contributions:	\$965,771
Total Contributions:	\$1,125,771
Disbursements:	\$0
Total Investment Earnings:	\$282,007
Account Balance:	\$1,395,211

SUMMARY OF AGENCY'S OPEB PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF June 30, 2017:



Year	Contributions	Disbursements	Total Assets
Dec-11	\$195,000	\$0	\$189,080
Dec-12	\$105,000	\$0	\$321,678
Dec-13	\$153,000	\$0	\$534,878
Dec-14	\$153,000	\$0	\$720,714
Dec-15	\$189,012	\$0	\$894,346
Dec-16	\$236,253	\$0	\$1,222,855
Dec-17	\$94,506	\$0	\$1,395,211

*Plan Year Ending Dec 2017 is based on 6 months of activity through June 30, 2017

OPEB ACTUARIAL RESULTS

- We have received the actuarial report by Nicolay Consulting Group dated March 19, 2014 with a valuation date as of January 1, 2014 (with results rolled back to July 1, 2013). In the table below, we have summarized the results.

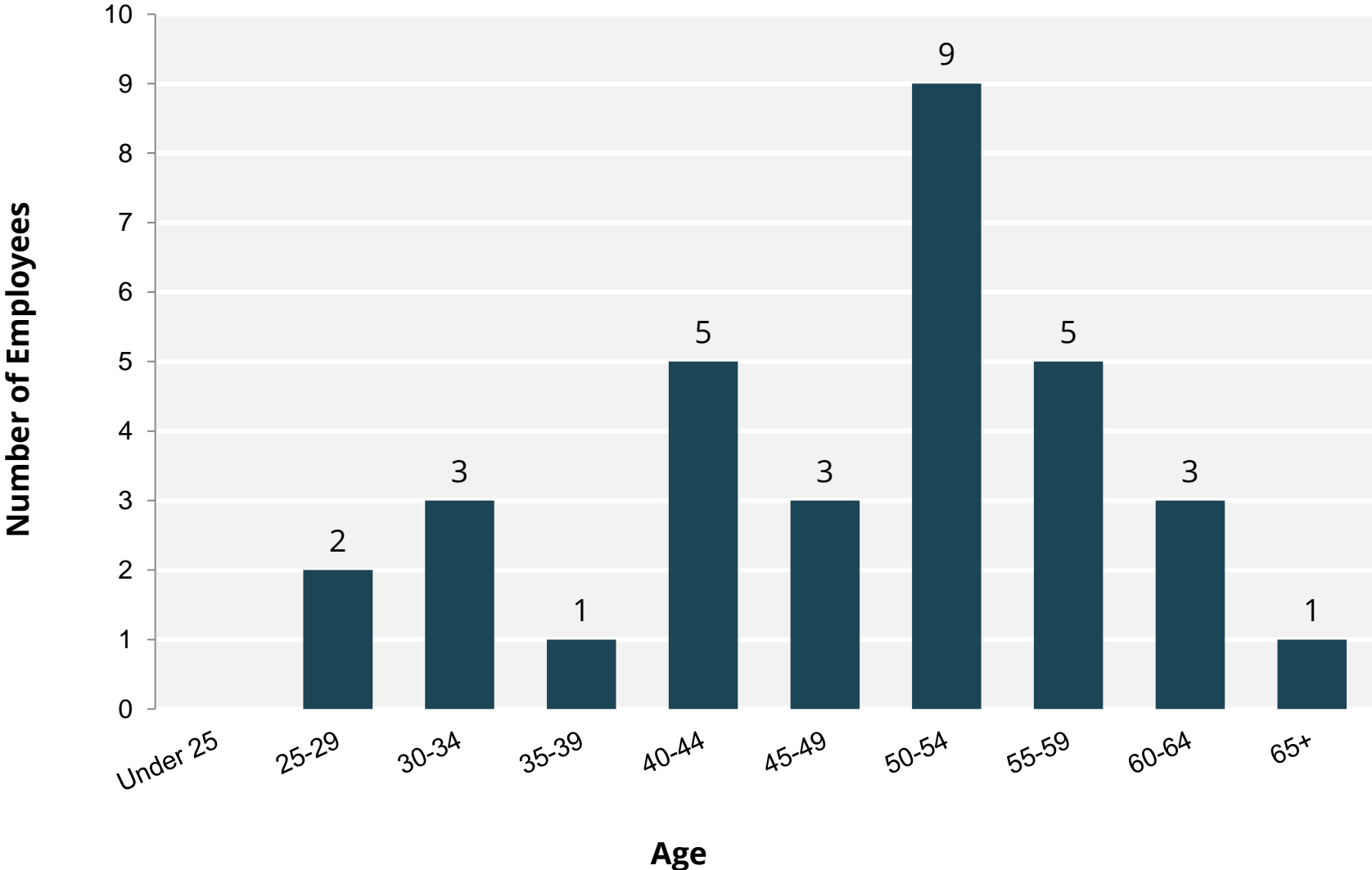
Demographic Study Valuation Date: January 1, 2014	
Actives	32*
Retirees	12**
Total	44

**includes 22 represented employees and 10 unrepresented employees*

***includes 7 represented retirees and 5 unrepresented retirees*

OPEB ACTUARIAL RESULTS

ACTIVE AGE DISTRIBUTION



OPEB ACTUARIAL RESULTS

Valuation Date: January 1, 2014	Prefunding Discount Rate: 7.00%
Actuarial Accrued Liability (AAL)	\$2,235,060
Actuarial Value of Assets	\$491,540
Unfunded Actuarial Accrued Liability (UAAL)	\$1,743,520
Normal Cost	\$143,312
UAAL Amortization	\$108,159
Annual Required Contribution (ARC) for FYE 2013-14	\$251,471
Annual Benefit Payments (Pay-as-you-go) for FYE 2013-14	\$55,142

Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.



Investment Guidelines Document

Rancho Murieta Community Services District
Irrevocable Exclusive Benefits Trust

December 2013

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's short- and long-term needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of October 31, 2013

Plan Sponsor:	Rancho Murieta Community Services District
Governance:	The Board of Directors of the Rancho Murieta Community Services District
Plan Name ("Plan"):	Rancho Murieta Other-Post Employment Benefits Plan
Trustee:	US Bank Contact: Fran Schoenfeld, 949-224-7204 fran.schoenfeld@usbank.com
Type of Account:	GASB 45/Other Post-Employment Benefits Trust
ERISA Status:	Not subject to ERISA
Market Value of Account:	\$522,000
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Andrew Brown, CFA, 415-705-7605 Andrew.brown@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should earn, on a long-term average basis, a rate of return equal to or in excess of the target rate of return of 7.75%.
- The Plan should seek to earn a return in excess of its policy benchmark over the long-term.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic, long-term perspective of the capital markets.

Investment Time Horizon:	Long-term
Anticipated Cash Flows:	Distributions are expected to be low in the early years of the Plan.
Target Rate of Return:	7.75% annual target
Investment Objective:	The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective the Plan Sponsor has selected is the Balanced Objective, which has a dual goal to seek growth of income and principal.
Risk Tolerance:	<i>Moderate</i> The account's risk tolerance has been rated moderate, which demonstrates that the account can accept price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	30%-50%	50%-70%
Policy: 5%	Policy: 35%	Policy: 60%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	50%-70%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	20%-50%
Domestic Mid Cap Equity	0%-15%
Domestic Small Cap Equity	0%-20%
International Equity (incl. Emerging Markets)	0%-20%
Real Estate Investment Trust (REIT)	0%-10%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	30%-50%
<i>Fixed Income Style</i>	<i>Range</i>
Long-term bonds (maturities >7 years)	0%-20%
Intermediate-term bonds (maturities 3-7 years)	15%-50%
Short-Term bonds (maturities <3 years)	0%-15%
High Yield bonds	0%-8%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

- 32.00% S&P500 Index
- 6.00% Russell Mid Cap
- 9.00% Russell 2000
- 4.00% MSCI EM FREE
- 7.00% MSCI EAFE
- 2.00% Wilshire REIT
- 27.00% BC US Aggregate
- 6.75% ML 1-3 Year US Corp/Gov't
- 1.25% US High Yield Master II
- 5.00% Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell MidCap Index
Growth	Russell MidCap Growth
Value	Russell MidCap Value
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth
Value	Russell 2000 Value
REITs	Wilshire REIT
International Equity	MSCI EAFE
Investment Grade Bonds	BarCap US Aggregate Bond
High Yield	Credit Suisse High Yield

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Finance Committee of the Rancho Murieta Community Services District is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting Finance Committee of the Rancho Murieta Community Services District with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with Finance Committee annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.
- Recommending changes to any of the above.

- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

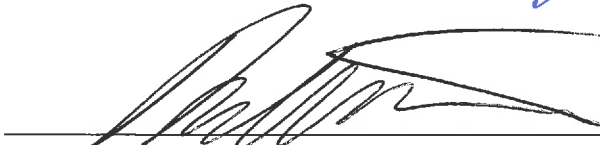
I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.



Plan Sponsor: Rancho Murieta Community Services District

Date: 3/20/14



Investment Manager: Andrew Brown, CFA, Senior Portfolio Manager, (415) 705-7605

Date: 3/13/14

HIGHMARK INVESTMENT REVIEW

PARS: Rancho Murieta CSD

July 31, 2017

**Presented By
Randall Yurchak, CFA**

DISCUSSION HIGHLIGHTS – Rancho Murieta CSD

Investment objective – Balanced HM Index Plus

Asset Allocation: PARS PRHCP Balanced Index (As of 7-31-2017)

- Allocation Target – 60% stocks (50-70% range), 38% bonds (30-50% range), 2% cash (0-20% range)
- Large 29%, mid-cap 4.5%, small cap 9%, international 16%, real estate 1.5%

Performance PARS PRHCP Balanced Index

(as of 07-31-2017) gross of investment management fees, net of fund fees

- 3-months: 2.87%
- YTD: 7.60%
- 3-Year: 5.57%
- 5-year: 7.92%
- ITD : 6.97%
- Bonds – Holdings reflect index return given large concentration in passive US Aggregate Bond fund
- Stocks – International significant outperformer with Large Cap and Mid Cap also strong.

12-Month Changes

- Asset Allocation: Closed overweight to large cap value and added position in senior bank loans.

Outlook 2017

- GDP 2Q17 2.5%, GDP 2017 est. 2.10%, unemployment 4.5%, 10-year Treasury 2.75%, FED 1 more hike in '17
- Geopolitical risk: German elections, Russia, North Korea, President Trump
- Increased likelihood of no tax deal
- FED slightly dovish on rates but likely to begin shrinking balance sheet, Core PCE 1.50%

Selected Period Performance
PARS/PRHCP BALANCED, INDEX PLUS
Account 6746019208
Period Ending: 07/31/2017

Sector	3 Months	Year to Date (7 Months)	1 Year	3 Years	5 Years	Since Inception (76 Months)
Cash Equivalents	.19	.36	.46	.20	.13	.11
<i>Lipper Money Market Funds Index</i>	<i>.16</i>	<i>.30</i>	<i>.39</i>	<i>.15</i>	<i>.09</i>	<i>.07</i>
Total Fixed Income	.95	2.57	-.65	2.23	1.91	2.97
<i>BC US Aggregate Bd Index</i>	<i>1.10</i>	<i>2.71</i>	<i>-.51</i>	<i>2.71</i>	<i>2.02</i>	<i>3.35</i>
Total Equities	4.44	11.76	17.30	8.72	13.04	10.45
Large Cap Funds	4.13	11.17	16.73	11.12	14.83	12.59
<i>S&P 500 Composite Index</i>	<i>4.14</i>	<i>11.59</i>	<i>16.04</i>	<i>10.87</i>	<i>14.78</i>	<i>12.70</i>
Mid Cap Funds	3.36	9.12	13.38	9.90	15.24	11.63
<i>Russell Midcap Index</i>	<i>3.42</i>	<i>9.58</i>	<i>13.04</i>	<i>9.31</i>	<i>15.00</i>	<i>11.49</i>
Small Cap Funds	2.24	5.58	19.92	11.15	15.57	12.09
<i>Russell 2000 Index</i>	<i>2.11</i>	<i>5.77</i>	<i>18.45</i>	<i>9.89</i>	<i>14.19</i>	<i>10.15</i>
International Equities	6.81	18.62	18.51	2.52	6.52	2.61
<i>MSCI EAFE Index</i>	<i>6.47</i>	<i>17.09</i>	<i>17.77</i>	<i>2.79</i>	<i>9.06</i>	<i>5.04</i>
<i>MSCI EM Free Index</i>	<i>10.19</i>	<i>25.49</i>	<i>24.84</i>	<i>2.39</i>	<i>4.76</i>	<i>1.06</i>
REIT Funds	2.72	3.78	-4.62			
<i>Wilshire REIT Index</i>	<i>2.97</i>	<i>2.94</i>	<i>-4.77</i>	<i>8.66</i>	<i>9.18</i>	<i>10.28</i>
Total Account Net of Fees	2.87	7.60	9.17	5.57	7.92	6.97

Performance Inception: 04/2011

The initial contribution made in March 2011 was averaged in to the market over a three-month period of time

Returns are gross of fees unless otherwise noted. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

ASSET ALLOCATION – Rancho Murieta CSD

As of July 31, 2017

Current Asset Allocation		Investment Vehicle	
Equity		Range: 50%-70%	60.54%
Large Cap Core	IVV	iShares S&P 500 Index Fund	19.54%
Large Cap Value	IVE	iShares S&P 500 Value Fund	5.02%
Large Cap Growth	IVW	iShares S&P 500 Growth Fund	5.06%
Mid Cap Core	IWR	iShares Russel MidCap Index Fund	4.49%
Small Cap Value	IWN	iShares Russell 2000 Value ETF	4.48%
Small Cap Growth	IWO	iShares Russell 2000 Growth Fund	4.53%
International Core	EFA	iShares MSCI EAFE Index Fund	11.65%
Emerging Markets	VWO	Vanguard FTSE Emerging Markets ETF	4.17%
Real Estate	VNQ	Vanguard REIT ETF	1.61%
Fixed Income		Range: 30%-50%	36.93%
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	4.48%
Intermediate-Term	AGG	iShares Barclays Aggregate Bond Fund	30.46%
Bank Loan	BKLN	PowerShares Senior Loan ETF	1.99%
Cash		Range: 0%-20%	2.53%
	FGZXX	First American Government Oblig Z	2.53%
TOTAL			100.00%

RANCHO MURIETA CSD

For Period Ending July 31, 2017

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
iShares S&P 500 Growth ETF	2.59	5.05	16.16	16.77	12.27	15.20	9.31
iShares Core S&P 500 ETF	2.05	4.13	11.57	16.00	10.82	14.72	7.69
iShares S&P 500 Value ETF	1.36	2.93	6.20	14.15	8.67	13.73	5.66
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	1.45	3.37	9.46	12.83	9.12	14.81	8.09
SMALL CAP EQUITY FUNDS							
iShares Russell 2000 Value ETF	0.62	0.88	1.14	19.08	9.42	13.65	6.85
iShares Russell 2000 Growth ETF	0.86	3.40	10.97	17.87	10.39	14.73	8.58
INTERNATIONAL EQUITY FUNDS							
iShares MSCI EAFE ETF	2.87	6.48	17.12	17.68	2.71	8.97	1.39
Vanguard FTSE Emerging Markets ETF	5.35	7.49	20.85	19.69	1.92	4.32	1.68
REAL ESTATE FUNDS							
Vanguard REIT ETF	1.26	2.73	3.88	-4.66	8.48	9.13	7.18
BOND FUNDS							
iShares Core US Aggregate Bond ETF	0.43	1.13	2.74	-0.54	2.67	1.96	4.33
Vanguard Short-Term Investment-Grade Adm	0.37	0.73	1.95	1.22	2.06	2.07	3.25
PowerShares Senior Loan ETF	0.75	0.87	1.73	4.43	2.12	3.20	--

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

ADMINISTRATIVE REVIEW

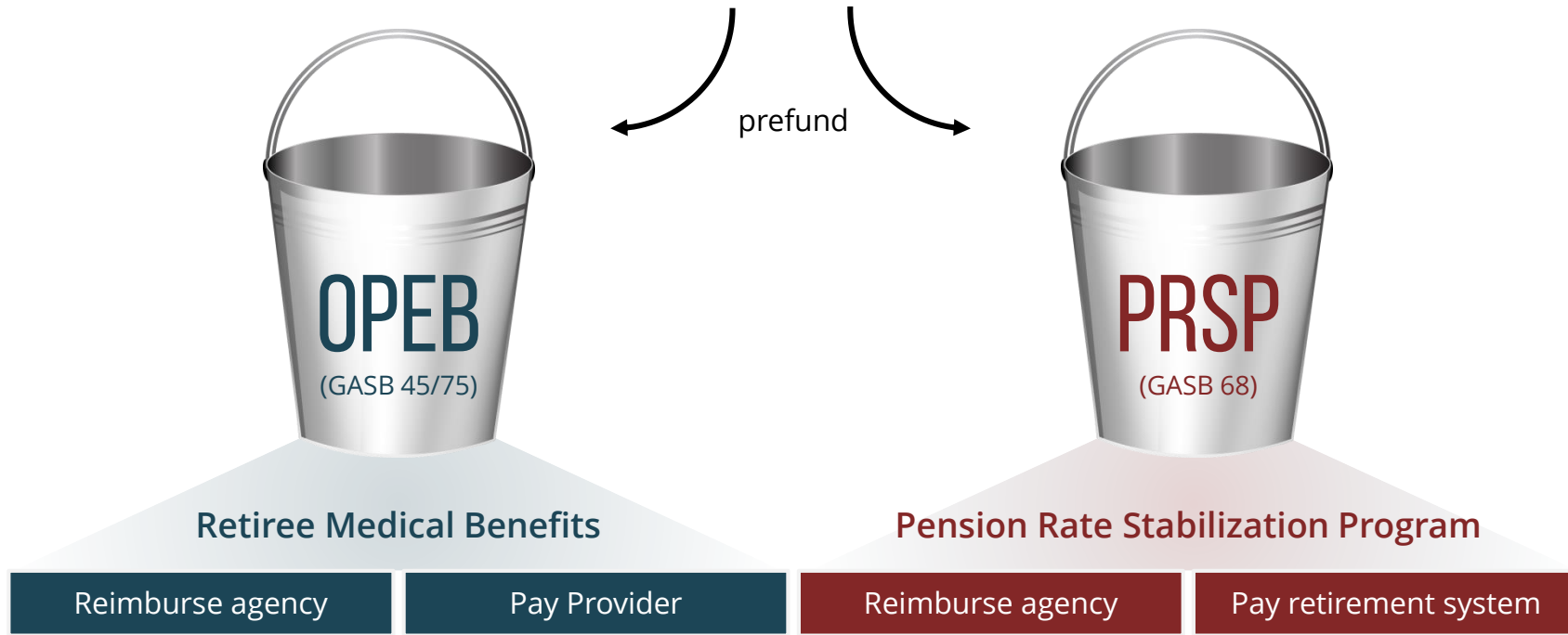
- 1 Future contributions
- 2 Future disbursement requests/options
- 3 Agency's future actuarial valuation for GASB 45/75 compliance
Next valuation due: January 1, 2017
- 4 GASB 75 updates – effective for fiscal years beginning after June 15, 2017
- 5 Investment Guidelines Document – Current (Signed March 20, 2014)
- 6 Client funding policy
- 7 Pension Rate Stabilization Program (PRSP)
- 8 Client Feedback
- 9 GASB 74 Compliance

ADDITIONAL SERVICES

- **To assist our public agency clients with GASB 74, PARS will be providing with the following:**
 - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
 - Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by White Nelson Diehl Evans that is intended to be compliant with GASB 74 requirements.
 - Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
 - Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB

PENSION RATE STABILIZATION PROGRAM (PRSP)

THE PARS IRS-APPROVED COMBINATION 115 TRUST



- Assets are sub-accounted for separately
- Pre-fund one now and the other later
- Addresses unfunded liabilities
- Can choose different investment risk tolerance levels for each

- Can access funds at anytime; OPEB for OPEB and pension for pension
- Assets (OPEB and Pension) aggregate and reach lower fees on tiered schedule sooner – saving money!
- No cost to set up; no fees until assets are added

PARS PRSP CLIENT LIST (98)

UPDATED: AUGUST 2017

CITIES & TOWNS

City of Alameda
City of Bell Gardens
City of Brea
City of Brisbane
City of Burlingame
City of Capitola
City of Chino Hills
City of Coronado
City of Daly City
City of Dublin
City of Fountain Valley
City of Fullerton
City of Glendale
City of Half Moon Bay
City of Healdsburg
City of Huntington Beach
City of La Mesa
City of Lake Forest
City of Lodi
City of Manhattan Beach
City of Morgan Hill
City of Napa
City of Norwalk
City of Oakley
City of Palo Alto
City of Pasadena
City of Rancho Cucamonga
City of Redwood City
City of Rohnert Park
City of Rolling Hills
City of Santa Ana

City of Santa Clara
City of Sausalito
City of Solana Beach
City of Stanton
City of Tustin
City of Union City
City of Upland
City of Vallejo
City of West Sacramento
City of Westminster
City of Yuba City
Town of Colma
Town of Los Gatos
Town of Tiburon

COUNTIES

County of Humboldt
County of Kings
County of Nevada
County of Placer
County of Riverside
County of San Benito
County of Siskiyou
County of Solano
County of Sutter

SPECIAL DISTRICTS

Central Contra Costa Sanitary District
Delta Diablo (Sanitation District)
El Dorado Hills County Water District
Fallbrook Public Utility District
Goleta West Sanitary District
Great Basin Unified APCD
Mesa Water District
Mojave Desert AQMD
Montecito Fire Protection District
Moraga-Orinda Fire Protection District
Napa County Mosquito Abatement District
Nevada County Consolidated Fire District
Novato Sanitary District
Rancho Cucamonga Fire PD
South Coast Water District
Southern Marin Fire Protection District
Superior Court of CA - County of Kern
Three Valleys Municipal Water District
Twentynine Palms Water District
West Bay Sanitary District

EDUCATIONAL DISTRICTS

Coast CCD
Grossmont-Cuyamaca CCD
Hartnell CCD
Marin CCD
San Bernardino CCD
Victor Valley CCD
Yosemite CCD
Corning Union ESD
Bass Lake Joint Union ESD
Calistoga Joint USD
Campbell Union HSD
Cotati-Rohnert Park USD
River Delta USD
San Marino USD
Santa Rita USD
Visalia USD
Hesperia Unified SD
Lakeside Union SD
Lemon Grove SD
Natomas USD
Ocean View SD
Ontario-Montclair SD
Placer Union SD
Whittier City SD



PENSION FUNDING STATUS

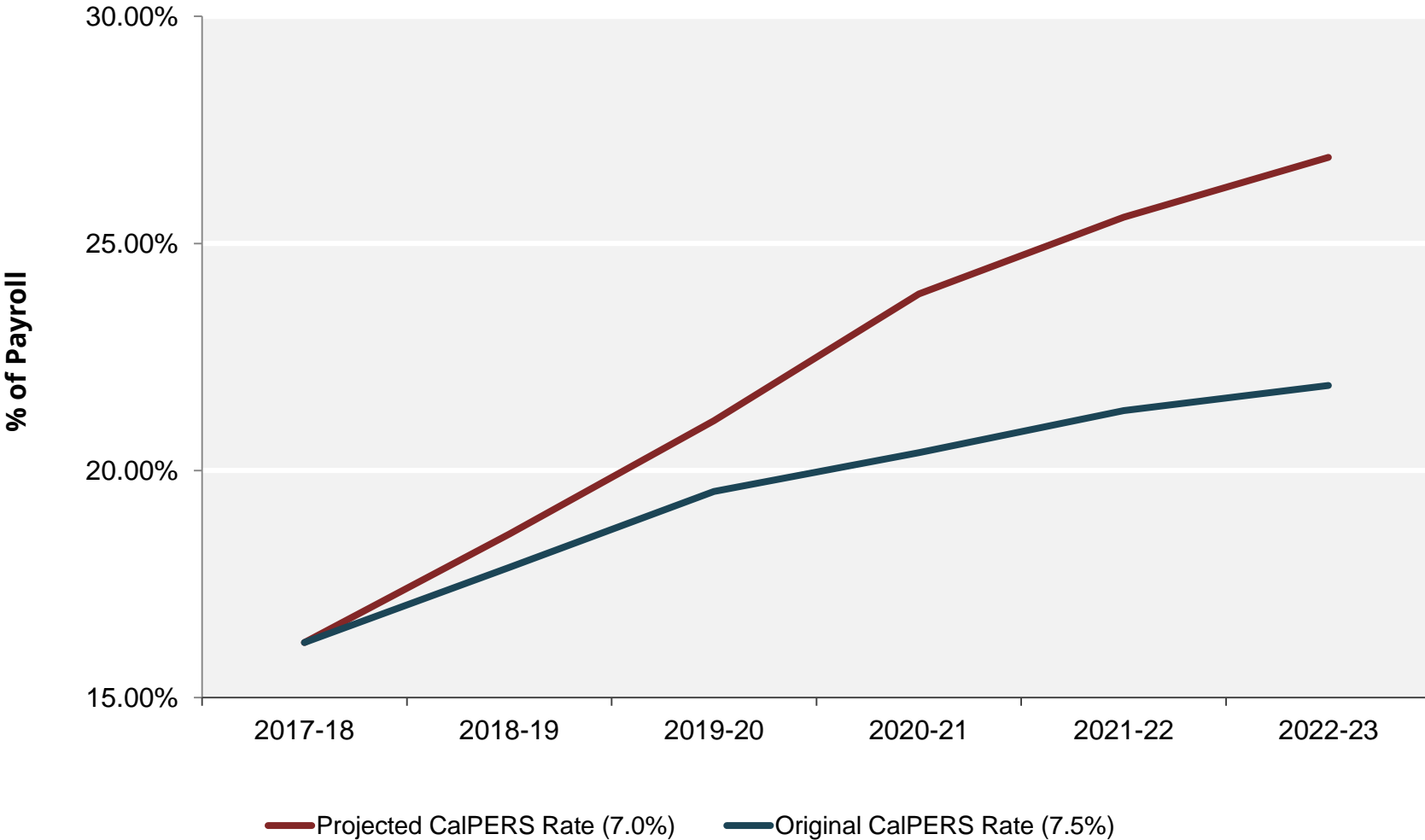
As of June 30, 2015, Rancho Murieta Community Services District's CalPERS pension plan is funded as follows*:

Actuarial Liability	\$11.0 M
Assets	\$8.6 M
Unfunded Liability	\$2.4 M
Funded Ratio	78.4%
Employer Contribution Amount (FY 17-18)	\$0.3 M
Projected Employer Contribution Amount (FY 22-23)	\$0.6 M (92.3% ↑)

* Data from Agency's 2015-16 CalPERS Actuarial valuation, with midpoint adjustments for discount rate projections

PROJECTED EMPLOYER CONTRIBUTIONS (MISC.)

Projected misc. contributions decrease from \$0.3 M to \$0.6 M* (92.3% ↑)



* Data from Agency's 2015-16 CalPERS Actuarial valuation, with midpoint adjustments for discount rate projections

WHY PREFUND PENSION IN A SEPARATE TRUST?

- 1 District has complete control over contributions and disbursements; timing, amount, and risk tolerance level
- 2 Helps offset pension rate increases or underperformance by retirement system
- 3 Rainy Day Fund: Emergency source of funds when Employer revenues are impaired based on when conditions dictate
- 4 Assets (OPEB and Pension) will aggregate and reach lower fees on tiered schedule sooner – saving money!
- 5 Can use these funds for pension obligations at anytime
- 6 Addresses future pension liabilities
- 7 Can choose less aggressive investment strategy than retirement system
- 8 Diversified Investing/Potential for Greater Return than General Fund

PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q2 2017

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

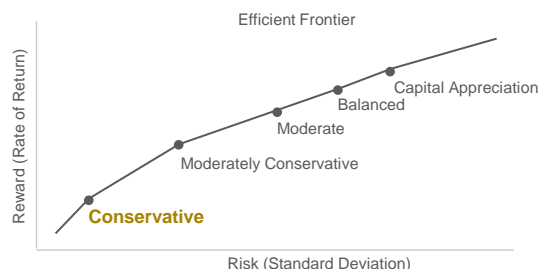
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	79%
Cash	0 – 20%	5%	6%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	1.92%
Blended Benchmark**	1.41%
Year To Date	3.83%
Blended Benchmark	2.85%
1 Year	3.85%
Blended Benchmark	2.88%
3 Year	2.99%
Blended Benchmark	2.82%
5 Year	3.96%
Blended Benchmark	3.46%
10 Year	4.33%
Blended Benchmark	3.91%

Index Plus (Passive)

Current Quarter*	1.63%
Blended Benchmark**	1.41%
Year To Date	3.09%
Blended Benchmark	2.85%
1 Year	2.54%
Blended Benchmark	2.88%
3 Year	2.64%
Blended Benchmark	2.82%
5 Year	3.51%
Blended Benchmark	3.46%
10 Year	3.86%
Blended Benchmark	3.91%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Govt, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Govt, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%

Index Plus (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	07/2004
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Date	07/2004
No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

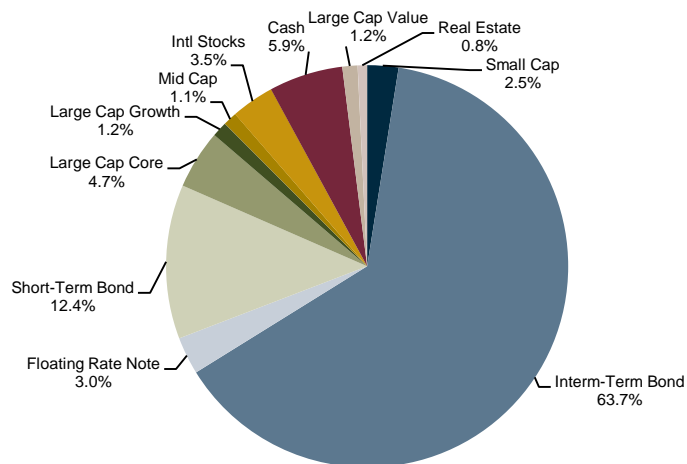
COLUMBIA CONTRARIAN CORE-Z
 VANGUARD GROWTH & INCOME-ADM
 DODGE & COX STOCK FUND
 HARBOR CAPITAL APPRECIATION-RET
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 ISHARES RUSSELL MID-CAP ETF
 VANGUARD REIT ETF
 UNDISC MGRS BEHAV VAL-L
 T ROWE PR NEW HORIZONS-I
 NATIONW BAILRD INT EQ-INST
 DODGE & COX INTL STOCK FUND
 MFS INTL GROWTH-I
 HRTFRD SCHR EM MRKT EQ-Y
 VANGUARD S/T INVEST GR-ADM
 PIMCO TOTAL RETURN FUND-INST
 PRUDENTIAL TOTAL RETRN BND-Q
 NATIONW HIGHMARK BND-INS SRV
 EATON VAN FL RT & HI INC-INS
 FIRST AM GOV OBLIG-Z

Index Plus (Passive)

ISHARES CORE S&P 500 ETF
 ISHARES S&P 500 VALUE ETF
 ISHARES S&P 500 GROWTH ETF
 ISHARES RUSSELL MID-CAP ETF
 VANGUARD REIT ETF
 ISHARES RUSSELL 2000 VALUE E
 ISHARES RUSSELL 2000 GROWTH
 ISHARES MSCI EAFE ETF
 VANGUARD FTSE EMERGING MARKE
 VANGUARD S/T INVEST GR-ADM
 ISHARES CORE U.S. AGGREGATE
 POWERSHARES SENIOR LOAN
 FIRST AM GOV OBLIG-Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

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 Suite 1600
 San Francisco, CA 94104
 800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.6 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 26

Average Tenure (Years): 13

Manager Review Group

Number of Members: 8

Average Years of Experience: 19

Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE

Q2 2017

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

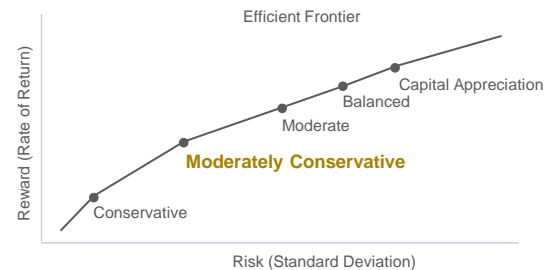
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	30%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	2.32%	Current Quarter*	1.97%
Blended Benchmark**	1.85%	Blended Benchmark**	1.85%
Year To Date	5.06%	Year To Date	4.17%
Blended Benchmark	4.10%	Blended Benchmark	4.10%
1 Year	6.67%	1 Year	5.12%
Blended Benchmark	5.50%	Blended Benchmark	5.50%
3 Year	3.64%	3 Year	3.55%
Blended Benchmark	3.78%	Blended Benchmark	3.78%
5 Year	5.42%	5 Year	5.09%
Blended Benchmark	5.21%	Blended Benchmark	5.21%
10 Year	4.75%	10 Year	4.28%
Blended Benchmark	4.56%	Blended Benchmark	4.56%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%
2016	4.93%	2016	5.42%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

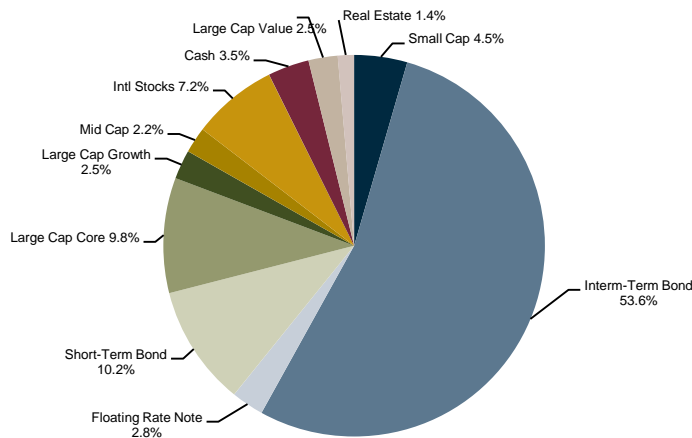
COLUMBIA CONTRARIAN CORE-Z
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 MFS INTL GROWTH-I
 HRTFRD SCHR EM MRKT EQ-Y
 VANGUARD S/T INVEST GR-ADM
 PIMCO TOTAL RETURN FUND-INST
 PRUDENTIAL TOTAL RETRN BND-Q
 NATIONW HIGHMARK BND-INS SRV
 EATON VAN FL RT & HI INC-INS
 FIRST AM GOV OBLIG-Z

Index Plus (Passive)

ISHARES CORE S&P 500 ETF
 ISHARES S&P 500 VALUE ETF
 ISHARES S&P 500 GROWTH ETF
 ISHARES RUSSELL MID-CAP ETF
 VANGUARD REIT ETF
 ISHARES RUSSELL 2000 VALUE E
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STYLE



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HIGHMARK CAPITAL MANAGEMENT

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ABOUT THE ADVISER

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 Investment Experience: since 1994
 HighMark Tenure: since 1997
 Education: MBA, University of Southern California; BA, University of Southern California

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Senior Portfolio Manager
 Investment Experience: since 2004
 HighMark Tenure: since 2014
 Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
 Investment Experience: since 1985
 HighMark Tenure: since 1995
 Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
 Investment Experience: since 1987
 HighMark Tenure: since 2010
 Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
 Investment Experience: since 1987
 HighMark Tenure: since 2007
 Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16
 Average Years of Experience: 26
 Average Tenure (Years): 13

Manager Review Group

Number of Members: 8
 Average Years of Experience: 19
 Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
MODERATE

Q2 2017

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

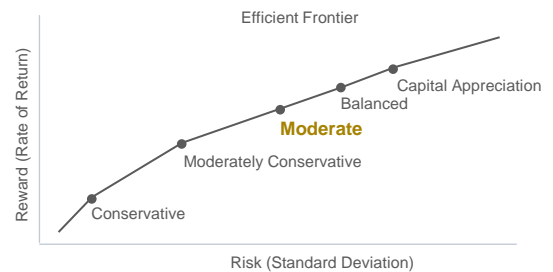
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	50%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	2.83%	Current Quarter*	2.44%
Blended Benchmark**	2.30%	Blended Benchmark**	2.30%
Year To Date	6.65%	Year To Date	5.60%
Blended Benchmark	5.57%	Blended Benchmark	5.57%
1 Year	10.54%	1 Year	8.90%
Blended Benchmark	9.23%	Blended Benchmark	9.23%
3 Year	4.60%	3 Year	4.47%
Blended Benchmark	4.92%	Blended Benchmark	4.92%
5 Year	7.27%	5 Year	7.12%
Blended Benchmark	7.47%	Blended Benchmark	7.47%
10 Year	4.92%	10 Year	5.00%
Blended Benchmark	5.16%	Blended Benchmark	5.16%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%
2015	0.14%	2015	-0.52%
2016	6.44%	2016	7.23%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2004	Inception Date	05/2006
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

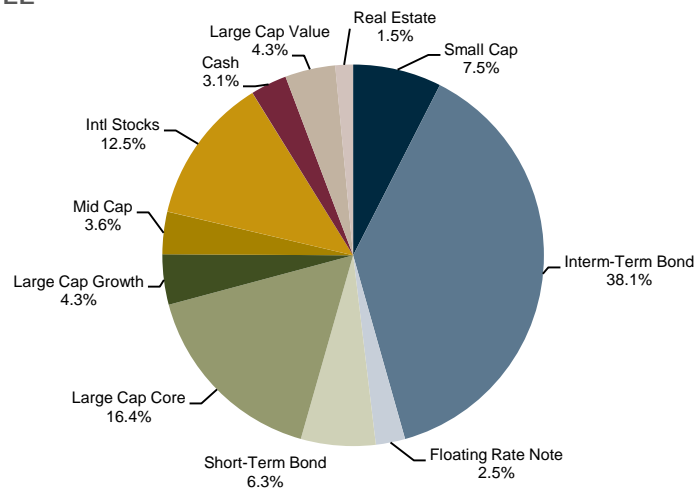
COLUMBIA CONTRARIAN CORE-Z
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 PRUDENTIAL TOTAL RETRN BND-Q
 NATIONW HIGHMARK BND-INS SRV
 EATON VAN FL RT & HI INC-INS
 FIRST AM GOV OBLIG-Z

Index Plus (Passive)

ISHARES CORE S&P 500 ETF
 ISHARES S&P 500 VALUE ETF
 ISHARES S&P 500 GROWTH ETF
 ISHARES RUSSELL MID-CAP ETF
 VANGUARD REIT ETF
 ISHARES RUSSELL 2000 VALUE E
 ISHARES RUSSELL 2000 GROWTH
 ISHARES MSCI EAFE ETF
 VANGUARD FTSE EMERGING MARKE
 VANGUARD S/T INVEST GR-ADM
 ISHARES CORE U.S. AGGREGATE
 POWERSHARES SENIOR LOAN
 FIRST AM GOV OBLIG-Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
 Suite 1600
 San Francisco, CA 94104
 800-582-4734

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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.6 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 26

Average Tenure (Years): 13

Manager Review Group

Number of Members: 8

Average Years of Experience: 19

Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
BALANCED

Q2 2017

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

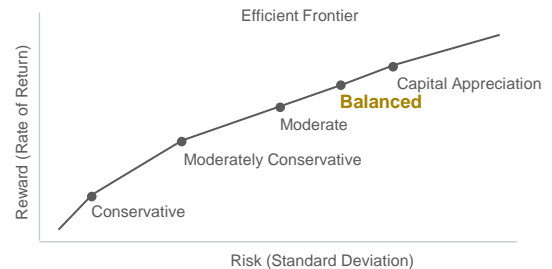
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	60%
Fixed Income	30 – 50%	35%	37%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	3.19%	Current Quarter*	2.66%
Blended Benchmark**	2.54%	Blended Benchmark**	2.54%
Year To Date	7.68%	Year To Date	6.32%
Blended Benchmark	6.34%	Blended Benchmark	6.34%
1 Year	12.65%	1 Year	10.83%
Blended Benchmark	11.13%	Blended Benchmark	11.13%
3 Year	4.97%	3 Year	4.92%
Blended Benchmark	5.49%	Blended Benchmark	5.49%
5 Year	8.31%	5 Year	8.13%
Blended Benchmark	8.61%	Blended Benchmark	8.61%
10 Year	4.99%	Inception to Date (117-Mos.)	4.91%
Blended Benchmark	5.50%	Blended Benchmark	5.42%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%
2016	6.82%	2016	8.26%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

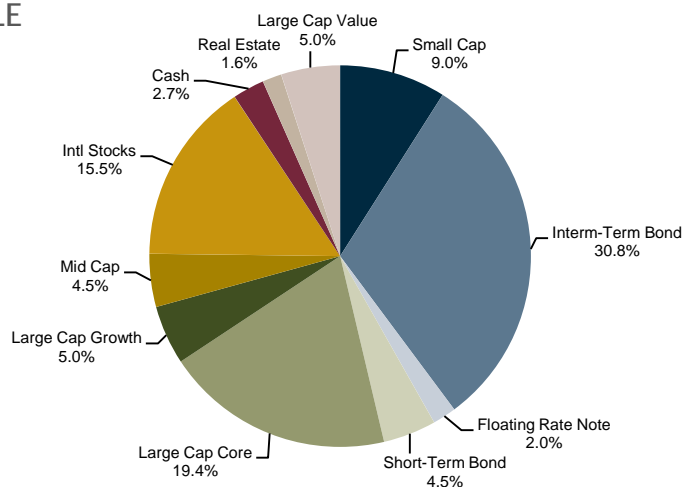
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 NATIONW HIGHMARK BND-INS SRV
 EATON VAN FL RT & HI INC-INS
 FIRST AM GOV OBLIG-Z

Index Plus (Passive)

ISHARES CORE S&P 500 ETF
 ISHARES S&P 500 VALUE ETF
 ISHARES S&P 500 GROWTH ETF
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STYLE



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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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Senior Portfolio Manager
 Investment Experience: since 2004
 HighMark Tenure: since 2014
 Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
 Investment Experience: since 1985
 HighMark Tenure: since 1995
 Education: BA, Stetson University

Christiane Tsuda

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 Investment Experience: since 1987
 HighMark Tenure: since 2010
 Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
 Investment Experience: since 1987
 HighMark Tenure: since 2007
 Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16
 Average Years of Experience: 26
 Average Tenure (Years): 13

Manager Review Group

Number of Members: 8
 Average Years of Experience: 19
 Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS CAPITAL APPRECIATION

Q2 2017

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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Rigorous Manager Due Diligence

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Flexible Investment Options

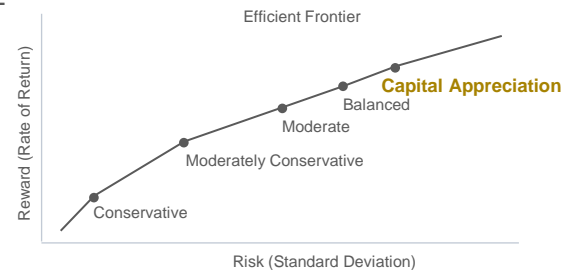
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	75%
Fixed Income	10 - 30%	20%	23%
Cash	0 - 20%	5%	2%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	3.11%
Blended Benchmark**	2.96%
Year To Date	7.73%
Blended Benchmark	7.63%
1 Year	14.19%
Blended Benchmark	14.11%
3 Year	5.64%
Blended Benchmark	6.14%
5 Year	9.67%
Blended Benchmark	10.15%
Inception to Date (102-Mos.)	10.53%
Blended Benchmark	11.32%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

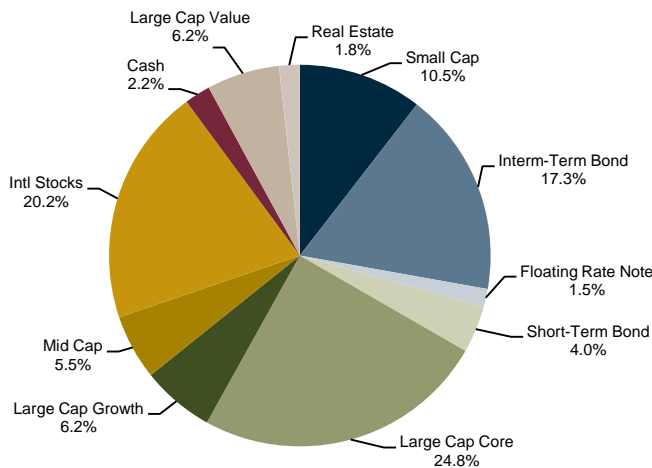
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Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.6 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 26

Average Tenure (Years): 13

Manager Review Group

Number of Members: 8

Average Years of Experience: 19

Average Tenure (Years): 7