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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees  
**FROM:** Jeanette Contreras, Library Director  
**SUBJECT:** Public Agency Retirement Services (PARS) Presentation  
**DATE:** September 18, 2017

**BACKGROUND**

Representatives from PARS and its associates will make a presentation about the Placentia Library District's Defined Contribution Plan.

Copy of the plan will be presented at the meeting.

**RECOMMENDATION**

Receive and file.

# PLACENTIA LIBRARY DISTRICT

Retirement Enhancement Plan (REP) Client Review  
September 18, 2017

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES | **PARS**

**TRUSTED SOLUTIONS. LASTING RESULTS.**

# PARS SERVICE PROVIDERS



## Trust Administrator & Consultant

- Recordkeeping/sub-trust accounting
- Actuarial coordination
- Monitor contributions/process disbursements
- Monitor plan compliance
- Ongoing client liaison

## Trustee

- Safeguard plan assets
- Oversight protection
- Plan fiduciary
- Custodian of assets

## Investment Manager

- Investment sub-advisor to U.S. Bank
- Open architecture
- Investment strategy and asset allocation development
- Investment policy assistance

33 years (1984 – 2017)

154 years (1863 – 2017)

98 years (1919 – 2017)

## Corporate Experience

## 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



# PARS DEFINED CONTRIBUTION PLAN

# SUMMARY OF AGENCY'S PLAN

**Plan Effective Date:** July 1, 2008

**Type of Plan:** 401(a) Defined Contribution

**Active Contributing (as of June 30, 2017):**  
34 Active Participants  
23 Active Contributing

**Employer Contribution\*:** 4.00% of Compensation

**Eligibility:** Full-Time and Part-Time Employees  
21 Years of Age & 6 Months of Service

**Total Assets as of June 30, 2017:** \$941,878

**Average Account Balance:** \$27,702

**Investment Selection:** Balanced HighMark PLUS

\*Tier 1 Employer Contribution Rate. Subject to change at the District's discretion.  
**Note: All Expenses paid by Plan Assets.**

# PLAN VESTING (TIER 1)

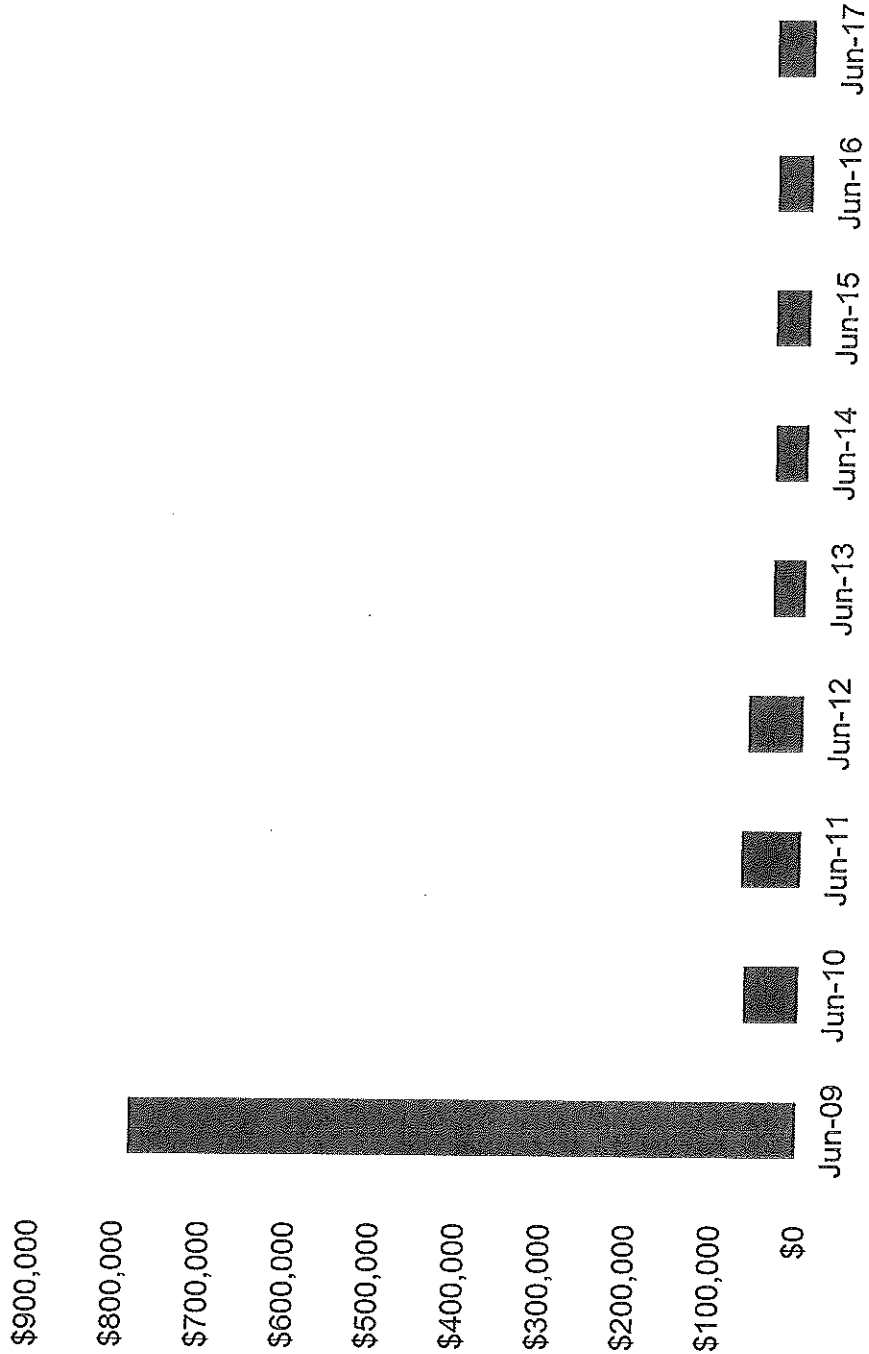
Vesting refers to the ownership of your employer contributions.

Years of Service Completed	Percent Vested
1	20%
2	40%
3	60%
4	80%
5	100%

Participants will be credited one (1) year of District Service upon completion of 1000 hours within the plan year.

# CONTRIBUTIONS

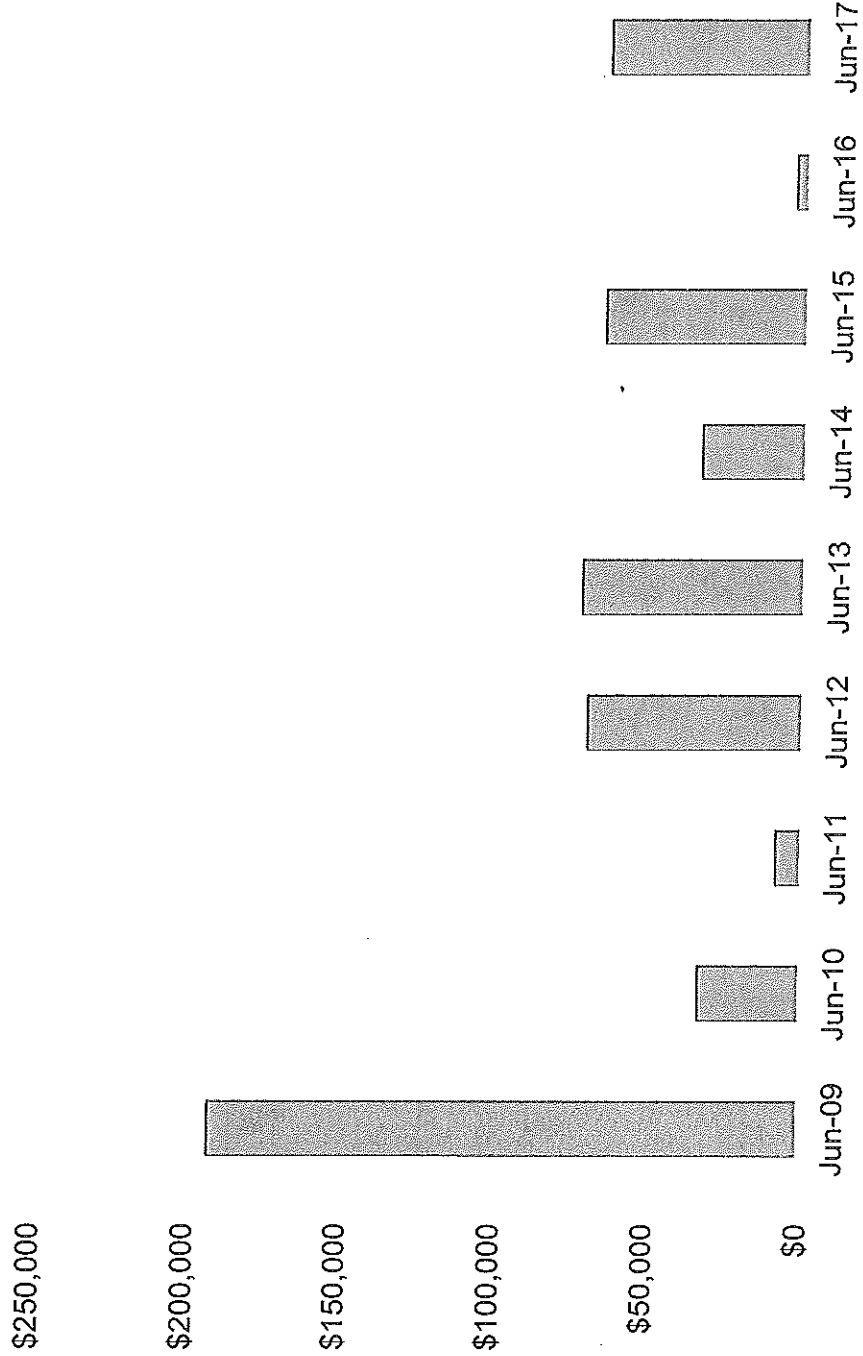
As of June 30, 2017:



\*FY 2008-09 contribution represents plan transfer from prior provider

# DISTRIBUTIONS

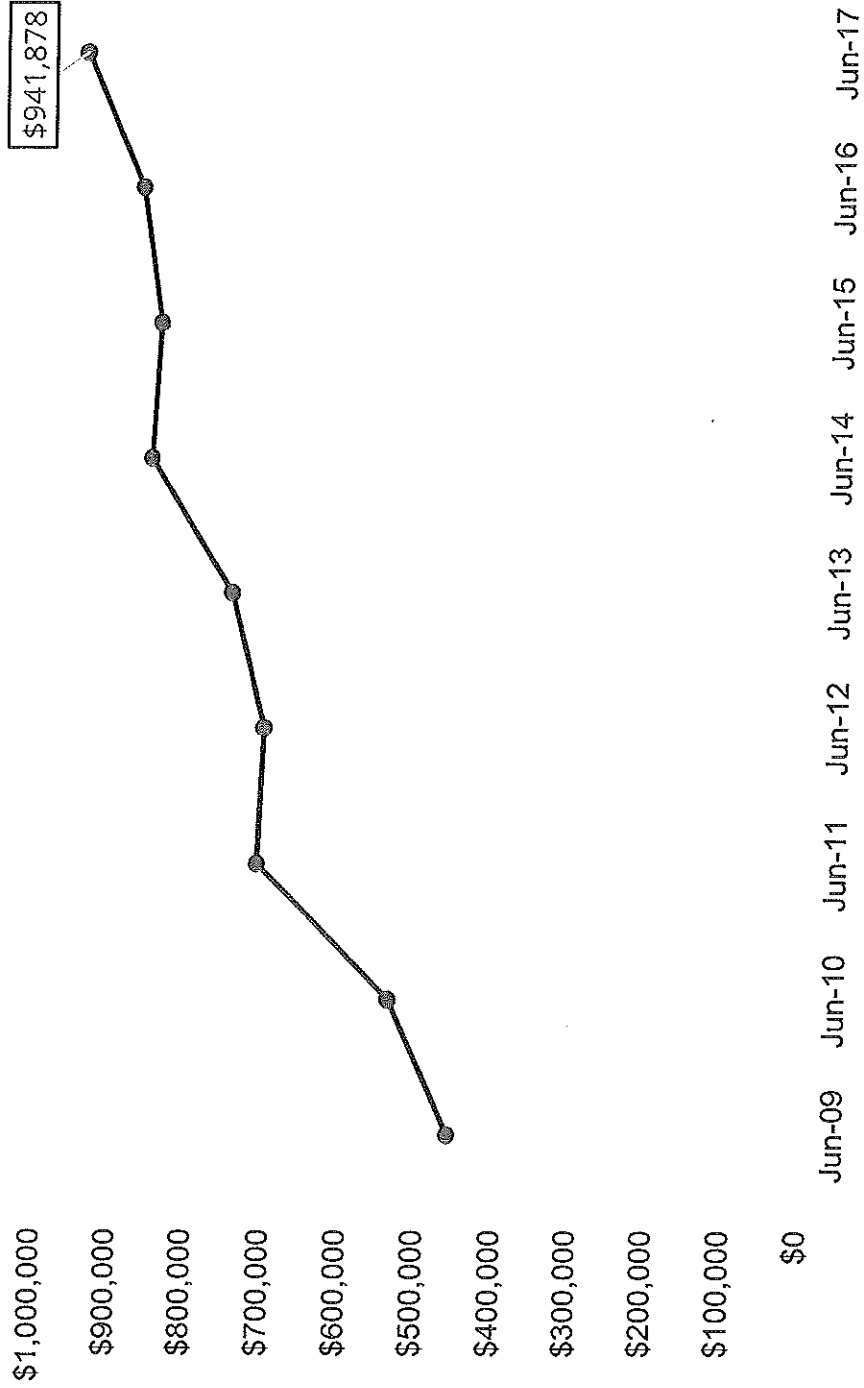
As of June 30, 2017:





# TOTAL ASSETS

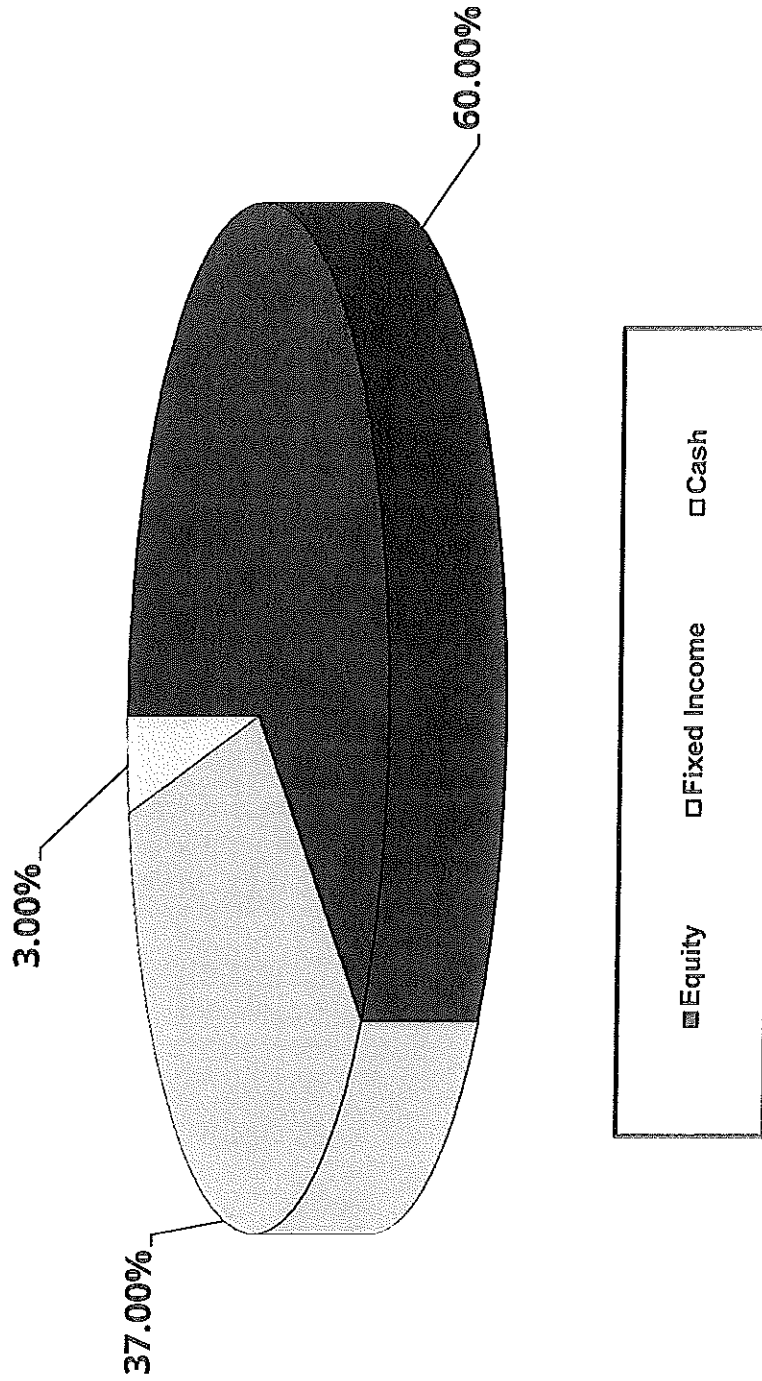
As of June 30, 2017:



# ASSET ALLOCATION

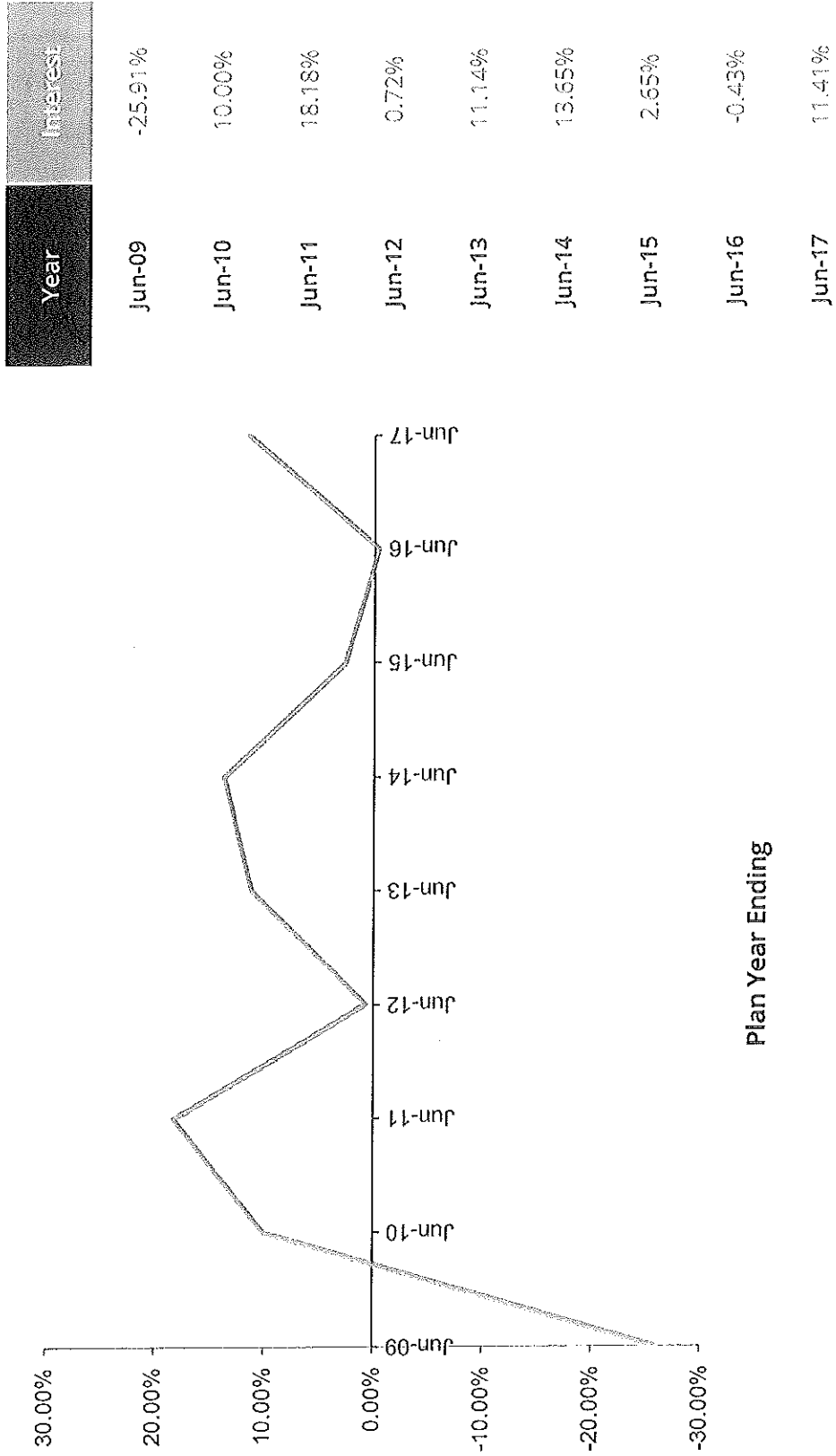
AS OF JUNE 30, 2017

Balanced HighMark PLUS



# PLAN ANNUAL RETURNS

AS OF PLAN YEAR ENDING JUNE 30, 2017:



Plan Year Ending

# BENEFITS TO EMPLOYEES

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## 1 Eligibility for Distribution

- Retirement
- Termination
- Permanent Disability
- Death

## 2 Distribution Process

- District notifies PARS of distributable event
- PARS sends distribution materials directly to the participant
- Participant completes necessary forms and returns them to PARS
- U.S. Bank sends benefit payment based on participant instructions

## 3 Distribution Flexibility

- Lump-sum cash payout
- IRA or other qualified plan rollovers

# CONTACTS

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## DENNIS YU

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## SHAWN TAN

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## PHOEBE TAN

Senior Manager, Plan Support

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## PHILLIP MUSCHETTO

Vice President, Plan Accounting

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TRUSTED SOLUTIONS. LASTING RESULTS.



**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.

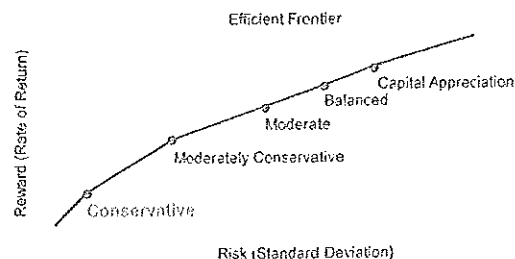
**Rigorous Manager Due Diligence**  
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these 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)		Index Plus (Passive)	
Current Quarter*	1.92%	Current Quarter*	1.63%
Blended Benchmark**	1.41%	Blended Benchmark**	1.41%
Year To Date	3.83%	Year To Date	3.09%
Blended Benchmark	2.85%	Blended Benchmark	2.85%
1 Year	3.85%	1 Year	2.54%
Blended Benchmark	2.88%	Blended Benchmark	2.88%
3 Year	2.99%	3 Year	2.64%
Blended Benchmark	2.82%	Blended Benchmark	2.82%
5 Year	3.96%	5 Year	3.51%
Blended Benchmark	3.46%	Blended Benchmark	3.46%
10 Year	4.33%	10 Year	3.86%
Blended Benchmark	3.91%	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, 25.76% ML 1-3 Yr US Corp Govt, 2% US High Yield Master II, 0.5% Wshire 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)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%
2015	0.29%	2015	0.06%
2016	4.18%	2016	3.75%

**PORTFOLIO FACTS**

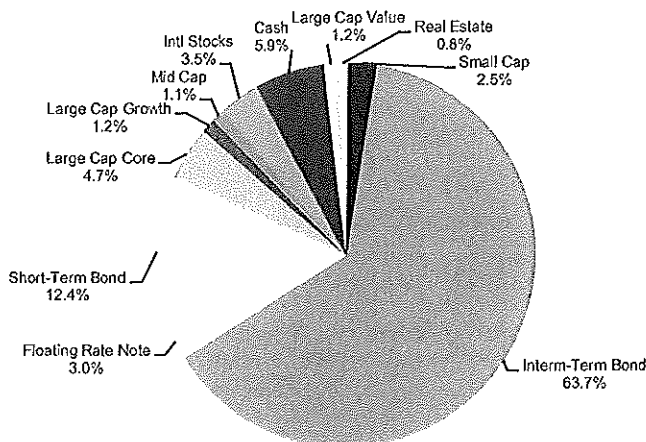
HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	07/2004	Inception Date	07/2004
No of Funds in Portfolio	19	No of Funds in Portfolio	13

**HOLDINGS**

HighMark Plus (Active)	Index Plus (Passive)
JMBIA CONTRARIAN CORE-Z	ISHARES CORE S&P 500 ETF
VANGUARD GROWTH & INCOME-ADM	ISHARES S&P 500 VALUE ETF
DODGE & COX STOCK FUND	ISHARES S&P 500 GROWTH ETF
HARBOR CAPITAL APPRECIATION-RET	ISHARES RUSSELL MID-CAP ETF
T ROWE PR GROWTH STOCK-I	VANGUARD REIT ETF
ISHARES RUSSELL MID-CAP ETF	ISHARES RUSSELL 2000 VALUE E
VANGUARD REIT ETF	ISHARES RUSSELL 2000 GROWTH
UNDISC MGRS BEHAV VAL-L	ISHARES MSCI EAFE ETF
T ROWE PR NEW HORIZONS-I	VANGUARD FTSE EMERGING MARKE
NATIONW BAILRD INT EQ-INST	VANGUARD SIT INVEST GR-ADM
DODGE & COX INTL STOCK FUND	ISHARES CORE U.S. AGGREGATE
MFS INTL GROWTH-I	POWERSHARES SENIOR LOAN
HRTFRD SCHR EM MRKT EQ-Y	FIRST AM GOV OBLIG-Z
VANGUARD SIT 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	

*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 any 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 0.59%. 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. Wisdom 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  
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[www.highmarkcapital.com](http://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.

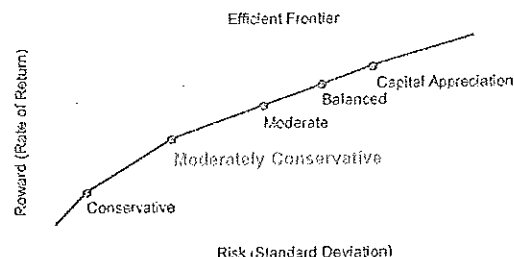
**Rigorous Manager Due Diligence**  
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these 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&P 500, 3% Russel Mid Cap, 4.5% Russel 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% I/L 1-3 Yr US Corp/Govt, 1.75% US High Yield Master II, 1% Washire REIT, and 5% Cit 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500, 1.5% Russel 2000, 3.5% MSCI EAFE, 25% I/L 1-3 Year Corp/Govt, 40% BC Agg, and 5% Cit 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% I/L 1-3Yr Corp/Gov, 40% BC Agg, and 5% Cit 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 Date	08/2004	Inception Date	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	13

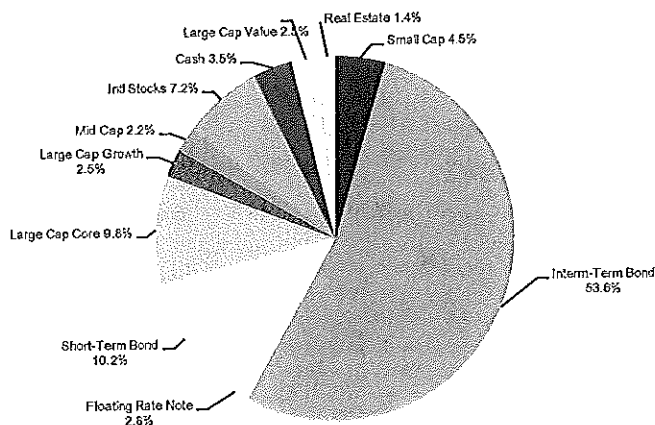


**HOLDINGS**

HighMark Plus (Active)	Index Plus (Passive)
MBIA CONTRARIAN CORE-Z	ISHARES CORE S&P 500 ETF
VANGUARD GROWTH & INCOME-ADM	ISHARES S&P 500 VALUE ETF
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HARBOR CAPITAL APPRECIATION-RET	ISHARES RUSSELL MID-CAP ETF
T ROWE PR GROWTH STOCK-I	VANGUARD REIT ETF
ISHARES RUSSELL MID-CAP ETF	ISHARES RUSSELL 2000 VALUE E
VANGUARD REIT ETF	ISHARES RUSSELL 2000 GROWTH
UNDISC MGRS BEHAV VAL-L	ISHARES MSCI EAFE ETF
T ROWE PR NEW HORIZONS-I	VANGUARD FTSE EMERGING MARKE
NATIONW BAIIRD INT EQ-INST	VANGUARD S/T INVEST GR-ADM
DODGE & COX INTL STOCK FUND	ISHARES CORE U.S. AGGREGATE
MFS INTL GROWTH-I	POWERSHARES SENIOR LOAN
HRTFRD SCHR EM MRKT EQ-Y	FIRST AM GOV OBLIG-Z
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	

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**STYLE**



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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 tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. The WShares 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.

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**HIGHMARK CAPITAL MANAGEMENT**

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San Francisco, CA 94104  
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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  
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.

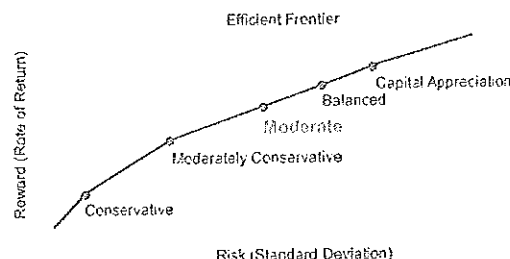
**Rigorous Manager Due Diligence**  
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these 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: 28.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.5% EC US Agg, 10% ML 1-3 Yr US Corp/Govt, 1.5% US High Yield Master II, 1.75% Wishke 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, 16% 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/Govt, 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**

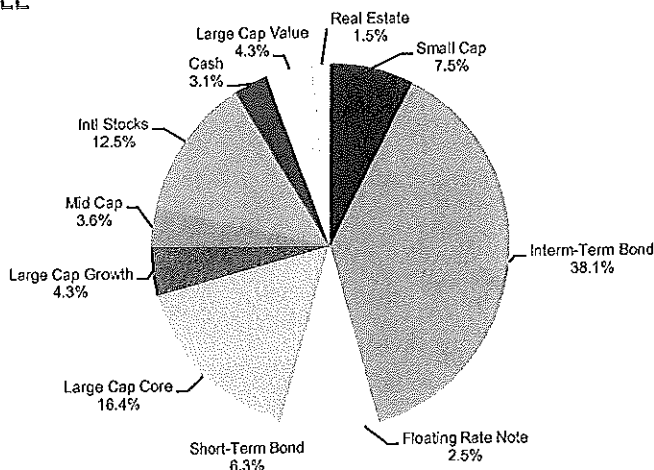
HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2004	Inception Date	05/2006
No of Funds in Portfolio	19	No of Funds in Portfolio	13

**HOLDINGS**

HighMark Plus (Active)	Index Plus (Passive)
IMBIA CONTRARIAN CORE-Z	ISHARES CORE S&P 500 ETF
GUARD GROWTH & INCOME-ADM	ISHARES S&P 500 VALUE ETF
DODGE & COX STOCK FUND	ISHARES S&P 500 GROWTH ETF
HARBOR CAPITAL APPRECIATION-RET	ISHARES RUSSELL MID-CAP ETF
T ROWE PR GROWTH STOCK-I	VANGUARD REIT ETF
ISHARES RUSSELL MID-CAP ETF	ISHARES RUSSELL 2000 VALUE E
VANGUARD REIT ETF	ISHARES RUSSELL 2000 GROWTH
UNDISC MGRS BEHAV VAL-L	ISHARES MSCI EAFE ETF
T ROWE PR NEW HORIZONS-I	VANGUARD FTSE EMERGING MARKE
NATIONW BAIIRD INT EQ-INST	VANGUARD S/T INVEST GR-ADM
DODGE & COX INTL STOCK FUND	ISHARES CORE U.S. AGGREGATE
MFS INTL GROWTH-I	POWERSHARES SENIOR LOAN
HRTFRD SCHR EM MKRT EQ-Y	FIRST AM GOV OBLIG-Z
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	

*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 0.55%. 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 MUFJ 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 MUFJ 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

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  
BALANCED**

Q2 2017

**WHY THE PARS DIVERSIFIED  
BALANCED PORTFOLIO?**

**Comprehensive Investment Solution**  
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**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**

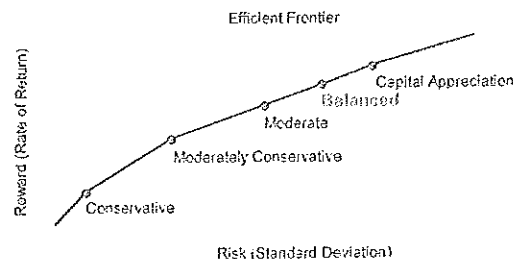
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**Risk Management**

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 Govt, 1.25% US High Yield Master II, 2% Wisdom REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500, 3% Russell 2000, 8% 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 80% S&P 500, 5% ML 1-3Yr Corp Govt, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

**ANNUAL RETURNS**

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

**PORTFOLIO FACTS**

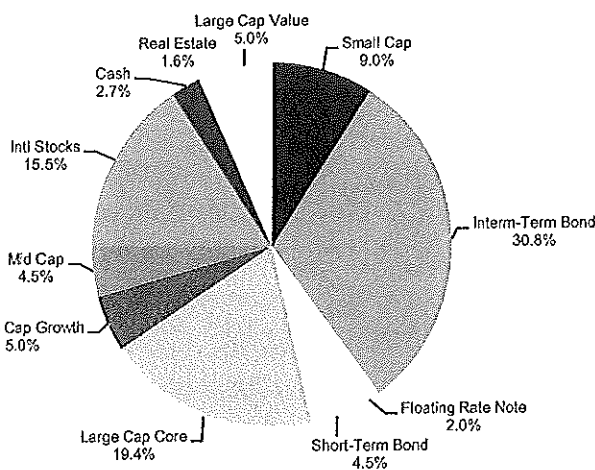
HighMark Plus (Active)	Index Plus (Passive)
Inception Data	Inception Data
10/2006	10/2007
No of Funds in Portfolio	No of Funds in Portfolio
19	13

**HOLDINGS**

HighMark Plus (Active)	Index Plus (Passive)
MBIA CONTRARIAN CORE-Z	ISHARES CORE S&P 500 ETF
VANGUARD GROWTH & INCOME-ADM	ISHARES S&P 500 VALUE ETF
DODGE & COX STOCK FUND	ISHARES S&P 500 GROWTH ETF
HARBOR CAPITAL APPRECIATION-RET	ISHARES RUSSELL MID-CAP ETF
T ROWE PR GROWTH STOCK-I	VANGUARD REIT ETF
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UNDISC MGRS BEHAV VAL-L	ISHARES MSCI EAFE ETF
T ROWE PR NEW HORIZONS-I	VANGUARD FTSE EMERGING MARKE
NATIONWY BALRD INT EQ-INST	VANGUARD S/T INVEST GR-ADM
DODGE & COX INTL STOCK FUND	ISHARES CORE U.S. AGGREGATE
MFS INTL GROWTH-I	POWERSHARES SENIOR LOAN
HRTFRD SCHR EM MRKT EQ-Y	FIRST AM GOV OBLIG-Z
VANGUARD S/T INVEST GR-ADM	
PIMCO TOTAL RETURN FUND-INST	
PRUDENTIAL TOTAL RETRN BND-Q	
NATIONWY HIGHMARK BND-INS SRV	
EATON VAN FL RT & HI INC-INS	
FIRST AM GOV OBLIG-Z	

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**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 Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

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 0.53%. 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. Wisdom 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.

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**HIGHMARK CAPITAL MANAGEMENT**

350 California Street  
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**ABOUT THE ADVISER**

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**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**  
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Average Years of Experience: 19  
Average Tenure (Years): 7



**PARS DIVERSIFIED PORTFOLIOS  
CAPITAL APPRECIATION**

Q2 2017

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CAPITAL APPRECIATION PORTFOLIO?**

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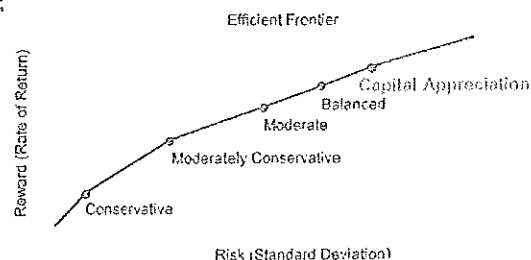
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In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment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

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: 39.8% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% EC US Agg, 3% ILL 1-3 Yr US Corp Govt, 1% US High Yield Master II, 2% Wshire REIT, and 5% Cbl 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 Date	01/2009	Inception Date	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	13

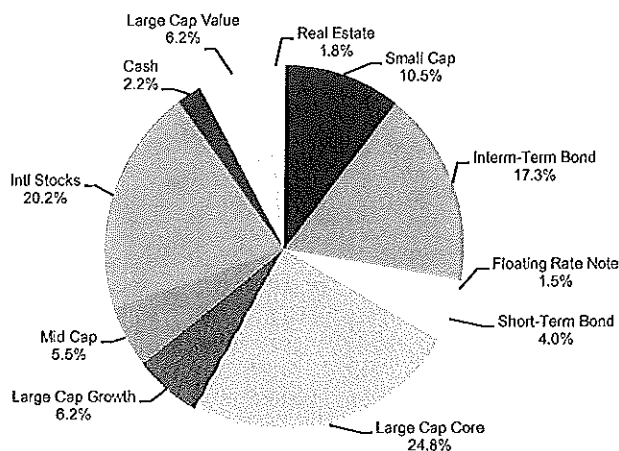
## HOLDINGS

HighMark Plus (Active)  
 UMBIA CONTRARIAN CORE-Z  
 GUARD GROWTH & INCOME-ADM  
 DODGE & COX STOCK FUND  
 HARBOR CAPITAL APPRECIATION-RET  
 T ROWE PR GROWTH STOCK-I  
 ISHARES RUSSELL MID-CAP ETF  
 VANGUARD REIT ETF  
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 NATIONW HIGHMARK BND-INS SRV  
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 ISHARES CORE S&P 500 ETF  
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 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 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 0.56%. 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 30 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. Wisdom 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

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



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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees

**FROM:** Jeanette Contreras, Library Director

**SUBJECT:** Local Agency Formation Commission (LAFCO) Updates

**DATE:** September 18, 2017

**BACKGROUND**

Library Director will provide an update on LAFCO, including a request from an ad-hoc committee from the Independent Special District of Orange County (ISDOC) to study the LAFCO dues distribution and the Municipal Service (MSR) stakeholder meetings.

Attachment A is a copy of the invitation to participate in the LAFCO Dues Study. *EM/AS (S)*

Attachment B is a copy of the history of the LAFCO funding and special district due allocations. *EM/AS (S)*

**RECOMMENDATION**

Authorize the Library Director to represent the Placentia Library District at the MSR stakeholder meetings and serve on the ad-hoc committee for the LAFCO Fee Distribution Study.



**Mailing Address**

P.O. Box 20895  
Fountain Valley, CA 92728

**Meeting Location**

MWDOC/OCWD  
18700 Ward Street  
Fountain Valley, CA 92708

(714) 963-3058  
(714) 964-5930 fax

[www.mwdoc.com/isdoc](http://www.mwdoc.com/isdoc)

**Executive Committee**

**President**

Hon. James Fisler  
*Mesa Water District*

**1<sup>st</sup> Vice President**

Hon. Sandra Jacobs  
*Santa Margarita Water District*

**2<sup>nd</sup> Vice President**

Hon. Mark Monin  
*El Toro Water District*

**3<sup>rd</sup> Vice President**

Hon. Mary Alleen Matheis  
*Irvine Ranch Water District*

**Secretary**

Hon. Doug Davert  
*East Orange County Water District*

**Treasurer**

Hon. Joan C. Finnegan  
*Municipal Water District of  
Orange County*

**Immediate Past President**

Hon. Mike Scheafer  
*Costa Mesa Sanitary District*

**Staff Administration**

**Heather Baez**

*Municipal Water District of Orange  
County*

**Laura Loewen**

*Municipal Water District of Orange  
County*

August 29, 2017

**SUBJECT: REQUEST FOR AD-HOC COMMITTEE MEMBERS -  
LAFCO DUES SCHEDULE STUDY**

Dear ISDOC Member,

At their July 11, 2017 meeting, the ISDOC Executive Committee, at the request of Yorba Linda Water District, heard a presentation regarding the methodology by which LAFCO assesses dues, and in particular, Special District dues. As a result of this presentation and following discussion, I was directed to appoint a committee to study the issue further in advance of the 2018-19 budget cycle.

This letter is written to invite interested members to participate in this ad-hoc committee. It is expected that participation may include one-to-two meetings per month for a period estimated at no longer than three months; however, this may change depending upon the depth and length of the committee's investigation and discussion.

If you are interested in participating in this committee, please email Sylvia Prado at East Orange County Water District ([sprado@eocwd.com](mailto:sprado@eocwd.com)) and provide your contact information by Friday, September 22, 2017. I will send out an email announcing the committee participants at the October 3, 2017 Executive Committee meeting and set a date for the committee's first meeting.

Sincerely,

James R. Fisler  
President

South Coast Water Dist. Fax: 949-499-4256

Jun 1 2001 12:04 P.02

EXHIBIT

# Independent Special Districts of Orange County

May 31, 2001

Ms. Dana Smith,  
Executive Officer  
Orange County Local Agency Formation Commission  
12 Civic Center Plaza, Room 235  
Santa Ana, CA 92701

Dear Ms. Smith,

I am writing to inform you that the Independent Special Districts of Orange County have voted 13-11 (two districts not voting) to adopt an alternative formula for apportioning the special districts' share of the 2001-02 LAFCO budget. This alternative was chosen in accordance with the provisions of AB 2838, which require the formula to be adopted by a majority of the special districts representing a majority of the combined population of the districts within the county.

This formula recognizes the need for all special districts to contribute, and that no one district should bear a disproportionate share of the cost. It recognizes, too, the differences in the ability to pay between enterprise and non-enterprise districts.

Based on your proposed \$931,164 budget for 2001-02, special districts will be asked to pay \$310,388. Non-enterprise districts will pay a set fee ranging from \$250 to \$2,000, for a total contribution of \$6,500. Enterprise districts each will pay a percentage of the remainder within five categories, based on the size of their operating revenues.

We anticipate that the fixed non-enterprise contributions will not change from year to year. As the LAFCO budget increases (and since by law it cannot decrease) we anticipate the auditor will apply the following percentages to the remainder of the special districts cost, after subtracting the non-enterprise contributions:

Category	No. of Districts	% by Each District	Percent by Category
A	3	1.70	5.1
B	5	3.7	18.5
C	2	5.6	11.2
D	2	7.6	15.2
E	5	10	50
Total	18	--	100

c/o South Coast Water District  
P.O. Box 30205 ♦ Laguna Niguel, CA 92607-0205 ♦ (949) 499-4555

South Coast Water Dist Fax:949-499-4256

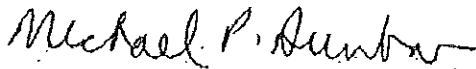
Jun 1 2001 12:05 P.03

Ms. Dana Smith  
May 31, 2001  
Page two

The attached table lists the various independent special districts, their 1997-98 operating revenue, and their estimated 2001-02 bill based on the proposed budget before the Commission June 13.

Should you have any questions, please call me at (949) 499-4555 or Keith Coolidge at (714) 593-5014.

Sincerely,



Michael P. Dunbar,  
Secretary

MPD:KGC

Encl.

Table 1

2001-02 LAFCO Costs Per Independent Special District

District	1997-98 Operating Revenue (1)	Category	2001-02 LAFCO Cost
Capistrano Bay CSD	\$398,634	N-E 2	\$500
Rossmoor CSD	\$453,974	N-E 2	\$500
Silverado-Modjeska Rec. & Park	\$105,313	N-E 2	\$500
Rossmoor/Los Alamitos Sewer	\$146,672	N-E 2	\$500
Buena Park Library	\$1,379,623	N-E 4	\$2,000
East Orange County Water	\$3,043,085	B	\$11,243.85
Costa Mesa Sanitary	\$4,542,974	B	\$11,243.85
Midway City Sanitary	\$3,302,224	B	\$11,243.85
Serrano Water	\$2,251,743	B	\$11,243.85
Trabuco Canyon Water & Sewer	\$4,350,782	B	\$11,243.85
El Toro Water & Sewer	\$13,925,118	D	\$23,095.48
Mesa Consolidated Water	\$16,282,287	D	\$23,095.48
<b>Total</b>			<b>\$310,388.00</b>

(1) Based on the latest available Special District's Annual Report published by the State Controller, which is for fiscal year 1997-98. The next report will be published in October 2001.



## MEMORANDUM

**To:** ISDOC Executive Committee

**From:** Subcommittee on LAFCO funding (by Keith Coolidge)

**Date:** March 2, 2001

**Subject:** Recommendation on LAFCO funding

The ISDOC Subcommittee on LAFCO Funding met Friday morning (March 2) to discuss recommendations from the staff subcommittee (memo attached).

Subcommittee members – Arlene Schafer, Jim Reed, Joan Finnegan, Ed Royce, Mike Dunbar, Mary Aileen Matheis and Keith Coolidge – agreed with the tiered approach and unanimously recommend its implementation, with the following changes:

- 1) Create a new tier among the non-enterprise districts to include those districts with operating revenue between \$500,000 and \$1 million/yr.;
- 2) Modify Tiers C & D to more closely align districts with similar operating revenue.

Some Subcommittee members were concerned that the Rossmoor/Los Alamitos Sewer District's operating revenues are considerably less than the others in their category. This could be addressed by creating a lifeline tier with a fixed charge similar to the non-enterprise districts, however, the Subcommittee did not recommend that approach.

The new tiers are incorporated in the following chart.

Category	District Operating Budget	Number of districts within category	Annual contribution amount by district
Non-Enterprise			
1	< \$50,000	2	\$250
2	\$50,001-\$500,000	3	\$500
3	\$500,001 - \$1 million	2	\$1,000
4	\$1 million +	1	\$2,000
Enterprise			
A	< \$1 million	4	\$ 5,000
B	\$1 million - \$5 million	5	\$ 11,000
C	\$5 million - \$10 million	2	\$ 17,000
D	\$10 million - \$25 million	2	\$ 23,000
E	\$25 million +	5	\$ 29,000 -
Total		26	\$306,000

Recommendation on LAFCO funding  
March 2, 2001  
Page 2

To accommodate a different LAFCO budget and special district contribution total, the following formula would be used:

- 1) The category costs for non-enterprise districts would remain the same.
- 2) The remainder achieved by subtracting the \$6,000 non-enterprise contribution from the total, would be split among the five enterprise categories so that each district in Category A would contribute a specified percentage.

Category	No. of Districts	% by Each District	Percent by Category
A	4	1.75	7
B	5	3.6	18
C	2	5.5	11
D	2	7.5	15
E	5	9.8	49
Total	18	--	100

The chart on the next reflects the costs per special district to fund a total LAFCO budget of \$900,000, with special districts collectively contributing \$300,000.

## Recommendation on LAFCO funding

March 2, 2001

Page 3

District	Operating Revenue (1)	Category	2001-02 LAFCO Cost
Surfside Colony Stormwater		N-E 1	\$250
Surfside Colony CSD	\$3,691	N-E 1	\$250
Capistrano Bay CSD	\$398,634	N-E 2	\$500
Rossmoor CSD	\$453,974	N-E 2	\$500
Silverado-Modjeska Rec. & Park	\$105,313	N-E 2	\$500
Three Arch Bay CSD	\$841,311	N-E 3	\$1,000
Placentia Library	\$955,863	N-E 3	\$1,000
Buena Park Library	\$1,379,823	N-E 4	\$2,000
Rossmoor/Los Alamitos Sewer	\$146,672	A	\$5,145
Emerald Bay CSD	\$519,880	A	\$5,145
Santiago County Water	\$470,430	A	\$5,145
Sunset Beach Sanitary	\$303,201	A	\$5,145
East Orange County Water	\$3,043,085	B	\$10,584
Costa Mesa Sanitary	\$4,542,974	B	\$10,584
Midway City Sanitary	\$3,302,224	B	\$10,584
Serrano Water	\$2,251,743	B	\$10,584
Trabuco Canyon Water & Sewer	\$4,350,782	B	\$10,584
South Coast Water & Sewer	\$6,700,387	C	\$16,170
Yorba Linda Water & Sewer	\$9,644,048	C	\$16,170
El Toro Water & Sewer	\$13,925,118	D	\$22,050
Mesa Consolidated Water	\$16,292,287	D	\$22,050
Irvine Ranch Water & Sewer	\$32,717,000	E	\$28,812
Moulton Niguel Water & Sewer	\$30,517,149	E	\$28,812
MWDOC Water	\$81,108,316	E	\$28,812
OCWD Water	\$32,109,215	E	\$28,812
Santa Margarita Water & Sewer	\$32,697,525	E	\$28,812
<b>Total</b>			<b>\$300,000</b>

(1) Based on the latest available Special District's Annual Report published by the State Controller, which is for fiscal year 1997-98. The next report will be published in October 2001.



## ISDOC Committee on LAFCO Funding

February 9, 2001

Page 4

District	Operating Revenue	Category	2001-02 LAFCO Cost
Surfside Colony Stormwater		N-E 1	\$200
Surfside Colony CSD	\$3,691	N-E 1	\$200
Capistrano Bay CSD	\$398,634	N-E 2	\$500
Rossmoor CSD	\$453,974	N-E 2	\$500
Silverado-Modjeska Rec. & Park	\$105,313	N-E 2	\$500
Three Arch Bay CSD	\$841,311	N-E 2	\$500
Buena Park Library	\$1,379,823	N-E 3	\$2,000
Placentia Library	\$955,863	N-E 3	\$2,000
Rossmoor/Los Alamitos Sewer	\$146,672	A	\$5,000
Emerald Bay CSD	\$519,880	A	\$5,000
Santiago County Water	\$470,430	A	\$5,000
Sunset Beach Sanitary	\$303,201	A	\$5,000
East Orange County Water	\$3,043,085	B	\$11,000
Costa Mesa Sanitary	\$4,542,974	B	\$11,000
Midway City Sanitary	\$3,302,224	B	\$11,000
Serrano Water	\$2,251,743	B	\$11,000
Trabuco Canyon Water & Sewer	\$4,350,782	B	\$11,000
El Toro Water & Sewer	\$13,925,118	C	\$17,000
South Coast Water & Sewer	\$6,700,387	C	\$17,000
Yorba Linda Water & Sewer	\$9,644,048	C	\$17,000
Mesa Consolidated Water	\$16,292,287	D	\$23,000
Irvine Ranch Water & Sewer	\$32,717,000	E	\$29,000
Moulton Niguel Water & Sewer	\$30,517,149	E	\$29,000
MWDOC Water	\$81,108,316	E	\$29,000
OCWD Water	\$32,109,215	E	\$29,000
Santa Margarita Water & Sewer	\$32,697,525	E	\$29,000
<b>Total</b>			<b>\$302,400</b>

*Non-Enterprise and Enterprise Special District  
 Allocation Categories*

Category	Special District Operating Revenues	Annual Contribution by District
<b>Non-Enterprise</b>		
N-E-1	<\$50,000	\$250
N-E-2	\$50,001-\$500,000	\$500
N-E-3	\$500,001-\$1 million	\$1,000
N-E-4	\$1 million +	\$2,000
<b>Enterprise</b>		% by Each District
A	Less than \$1 million	1.7
B	\$1million - \$5 million	3.7
C	\$5million - \$10 million	5.6
D	\$10 million - \$25 million	7.6
E	\$25 million +	10

LAFCO FY 2017-18

Two Year Comparison of Special District Allocations

District	Category	ISDOC Formula Calculation FY 16/17	ISDOC Formula Calculation FY 17/18	Variance (\$)	Variance (%)
Rossmoor/Los Alamitos Sewer	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Silverado-Modjeska Rec. & Park	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Surfside Colony Stormwater	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Surfside Colony CSD	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Capistrano Bay CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Buena Park Library	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Orange County Vector Control	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Orange County Cemetery	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Placentia Library	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Rossmoor CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Three Arch Bay CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
<b>Total Non-Enterprise Districts</b>		<b>\$ 16,000.00</b>	<b>\$ 16,000.00</b>	<b>\$ -</b>	
Sunset Beach Sanitary	B	\$ 9,287.29	\$ 9,774.88	\$ 487.60	5.3%
Emerald Bay CSD	B	\$ 9,287.29	\$ 9,774.88	\$ 487.60	5.3%
Serrano Irrigation	C	\$ 14,056.43	\$ 14,794.42	\$ 737.98	5.3%
East Orange Co. Water	C	\$ 14,056.43	\$ 14,794.42	\$ 737.98	5.3%
Trabuco Canyon Water	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Midway City Sanitary	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Costa Mesa Sanitary	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Toro Water & Sewer	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Mesa Consolidated Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Yorba Linda Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Irvine Ranch Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Moulton Niguel Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
MWDOC Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
OCWD Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Santa Margarita Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
South Coast Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
<b>Total Enterprise Districts</b>		<b>\$ 323,800.00</b>	<b>\$ 340,800.00</b>	<b>\$ 17,000.00</b>	

TOTAL NON-ENTERPRISE DISTRICT CONTRIBUTION	\$ 16,000.00	\$ 16,000.00
TOTAL ENTERPRISE DISTRICT CONTRIBUTION	\$ 323,800.00	\$ 340,800.00
<b>TOTAL FY 17/18 LAFCO CONTRIBUTION</b>	<b>\$ 339,800.00</b>	<b>\$ 356,800.00</b>

**Annual budget**

56381. (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

**Apportionment by auditor**

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

**Commissions with city and district representation**

(1) (A) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs.

(B) The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities' populations.

**Intergovernmental revenue**

(C) The independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. Except as provided in subparagraph (D), an independent special district's total revenue shall be calculated for nonenterprise activities as total revenues for general purpose transactions less intergovernmental revenue and for enterprise activities as total operating and nonoperating revenues less intergovernmental revenue,, as reported in the most recent edition of the "Special Districts Annual Report" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. For the purposes of fulfilling the requirement of this section, a multicounty independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(D) (i) For purposes of apportioning costs to a health care district formed pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code that operates a hospital, a health care district's share, except as provided in clauses (ii) and (iii), shall be apportioned in proportion to each district's net from operations as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development, as a percentage of

the combined independent special districts' net operating revenues within a county.

(ii) A health care district for which net from operations is a negative number may not be apportioned any share of the commission's operational costs until the fiscal year following positive net from operations, as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development.

(iii) A health care district that has filed and is operating under public entity bankruptcy pursuant to federal bankruptcy law, shall not be apportioned any share of the commission's operational costs until the fiscal year following its discharge from bankruptcy.

(iv) As used in this subparagraph "net from operations" means total operating revenue less total operating expenses.

(E) Notwithstanding the requirements of subparagraph (C), the independent special districts' share may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

**Commissions without district representation**

(F) Notwithstanding the requirements of subparagraph (C), no independent special district shall be apportioned a share of more than 50 percent of the total independent special districts' share of the commission's operational costs, without the consent of the district as otherwise provided in this section. In those counties in which a district's share is limited to 50 percent of the total independent special districts' share of the commission's operational costs, the share of the remaining districts shall be increased on a proportional basis so that the total amount for all districts equals the share apportioned by the auditor to independent special districts.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

**Counties with no cities**

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

**Alternative apportionment**

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by

LAFCO FY 2017-18  
Two Year Comparison of Special District Allocations

District	Category	ISDOC Formula Calculation FY 16/17	ISDOC Formula Calculation FY 17/18	Variance (\$)	Variance (%)
Rossmoor/Los Alamitos Sewer	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Silverado-Modjeska Rec. & Park	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Surfside Colony Stormwater	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Surfside Colony CSD	N-E-2	\$ 500.00	\$ 500.00	\$ -	0%
Capistrano Bay CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Buena Park Library	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Orange County Vector Control	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Orange County Cemetery	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Placentia Library	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Rossmoor CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
Three Arch Bay CSD	N-E-4	\$ 2,000.00	\$ 2,000.00	\$ -	0%
<b>Total Non-Enterprise Districts</b>		<b>\$ 16,000.00</b>	<b>\$ 16,000.00</b>	<b>\$ -</b>	
Sunset Beach Sanitary	B	\$ 9,287.29	\$ 9,774.88	\$ 487.60	5.3%
Emerald Bay CSD	B	\$ 9,287.29	\$ 9,774.88	\$ 487.60	5.3%
Serrano Irrigation	C	\$ 14,056.43	\$ 14,794.42	\$ 737.98	5.3%
East Orange Co. Water	C	\$ 14,056.43	\$ 14,794.42	\$ 737.98	5.3%
Trabuco Canyon Water	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Midway City Sanitary	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Costa Mesa Sanitary	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
San Juan Capistrano Water & Sewer	D	\$ 19,076.59	\$ 20,078.14	\$ 1,001.55	5.3%
Mesa Consolidated Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Yorba Linda Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Irvine Ranch Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Moulton Niguel Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
MWDOC Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
OCWD Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
Santa Margarita Water & Sewer	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
South Coast Water	E	\$ 25,100.78	\$ 26,418.60	\$ 1,317.83	5.3%
<b>Total Enterprise Districts</b>		<b>\$ 323,800.00</b>	<b>\$ 340,800.00</b>	<b>\$ 17,000.00</b>	

TOTAL NON-ENTERPRISE DISTRICT CONTRIBUTION	\$ 16,000.00	\$ 16,000.00
TOTAL ENTERPRISE DISTRICT CONTRIBUTION	\$ 323,800.00	\$ 340,800.00
<b>TOTAL FY 17/18 LAFCO CONTRIBUTION</b>	<b>\$ 339,800.00</b>	<b>\$ 356,800.00</b>

		A	B	C	D	E
<b>Local Agency Formation Commission</b>		<b>FY 15/16</b>	<b>FY 16/17</b>	<b>FY 17/18</b>		
<b>FY 2017-18 Final Budget</b>		<b>Actuals</b>	<b>Approved Budget</b>	<b>Final Budget</b>	<b>Budget Variance</b>	<b>% Variance</b>
<b>Projected Apportionment % Increase</b>				<b>5%</b>		
Addition (Drawdown) to Unreserved Equity		(1,909)	(99,170)	(59,140)	40,030	-40%
<b>Revenues:</b>						
4000	LAFCO Apportionment	926,682	1,019,400	1,070,400	51,000	5%
4200	Interest	6,602	2,900	8,500	5,600	193%
Total Revenues		935,193	1,121,470	1,138,040	16,570	1%
<b>Expenditures:</b>						
5000	Salaries	340,997	424,500	415,800	(8,700)	-2%
5010	Hourly Employees	3,985	10,000	10,000	-	0%
5106	Retirement	129,078	131,800	124,500	(7,300)	-6%
5104	Deferred Compensation	4,051	9,100	6,800	(2,300)	-25%
5108	Health Insurance	49,617	52,400	55,000	2,600	5%
5109	Retiree Health Benefits	12,196	14,500	16,100	1,600	11%
5110	Dental Insurance	4,338	5,700	5,400	(300)	-5%
5112	Life Insurance	426	600	550	(50)	-8%
5114	Worker's Compensation	2,237	2,000	2,950	950	48%
5116	Medicare	5,166	6,900	5,900	(1,000)	-14%
5118	Unemployment Insurance	-	-	-	-	-
5120	Salary Continuance	1,137	1,500	1,400	(100)	-7%
5122	Accidental Death Insurance	89	100	110	10	10%
5102	Optional Benefit Plan	17,042	18,500	18,500	-	0%
5125	Executive Car Allowance	7,200	7,200	7,200	-	0%
Total Salaries and Benefits		577,557	684,800	670,210	(14,590)	-2%
<b>Office Operations and Supplies:</b>						
5150	Information Technology	27,319	10,000	10,000	-	0%
5151	Telephone	12,817	12,000	14,200	2,200	18%
5200	County Charges	2,191	3,600	4,000	400	11%
5250	Insurance	14,845	16,010	16,510	500	3%
5301	Repairs and Maintenance	267	-	-	-	0%
5350	Membership/Subscriptions	27,704	29,700	31,600	1,900	6%
5450	Office Equipment/Supplies	24,952	18,000	18,000	-	0%
5490	Office contract labor	-	-	-	-	0%
<b>Professional Services:</b>						
5510	Legal	49,439	60,000	60,000	-	0%
5520	Audit/Accounting	42,871	46,000	42,900	(3,100)	-7%
5530	Human Resources	4,893	10,000	8,000	(2,000)	-20%
5540	Other Professional	28,317	75,000	100,000	25,000	33%
<b>Other Operations:</b>						
5535	Mapping	3,536	6,400	6,400	-	0%

**Local Agency Formation Commission  
FY 2017-18 Final Budget**

	FY 15/16 Actuals	FY 16/17 Approved Budget	FY 17/18 Final Budget	Budget Variance	% Variance
5550 Investment Admin Fees	599	640	600	(40)	-6%
5575 CEQA Filings	2,260	-	-	-	0%
5560 Banking Fees	273	920	220	(700)	-76%
5600 Public Noticing / Communications	7,628	10,400	10,400	-	0%
5625 Postage	506	2,900	1,000	(1,900)	-66%
5650 Rents/Maintenance	61,166	68,600	70,900	2,300	3%
5675 Equipment Leases & Maintenance	5,947	8,300	4,500	(3,800)	-46%
5700 Commissioner/Staff Expenses	5,100	8,400	8,400	-	0%
5710 Commission Stipends & Taxes/Fees	13,208	15,600	16,200	600	4%
5750 Professional Development	870	5,000	15,000	10,000	200%
5800 Registration/Travel	15,721	26,600	22,700	(3,900)	-15%
5850 Commission Meeting Expenses	1,390	2,600	6,300	3,700	142%
Subtotal Services, Operations, & Supplies	353,818	436,670	467,830	31,160	7%
Total Expenditures	931,375	1,121,470	1,138,040	16,570	1%
Net Budget	-	-	-	-	-

	FY 15/16 Actuals	FY 16/17 Approved Budget	FY 17/18 Final Budget
<b><u>Reserves:</u></b>			
1 Contingency reserve	100,000	100,000	100,000
2 Reserve for litigation	75,000	75,000	75,000
3 Unfunded liability reserve	30,000	30,000	30,000
4 Reserved for projects deposits	25,292	25,292	-
5 Reserve - 25% of Budgeted Expenditures	232,844	280,368	284,510
<b><u>Unreserved equity:</u></b>			
7 Balance at the Beginning of FY	681,970	680,061	580,891
8 Addition (Drawdown) to Unreserved Equity	(1,909)	(99,170)	(59,140)
9 Projected unreserved equity at the End of FY	680,061	580,891	521,751
<b>10 Total Projected Reserves at End of FY</b>	<b>1,143,197</b>	<b>1,091,551</b>	<b>1,011,261</b>



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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees

**FROM:** Jeanette Contreras, Library Director

**SUBJECT:** Award Contract for Placentia Library District's Financial Audit, Management Letter and Preparation of the GANN Limit Review Report for the 2016-2017 Fiscal Year.

**DATE:** September 18, 2017

**BACKGROUND**

White, Nelson, Diehl & Evans LLP has prepared the Placentia Library District's annual financial audit for two fiscal years. They have provided superior service and work with library staff to ensure a transparent and efficient auditing process.

Attachment A is the letter of proposal from White, Nelson, Diehl & Evans LLP to provide the Financial Audit and the GANN Limit Review Report for the 2016-2017 Fiscal Year at a cost not to exceed \$18,000. Any additional costs will be discussed with the Library Board of Trustees before they are incurred.

Fiscal Impact: \$18,000

**RECOMMENDATIONS**

1. Motion to award the Financial Audit and GANN Limit Review Report preparation contract for the 2016-2017 Fiscal Year to White, Nelson, Diehl & Evans LLP for an amount not to exceed \$18,000. *RdV/ AJ*  
⑤
2. Authorize the contract to White, Nelson, Diehl & Evans LLP by a roll call vote.
3. Authorize Board President, Gayle Carline, to sign the engagement letter. *JM/DM* ⑤



WHITE NELSON DIEHL EVANS LLP  
Certified Public Accountants & Consultants

July 18, 2017

Ms. Jeanette Contreras  
Library Director  
Placentia Library District  
411 E. Chapman Ave.  
Placentia, CA 92870

Dear Ms. Contreras:

We are pleased to confirm our understanding the services we are to provide Placentia Library District (the District) for the year ended June 30, 2017. We will audit the governmental activities and major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. General Fund - Budgetary Comparison Schedule

Ms. Jeanette Contreras, Library Director  
Placentia Library District  
July 18, 2017  
Page 2

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Trustees of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Ms. Jeanette Contreras, Library Director  
Placentia Library District  
July 18, 2017  
Page 3

### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Other Services**

We will also assist in preparing the state controller's report (see separate engagement letter), and the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the state controller's report and financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for designing, implementing, and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence. Because of the importance of oral and written management representations to the effective performance of our services, the District releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

Ms. Jeanette Contreras, Library Director  
Placentia Library District  
July 18, 2017  
Page 4

### **Management Responsibilities (Continued)**

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You agree to assume all management responsibilities for financial statement preparation and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Engagement Administration, Fees, and Other**

Noted below is a listing of work required by District staff to assist in the audit.

1. Preparation of trial balances for all funds, after posting of all year end journal entries.
2. Preparation of supporting schedules for all material balance sheet accounts, and selected revenue and expense accounts.
3. Typing of all confirmation requests.
4. Pulling and refiling of all supporting documents required for audit verification.

Ms. Jeanette Contreras, Library Director  
Placentia Library District  
July 18, 2017  
Page 5

**Engagement Administration, Fees, and Other (Continued)**

Our maximum annual fees as of and for the year ended June 30, 2017, are as follows:

District Audit	\$ 17,475
GANN Limit Review Report	<u>525</u>
Total (Not to Exceed)	<u>\$ 18,000</u>

The maximum annual fee stipulated herein contemplates that conditions satisfactory to the normal progress and completion of the examination will be encountered and the District's accounting personnel will furnish the agreed upon assistance in connection with the audit. However, if unusual circumstances are encountered which make it necessary for us to do additional work; we shall report such conditions to the responsible District officials and provide the District with an estimate of the additional accounting fees involved.

The audit documentation for this engagement is the property of White Nelson Diehl Evans LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to grantor agencies or their designees. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of White Nelson Diehl Evans LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

In accordance with our firm's current record retention policy, all of your original records will be returned to you at the conclusion of this engagement. Our audit documentation files will be kept for a period of seven years after the issuance of the audit report. All other files will be kept for as long as you retain us as your auditors. However, upon termination of our service, all records will be destroyed after a period of seven years. Physical deterioration or catastrophic events may further shorten the life of these records. The audit documentation files of our firm are not a substitute for your original records.

Enclosed with this letter is a copy of our most recent external peer review report.

To ensure that White Nelson Diehl Evans LLP's independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

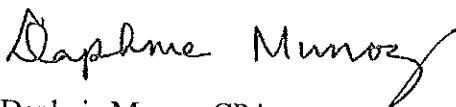
Ms. Jeanette Contreras, Library Director  
Placentia Library District  
July 18, 2017  
Page 6

**Engagement Administration, Fees, and Other (Continued)**

We appreciate the opportunity to be of service to the Placentia Library District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

WHITE NELSON DIEHL EVANS LLP



Daphnie Munoz, CPA  
Engagement Partner

**RESPONSE:**

This letter correctly sets forth the understanding of the Placentia Library District.

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# HH Heidenreich & Heidenreich, CPAs, PLLC

10201 S. 51<sup>st</sup> Street, Suite #170

Phoenix, AZ 85044

(480)704-6301 fax 785-4619

## System Review Report

July 22, 2015

To the Owners of  
White Nelson Diehl Evans LLP  
and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of White Nelson Diehl Evans LLP (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of White Nelson Diehl Evans LLP in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. White Nelson Diehl Evans LLP has received a peer review rating of *pass*.

*Heidenreich & Heidenreich CPAs PLLC*

Heidenreich & Heidenreich, CPAs, PLLC



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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees  
**FROM:** Jeanette Contreras, Library Director  
**SUBJECT:** Authorize an Amendment to the Agreement for Legal Services with Woodruff, Spradlin & Smart  
**DATE:** September 18, 2017

**BACKGROUND**

The Placentia Library District retained Woodruff, Spradlin & Smart in 2014 to provide legal services for labor employment matters. The full-service local government law firm has provided legal counsel to cities, counties, and special districts throughout Southern California. Their fields of expertise include: Civil Rights, Labor/Employment, Code Enforcement, Land Use, Construction, Eminent Domain/Inverse Condemnation, Environmental, Public Law, Tort Liability and Transportation.

The amendment to the Agreement with Woodruff, Spradlin & Smart is due to the scope of service that will now include legal services related to the joint exercise of powers and use of the District's facility with the City of Placentia.

Attachment A is a copy of the Amended Agreement with Woodruff, Spradlin & Smart.

Fiscal Impact: \$255 per hour

**RECOMMENDATIONS**

1. Motion to authorize an amendment to the Agreement for Legal Services with Woodruff, Spradlin & Smart for work related to the joint exercise of powers and use of the District's facility with the City of Placentia.
2. Authorize the amendment to the Agreement for Legal Services with Woodruff, Spradlin & Smart for work related to the joint exercise of powers and use of the District's facility with the City of Placentia by a roll call vote.
3. Authorize Board President, Gayle Carline, to sign the Agreement.

*JM/RdV*  
*⑤*  
*JM/RdV*  
*③*  
*JM/Em*  
*⑤*

**FIRST AMENDMENT  
TO  
AGREEMENT FOR LEGAL SERVICES**

This First Amendment to Agreement for Legal Services ("First Amendment") is made and entered into as of \_\_\_\_\_, 2017, by and between the Placentia Library District ("Client") and Woodruff, Spradlin & Smart ("Attorney") with reference to the following:

A. The Client and the Attorney entered into that certain Attorney Services Agreement dated as of February 20, 2013, which is incorporated herein by this reference (the "Original Agreement"); and

B. The Client and the Attorney desire to amend the Original Agreement to modify, amend and supplement certain portions of the Original Agreement.

**NOW, THEREFORE**, the parties hereby agree as follows:

1. **DEFINED TERMS**. Except as otherwise defined herein, all capitalized terms used herein shall have the meanings set forth for such terms in the Original Agreement.

2. **SCOPE OF SERVICES**. Attorney shall render legal services to Client related to agreements entered into by and between Client and the City of Placentia for the joint exercise of powers and use of Client's library facility.

3. **LEGAL FEES AND BILLING PRACTICES**. For services performed under this First Amendment, Client agrees to pay by Attorney by the hour at the rate of \$255 per hour. Except as specifically amended herein, the Rate Schedule attached to the Original Agreement shall apply.

4. **INTEGRATION**. This First Amendment amends, as set forth herein, the Original Agreement and except as specifically amended hereby, the Original Agreement shall remain in full force and effect. To the extent that there is any conflict or inconsistency between the terms and provisions of this First Amendment and the terms and provisions of the Original Agreement, the terms and provisions of this First Amendment shall control.

5. **EFFECTIVE DATE**. This First Amendment will take effect when Client has returned a signed copy of this First Amendment, but its effective date will be retroactive to the date Attorney first performed services.

*Signatures on following page*

“ATTORNEY”

“CLIENT”

WOODRUFF, SPRADLIN & SMART  
A Professional Corporation

PLACENTIA LIBRARY DISTRICT

By: \_\_\_\_\_  
M. Lois Bobak, Director

By: \_\_\_\_\_  
Gayle Carline, Library Board President



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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees  
**FROM:** Jeanette Contreras, Library Director  
**SUBJECT:** Community of the 21<sup>st</sup> Century (C21) Program Updates  
**DATE:** September 18, 2017

**BACKGROUND**

The Placentia Library District and the Placentia Yorba Linda Unified School District have joined efforts to develop a new program called the Community of the 21<sup>st</sup> Century (C21) with the purpose of highlighting several characteristics and recognizing students that demonstrate those characteristics. The C21 Committee decided to introduce the program with schools in the Placentia city boundary, then consider expanding it throughout the school district.

Children's Supervising Librarian, Marianne Follis, made a presentation to the PYLUSD School Board on September 12, 2017. The School Board and Superintendent, Dr. Greg Plutko, look forward to recognizing the first C21 students. At the September 18, 2017 Library Board meeting, Public Services Manager, Yesenia Baltierra, will provide an update on the C21 Program including activities for the September and October months, which will highlight the "Communication" trait for these months.

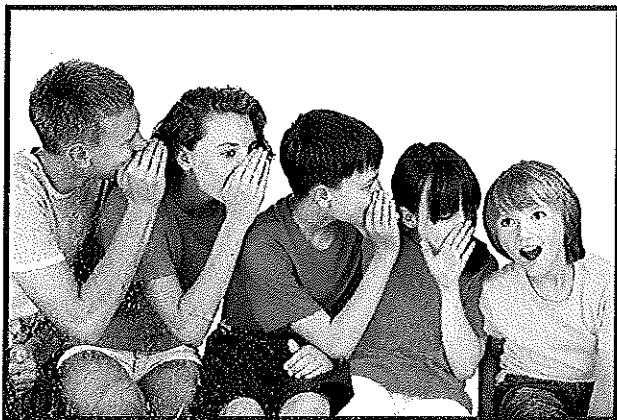
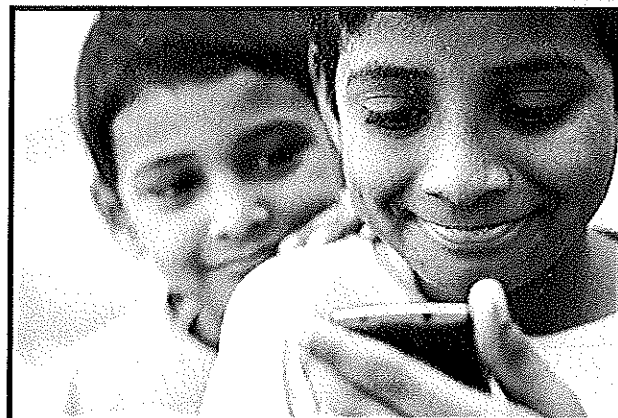
Attachment A is a copy of the promotional flyer for the September-October character trait, "Communication."

Placentia Library District and Placentia-Yorba Linda Unified School District Present

# COMMUNITY OF THE 21<sup>ST</sup> CENTURY



# COMMUNICATION



SEPTEMBER - OCTOBER



*Building a Community of Character*

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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees  
**FROM:** Jeanette Contreras, Library Director  
**SUBJECT:** 2017 Staff Appreciation and Recognition Event  
**DATE:** September 18, 2017

**BACKGROUND**

Library Director, Jeanette Contreras, will provide an update on the plans for the upcoming Staff Appreciation and Recognition Event which will be held on Sunday, October 29, 2017 at the Tri-City Park.

The Placentia Library Friends Foundation (PLFF) donated \$3,500 and the Library Board approved \$2,000 from the entrepreneurial funds for the event.



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**PLACENTIA LIBRARY DISTRICT BOARD OF TRUSTEES**

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**TO:** Library Board of Trustees

**FROM:** Jeanette Contreras, Library Director

**SUBJECT:** Centennial Fundraising Updates

**DATE:** September 18, 2017

**BACKGROUND**

Library Director, Jeanette Contreras, will provide a report on the discussions and actions taken by the Centennial Fundraising Committee. One fundraising effort to consider is securing financial support from community and library leaders.

Committee members include Board President, Gayle Carline; Board Secretary, Jo-Anne Martin; Library Director, Jeanette Contreras; Placentia Library Friends Foundation (PLFF) Vice-President, Lisa Pacheco and other PLFF board members.



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