COUNTY OF INYO

ADMINISTRATOR'S OFFICE
P.O. DRAWER N
INDEPENDENCE, CA 93526

NATE GREENBERG
County Administrative Officer

REVISED

AGENDA

FINANCIAL ADVISORY COMMITTEE

NOTICES TO THE PUBLIC: (1) This meeting is accessible to the public both in person and, for convenience, via Zoom webinar. The Zoom webinar is accessible to the public at https://us06web.zoom.us/j/81094107067?pwd=zb21RGA2-pUVCxcO6uoKOzt6LoFesA.-JUTDQz7jd3z4vdE. **Passcode: 465562. Webinar ID: 848 1611 7802.** Anyone unable to attend the Board meeting in person who wishes to make either a general public comment or a comment on a specific agenda item may do so by utilizing the Zoom "hand-raising" feature when appropriate during the meeting (the Chair will call on those who wish to speak). Generally, speakers are limited to three minutes. Remote participation for members of the public is provided for convenience only. In the event that the remote participation connection malfunctions for any reason, the Board of Supervisors reserves the right to conduct the meeting without remote access. Regardless of remote access, written public comments, limited to 250 words or fewer, may be emailed to the Assistant Clerk of the Board at boardclerk@inyocounty.us. **(2)** In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting please contact the Clerk of the Board at (760) 878-0373 (28 CFR 35.102-35.104 ADA Title II). Notification 48 hours prior to the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting. Should you because of a disability require appropriate alternative formatting of this agenda, please notify the Clerk of the Board 72 hours prior to the meeting to enable the County to make the agenda available in a reasonable alternative format. (Government Code Section 54954.2). **(3)** If a writing, that is a public record relating to an agenda item for an open session of a regular meeting of the Board of Supervisors, is distributed less than 72 hours prior to the meeting, the writing shall be available for public inspection at the Office of the Clerk of the Board of Supervisors, 224 N. Edwards, Independence, California and is available per Government Code § 54957.5(b)(1).

MEMBERS: CAO Nate Greenberg, County Counsel John-Carl Vallejo, Supervisor Scott Marcellin, Supervisor Trina Orrill, Auditor-Controller Amy Shepherd, Treasurer-Tax Collector Alisha McMurtrie

Special Meeting

1:30 p.m.

Friday, February 23

Clint Quilter Consolidated Office Building, Room 101

1360 N. Main St., Bishop, CA 93514

I. Public Comment

II. Approval of Minutes of the April 22, 2020 FAC Meeting

III. Financing Options for 2013 CalPERS Refunding Loan Agreement

IV. County-Owned Real Property Changes and Recommendations

V. Presentation from Representatives of PARS for:

   a. 2023/2024 OPEB trust annual update including discussion on the advantages of changing the investment strategy from a pooled approach to a managed approach. This will require a recommendation from the FAC for the BOS as they are the administrative body that determines portfolio management and strategy.

   b. Discussion on the advantages of pre-funding a Section 115 trust for pension obligations.

VI. Schedule Next FAC Meeting

VII. Adjourn

COUNTY OF INYO
ADMINISTRATOR'S OFFICE
P.O. DRAWER N
INDEPENDENCE, CA 93526

NATE GREENBERG
County Administrative Officer

MINUTES

FINANCIAL ADVISORY COMMITTEE

2 p.m.
Wednesday, April 22, 2020
County Administrative Center
224 N. Edwards St., Independence
VIA ZOOM

Committee Members Present:
CAO Clint Quilter
Supervisor Rick Pucci
Supervisor Jeff Griffiths
Treasurer-Tax Collector Alisha McMurtrie
Auditor-Controller Amy Shepherd
County Counsel Marshall Rudolph

Staff/Presenters:
Budget Analyst Denelle Carrington

Recording Secretary:
Assistant Clerk of the Board Darcy Ellis

Meeting called to order at 2 p.m.

I. Public Comment Period
No public comment was received.

II. Approval of Minutes
Moved by Auditor-Controller Shepherd and seconded by Supervisor Pucci to approve the minutes of the February 20, 2019 Financial Advisory Committee meeting. Motion carried unanimously.

III. PARS-OPEB Trust Update and Discussion

Treasurer-Tax Collector McMurtrie presented an update on the PARS-OPEB Trust. She noted that the market is extremely volatile right now, with the County suffering almost a quarter million dollar loss in interest earnings in February and April looking to bring negative numbers as well. She said with the market being a roller coaster, the FAC's obligation at this point is to inform the Board and present the supervisors with options. Treasurer-Tax Collector McMurtrie, Auditor-Controller Shepherd, and CAO Quilter agreed that the County should stay on its current course, noting that the investment is for the long-term and the market always corrects itself eventually.

IV. **<u>Recommendation on the investment strategy for the OPEB Trust</u>**

A lengthy discussion ensued among committee members on OPEB investment strategy options, including remaining at status quo, changing investment options available under the PARS program, and pulling out of PARS. Moved by Auditor-Controller Shepherd and seconded by Supervisor Griffiths to recommend staying at the status quo for now.

V. **<u>Discussion and recommendation on changing account management of the OPEB Trust from pool participant to individual-managed account</u>**

Treasurer-Tax Collector McMurtrie advocated for switching to an individual-managed account, comparing making changes in a pool account to steering a battleship. The FAC discussed having PARS present this option to the Board of Supervisors as a timed item at its May 19 meeting.

VI. **<u>Schedule next FAC Meeting</u>**

The FAC did not have any pressing business to warrant scheduling another meeting other than on an as-needed basis.

VII. **<u>Adjourn</u>**

CAO Quilter adjourned the meeting at 2:23 p.m.

P. O. Drawer N, Independence, CA 93526
EL CAMINO SIERRA™
VOX (760) 878-0292 • FAX (760) 878-0465
ngreenberg@inyocounty.us

COUNTY OF INYO
OFFICE OF THE AUDITOR-CONTROLLER

ITEM III

P.O. Drawer R, Independence, California 93526
(760) 878-0343 • Fax (760)-878-0391

TO: **Inyo County Financial Advisory Committee**

FROM: Amy Shepherd, Auditor-Controller

DATE: **02/13/2024**

SUBJECT: **Financing Options for 2013 CalPERS Refunding Loan Agreement with Umpqua Bank**

HISTORY

In 2003, CalPERS implemented a requirement that all pension plans with less than 100 active members be assigned to a risk-sharing pool with other agencies having similar benefits packages. As required by State law, effective July 1, 2005, The County's Public Safety Plan was terminated, and the employees in these plans were required to join new State-wide pools. The purpose of these pools was to reduce the volatility in pension costs so that a larger group would share the impact of the catastrophic demographic events. One of the conditions of entry into these new risk-sharing pools was that the County true up any unfunded liabilities on an installment basis, creating the Side Fund. The Side Fund is distinct from the County's other CalPERS plans and liabilities. The Side fund is retired over a fixed term with fixed amortization scheduled based on CalPERS actuarial earnings assumptions rate of 7.5%.

At the beginning of 2013, the County began looking into refinancing options for the Side Fund that was held with CalPERS through private placement, to secure a lower interest rate on the debt and potentially pay off the liability sooner. March 19th, 2013, the Board of Supervisors directed staff to pursue refinancing with Umpqua Bank. At the time of the refunding, the County's Safety Plan had about 17 years remaining with an outstanding balance of $3,948,001.

Under private placement with Umpqua Bank, the Side Fund was refunded with a new par (loan) in the amount of $4,045,000. Including a fixed interest rate of 5.50% for a maximum of 10 years, which expires on March 14, 2024. After that date, the loan automatically moves to a variable rate for the remainder of the term (06/30/2030).

Current Loan Standing

The Side Fund is approaching the end of the fixed interest rate term, which expires on March 14, 2024, and will move to a variable rate under the current loan agreement.

- Pay-off quote as of 3/30/2024 **$2,488,855.78** (Principal $2,456,000/Interest $32,855.78)
- Current fixed rate of interest 5.50% - (expiring)
- Variable rate set to start on 3/14/2024 – **8.50% -** (Subject to a daily change)
- Term of Loan 06/30/2030 or 6 Years
- Prepayment penalty has expired
- 30 days' notice is required in advance of prepayment

Options for the FAC to Consider for Recommendation

1. Do nothing and let the current loan come to term with a variable rate –

   Pro-
   - Loan has already been established no action is required.
   - No large outlay of cash.

   Con-
   - Variable rates are subject to market volatility.
   - Likely to result in high-interest costs.
   - Unable to predict and budget future interest costs including the current year creating a liability in the budget process. Under law, all debt service payments must be made before all other expenditures. This would force the County to set aside contingency to cover increases in interest spikes.

2. Go out for a private placement and refinance the current loan –

   Pro-
   - Secured a fixed interest rate for the term of the loan.
   - Ability to project and budget future interest costs.

   Con-
   - Current Market rates are high. The Prime Rate in the US in February 2024 is 8.5%. This is in line with Umpqua's adjusted rate.
   - Additional cost for Bond Counsel and Financial Advisor. Estimated Cost ($75,000-100,000)
   - The time frame to secure private placement could take as long as end of June due to contracting requirements for Bond Counsel, FA, and the required judicial validation process.

3. Request to be considered for a Treasury Loan and pay off the existing loan –

   Pro-
   - Benefit from the Treasury Loan Program's lower interest rates, which are much lower than the market rates. Estimated rate (5.00%)
   - Recoup some of the interest paid as a recipient of the Treasury Interest Pool.
   - Pay-off Loan 1 year sooner with a 5-year term.
   - No large cash outlay to pay off loan.

   Con-
   - Potential for higher payments.

4. Pay off the existing loan with LATCF funds or a combination of funds.

   Pro-
   - Retire existing debt and use one-time funds for one-time expenditure.
   - Strengthen the County's balance sheet and financial position by reducing debt/Liabilities.
   - Create an opportunity for current debt service payments to be reallocated to pre-fund pension liabilities through a 115 trust and strength fiscal resiliency.

   Con-
   - Large cash outlay.
   - Other potential uses of LACTF funds?

5. A combination of the above options?

<u>Recommended Actions</u>

1. Request the FAC discuss all options and provide a recommendation to present to the Inyo County Board of Supervisors at a future meeting regarding the 2013 CalPERS Refunding Loan Agreement for future financing options.

2. If any option requires a large cash outlay, notify Inyo County Treasurer of the potential for an Extraordinary Withdrawal in compliance with the Inyo County Statement of Investment Policy.

3. If pursuing the Treasury Loan option, verify with County Treasurer if this is even possible to work into the portfolio, as it would exceed a one-year term.

UMPQUA BANK

Date	**February 13, 2024**
Recipient	**UMPQUA BANK** **ATTN: INNA GREGORICH**
Customer	**COUNTY OF INYO**
Loan No.	**070024468**

Collateral
PLEDGE OF GROSS REVENUES

Release of applicable collateral documents, if any, will not be made until the account is paid in full. Please note that the deed of trust, if any which secures the above described account may secure other loans and you are not authorized to reconvey the deed of trust until all such loans are paid in full. Contact the undersigned for any questions.

FUNDS REQUIRED

Principal	**$2,456,000.00**
Interest	**$32,855.78**
Late Charges	**$0.00**
Prepayment Penalty	**$0.00**
Reconveyance Fee	**$0.00**
Demand Fee	**$0.00**
State UCC Termination Fee	**$0.00**
County UCC Termination Fee	**$0.00**
State Title Release Fee	**$0.00**
Other	**$0.00**
Other	**$0.00**
Total Payoff	**$2,488,855.78**

One Day's Interest:	$364.83
Interest to:	3/30/2024

For each day after the interest to date until the payment reaches us, during regular business hours, add the daily interest listed above.

Please return a copy of this document with your remittance
Umpqua Bank Commercial Loan Support Services

Commercial Payoff Services Specialist

ATTENTION: COMMERCIAL PAYOFF SERVICES
Umpqua Bank
500 SE Cass Street
PO Box 1580
Roseburg, OR 97470
Telephone: 877-367-5773 Fax: 541-440-7524

WIRE INSTRUCTIONS
Routing #123205054
Acct #28910019036
Please reference loan number when wiring.

AMENDED AND RESTATED 2013 CALPERS REFUNDING LOAN AGREEMENT

Dated as of May 1, 2013
As amended and restated in full
as of March 11, 2014

between the

COUNTY OF INYO
as Borrower

and

Umpqua Bank
as Lender

Relating to

$4,045,000
2013 CalPERS Refunding Loan

TABLE OF CONTENTS

AMENDED AND RESTATED
LOAN AGREEMENT

This AMENDED AND RESTATED 2013 CALPERS REFUNDING LOAN AGREEMENT (this "Loan Agreement") restates in full as of March 11, 2014, the Agreement reached between the COUNTY OF INYO, a political subdivision of the State of California (the "Borrower"), and UMPQUA BANK, an Oregon state chartered Bank organized and existing under the laws of the State of Oregon (the "Lender") as of May 1, 2013 and validated by the Inyo County Superior Court on October 11, 2013 in *County of Inyo v. All Persons Interested, etc.*, Case No. S1CVCV13-55455 (the "Validation Judgment"). The Validation Judgment permits this amendment and restatement.

B A C K G R O U N D:

1. The Borrower has previously elected to become a contracting member of the California Public Employees' Retirement System ("PERS"), and under its contract with PERS (the "PERS Contract"), the Borrower is obligated to make certain payments to PERS in respect of retired public safety employees under the Side Fund program of PERS which amortizes such obligations over a fixed period of time (the "PERS Side Fund Obligations").

2. The PERS Contract is set forth in the "Amendment to Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Supervisors County of Inyo", October 24, 1996, as subsequently amended.

3. The Borrower is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Refunding Law"), to enter into a loan agreement for the purpose of refunding certain outstanding indebtedness of the Borrower, including the PERS Side Fund Obligations.

4. In order to refund the PERS Side Fund Obligations and thereby realize savings in respect of the PERS Side Fund Obligations, the Borrower has determined to borrow from the Lender $4,045,000 aggregate principal amount (the "Loan" or the "2013 CalPERS Refunding Loan") pursuant to the Refunding Law and this Loan Agreement, as authorized under a Resolution adopted by the Board of Supervisors of the Borrower on May 21, 2013, and amended and restated pursuant to Resolution No. 2014-12, adopted by the Board of Supervisors of the Borrower on March 11, 2014.

5. The principal and prepayment price with interest on the Loan are payable from any source of legally available funds of the Borrower, including amounts on deposit in the general fund of the Borrower.

6. The Borrower has determined that all acts and proceedings required by law necessary to make this Loan Agreement a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken.

AGREEMENT:

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Borrower and the Lender agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A have the respective meanings specified in Appendix A when used in this Loan Agreement.

SECTION 1.02. *Authorization.* Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Loan Agreement, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof. All references herein to Appendixes, Annexes, Schedules and Exhibits are to corresponding Appendices, Annex, Schedules and Exhibits to this Loan Agreement and are incorporated herein by reference.

ARTICLE II

Representations, Covenants And Warranties

Section 2.01. *Representations, Covenants and Warranties of the Borrower.* The Borrower represents, covenants and warrants to the Lender as follows:

(a) Due Organization and Existence. The Borrower is a political subdivision of the State of California, duly organized and existing under the Constitution and laws of the State of California.

(b) Authorization. The laws of the State of California authorize the Borrower to enter into this Loan Agreement, to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and the Board of Supervisors of the Borrower has duly authorized the execution and delivery of this Loan Agreement. This Loan Agreement constitutes the legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its terms.

(c) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Borrower is now a party or by which the Borrower is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Borrower, other than as set forth herein.

(d) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Borrower or of the voters of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(e) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the Borrower after reasonable investigation, threatened against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Loan Agreement or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial conditions, assets, properties or operations of the Borrower.

(f) Judicial Validation. This Loan Agreement has been determined to be the legal, valid and binding obligation of the Borrower by judgment of the Inyo County Superior Court rendered on October 11, 2013 in *County of Inyo v. All Persons Interested, etc.*, Case No. S1CVCV13-55455.

(g) Federally Taxable. The Board of Supervisors has determined that the interest component of the Loan Repayments will be subject to federal income taxation.

SECTION 2.02. *Representations, Covenants and Warranties of Lender.* The Lender represents, covenants and warrants to the Borrower as follows:

(a) Due Organization and Existence. The Lender is Oregon state chartered bank, duly organized and existing under the laws of the State of Oregon, and is authorized to enter into this Loan Agreement and to perform its obligations hereunder and thereunder.

(b) Due Execution. The representatives of the Lender executing this Loan Agreement are authorized to execute the same under official action taken by the governing body of the Lender.

(c) Valid, Binding and Enforceable Obligations. This Loan Agreement has been duly authorized, executed and delivered by the Lender and constitutes the legal, valid and binding agreement of the Lender, enforceable against the Lender in accordance with its terms.

(d) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby and thereby, to the knowledge of the Lender's authorized representative executing this Loan Agreement conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any applicable agreement or instrument to which the Lender is now a party or by which the Lender is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lender.

(e) Consents and Approvals. To the knowledge of the Lender's authorized representative executing this Loan Agreement, no consent or approval of any trustee or holder of any indebtedness of the Lender, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the Lender after reasonable investigation, threatened against or affecting the Lender or the assets, properties or operations of the Lender which, if determined adversely to the Lender or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Loan Agreement, and the Lender is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement.

(g) Investment. The Lender does hereby represent for the benefit of the Borrower, that:

(i) The Lender has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in this Loan Agreement.

(ii) The Lender is not entering into this Loan Agreement for more than one account or with a view to assigning this Loan Agreement.

(iii) The Lender (i) has made an independent investigation of the merits and risks involved with making the Loan pursuant to this Loan Agreement and such other matters in connection therewith that it has deemed appropriate for its decision to make the Loan; and (ii) as part of such investigation and as deemed appropriate for its decision to make the Loan, the Lender has been supplied with, or has had access to, the Borrower's financial statements and such other information, and has had the opportunity to ask questions and receive answers from representatives of the Borrower concerning the Borrower, its operations, its financial condition.

ARTICLE III

TERMS OF LOAN; LOAN CLOSING

SECTION 3.01. *Obligation to Make Loan; Amount of Loan.* The Lender hereby agrees to lend to the Borrower, and the Borrower hereby agrees to borrow from the Lender, the amount of $4,045,000 under the terms and provisions set forth in this Loan Agreement. The Loan shall be made by the Lender to the Borrower in immediately available funds on the Closing Date to be applied by the Lender on behalf of the Borrower as provided in Section 3.07.

SECTION 3.02. *Term.* The Term of this Loan Agreement commences on the Closing Date, and ends on the date on which the Loan is paid in full or provision for such payment is made as provided herein.

SECTION 3.03. *Loan Repayments.*

Obligation to Pay. The Borrower hereby agrees to repay the Loan in the aggregate principal amount of $4,045,000 together with interest on the unpaid principal balance thereof at the applicable Interest Rate, payable in quarterly Loan Repayments through Maturity. The Interest Rate shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. This Loan Agreement constitutes the issuance by the Borrower of its promise to repay the Loan pursuant to the Loan Repayments.

Loan Repayments are in the respective amounts and on the respective Loan Repayment Dates specified in Appendix B.

The Borrower will pay the Loan Repayments by wire transfer to the Lender in accordance with the written wire transfer instructions delivered by the Lender to the Borrower on or before the Closing Date (which instructions may be changed from time to time by the Lender upon written notice to the Borrower).

SECTION 3.04. *Prepayment of Loan.*

(a) Optional Prepayment. The Loan is subject to optional prepayment in whole, but not in part, on any Loan Repayment Date before March 14, 2024, and on any date thereafter at a prepayment price equal to the principal amount thereof, together with the premium set forth below (expressed as a percentage of the total principal amount prepaid), and accrued interest to the date fixed for prepayment:

Date of Prepayment	Premium
On or before June 30, 2020	5%
On or before June 30, 2021	3%
On or before June 30, 2022	2%
On or before June 30, 2023	1%
Thereafter	0%

(b) Notice of Prepayment. The Borrower shall give the Lender notice of its intention to exercise its option to prepay not less than 30 days in advance of the date of exercise.

SECTION 3.05. *Loan Closing.*

(a) On such date and time as shall be agreed upon by the Lender and the Borrower (such date and time being herein referred to as the "Closing Date"), the Lender and the Borrower shall execute and deliver this Loan Agreement and the Lender and the Borrower, as applicable, shall execute and deliver the documents described in subsection (b) at the offices of Jones Hall, A Professional Law Corporation ("Bond Counsel"), San Francisco, California, or such other location as may be mutually agreed upon by the Lender and the Borrower. The simultaneous delivery of such documents and funding of the Loan as provided in Section 3.01, is referred to herein as the "Loan Closing."

(b) At the Loan Closing, the Lender shall receive the following, in form and substance satisfactory to the Lender:

(i) The unqualified approving opinion of Bond Counsel relating to the enforceability and validity of this Loan Agreement, dated the Closing Date and addressed to the Borrower and the Lender;

(ii) The supplemental opinion of Bond Counsel that this Loan Agreement is not subject to the registration requirements of the Securities Act of 1933 and is exempt from qualification under the Trust Indenture Act of 1939, dated the Closing Date and addressed to the Borrower and the Lender;

(iii) The opinion of the County Counsel, dated the Closing Date and addressed to the Lender to the effect that;

(1) The Borrower is a political subdivision of the State of California;

(2) The Authorizing Resolution was duly adopted at a meeting of the Board of Supervisors of the Borrower which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and has not been modified, rescinded or amended;

(3) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, public board or body pending or, to the best of my knowledge after reasonable investigation, threatened against or affecting the Borrower which would materially and adversely impact the Borrower's (1) financial condition, (2) ability to perform its obligations under this Loan Agreement and (3) ability to complete the transactions described in and contemplated by this Loan Agreement or in any way contesting or affecting the validity of this Loan Agreement or which would have a material adverse effect on the security for the Loan Repayments;

(4) The execution and delivery of this Loan Agreement, the adoption of the Authorizing Resolution, and compliance by the Borrower with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Borrower a breach of or default under any agreement or other instrument to which the Borrower is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Borrower is subject; and

(5) The Borrower is a "local public entity" within the meaning of Section 53760 of the California Government Code relating to federal bankruptcy law.

(iv) A certificate, dated the Closing Date, signed on behalf of the Borrower by the County Auditor-Controller, to the effect that (A) the representations of the Borrower set forth in this Loan Agreement are true and correct in all material respects as of the Closing Date and (B) the Borrower has complied with all agreements and satisfied all of the conditions on its part to be performed or satisfied on or prior to the Closing Date;

(v) A true, correct and complete copy of the Authorizing Resolution, certified on the Closing Date by the Clerk of the Board of Supervisors;

(vi) Signature and incumbency certificate, dated the Closing Date, of the signatories of the Borrower executing this Loan Agreement;

(vii) A true, correct and complete fully executed original of this Loan Agreement;

(viii) Evidence satisfactory to the Lender that the Side Fund Obligations have been fully repaid to PERS and are satisfied and discharged;

(ix) Evidence of required filings with the California Debt and Investment Advisory Commission;

(x) Such additional legal opinions, certificates, instruments and other documents as the Lender may reasonably require for it to confirm the Borrower's compliance with this Loan Agreement.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Loan Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Lender, and the Lender shall have the right to waive any condition set forth in this Section.

SECTION 3.06. *Events Permitting Lender to Terminate*. The Lender may terminate its obligations under this Loan Agreement before the Closing Date if any of the following occurs:

(a) any legislative, executive or regulatory action (including the introduction of legislation) or any court decision that, in the judgment of the

Lender, casts sufficient doubt on the legality of this Loan Agreement so as to materially impair the marketability or to materially reduce the value of the this Loan Agreement; or

(b) any action by the Securities and Exchange Commission or a court that would require registration of the this Loan Agreement under the Securities Act of 1933 or would adversely affect the exemption from qualification of this Loan Agreement under the Trust Indenture Act of 1939.

SECTION 3.07. *Deposit and Application of Proceeds.* Upon funding of the Loan on the Closing Date, the Lender, on behalf of the Borrower, shall deposit the proceeds into a special fund to be held by the Lender and known as the Loan Proceeds Account, which the Lender shall apply on behalf of the Borrower, as follows:

(a) The Lender on behalf of the Borrower shall apply the amount of $96,999.00 to pay the Delivery Costs in accordance with a written direction from the Borrower.

(b) The Lender on behalf of the Borrower shall apply the amount of $3,948,001.00 to the satisfaction of the Borrower's obligations under the PERS Contract with respect to the Safety Plan PERS Side Fund Obligations, by effecting a wire transfer of such proceeds to PERS, in accordance with a direction from PERS and the Borrower.

SECTION 3.08. *Delivery Costs.* The Borrower shall disburse moneys from the Loan Proceeds Account promptly following receipt of Loan proceeds on the Closing Date to pay Delivery Costs upon submission of invoices stating (a) the person to whom payment is to be made, (b) the amounts to be paid, and (c) the purpose for which the obligation was incurred. Any amounts remaining in the Loan Proceeds Account on May 1, 2014, shall be transferred to the Borrower for application by the Borrower to the payment of the first due Loan Repayment and the Loan Proceeds Account shall be closed.

ARTICLE IV

SECURITY FOR THE LOAN

SECTION 4.01. *Security for the Loan* . The Loan is secured by a first pledge of all of the Gross Revenues of the Borrower. Such pledge does and shall constitute a lien on the Gross Revenues for the payment of the principal component and interest component of the Loan Repayments, and premium, (if any), in accordance with the terms hereof, provided that such pledge and lien shall not hinder or prohibit the issuance of Tax Revenue Anticipation Notes ("TRANs") by the County nor hinder or prohibit the use of tax revenues to secure such TRANs. The Borrower shall be obligated to satisfy its obligations with respect to the Loan from Gross Revenues. The obligations of the Borrower under the Loan, including the obligation to make all Loan Repayments when due and the obligation of the Borrower to make the deposits required hereunder for the security of the Loan, are obligations of the Borrower imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Loan does not constitute an obligation of the Borrower for which the Borrower is obligated to levy any form of taxation. Neither the Loan nor the obligations of the Borrower to make Loan Repayments constitute an indebtedness of the Borrower, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

This Loan Agreement constitutes a contract between the Borrower and the Lender and the covenants and agreements herein set forth to be performed by the Borrower are for the equal and proportionate benefit, security and protection of Lender.

ARTICLE V

OTHER COVENANTS OF THE BORROWER

SECTION 5.01. *Punctual Payment.* The Borrower shall punctually pay or cause to be paid the Loan Repayments and, if applicable, prepayment price to become due in respect of the Loan in strict conformity with the terms of this Loan Agreement. The Borrower shall faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement.

SECTION 5.02. *Budget and Appropriation of Loan Repayments; Certification to Lender.* The Borrower covenants to take such action within the time set forth in Section 5.08(i) and (ii) as may be necessary to include in each of its annual budgets the payments required to be made by the Borrower under Section 3.03, and to make the necessary annual appropriations for all such payments within the time set forth in Section 5.08(i) and (ii). If any payment of Loan Repayments requires the adoption by the Borrower of a supplemental budget or appropriation, the Borrower will promptly adopt the same. The covenants on the part of the Borrower herein contained constitute duties imposed by law and it is the duty of each and every public official of the Borrower to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Borrower to carry out and perform the covenants and agreements in this Loan Agreement agreed to be carried out and performed by the Borrower.

Promptly following the adoption of an annual budget within the time set forth in Section 5.08(i) and (ii) which includes the appropriations required by this Section, but in any event not later than the first Tuesday in November in each Fiscal Year, the Borrower shall execute and deliver to the Lender a Certificate of the Borrower in substantially the form attached hereto as Appendix C, which shall evidence the compliance by the Borrower with the covenants set forth in this Section 5.02 with respect to such Fiscal Year.

SECTION 5.03. *Books and Accounts; Financial Statements; Additional Information.* The Borrower will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Borrower. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Lender (who has no duty to inspect), or its representatives authorized in writing.

So long as the Loan is unpaid, the Borrower will cause to be prepared annually, within 270 days after the close of each Fiscal Year, complete audited or draft financial statements with respect to such Fiscal Year, as of the end of such Fiscal Year.

SECTION 5.04. *Protection of Security and Rights of Lender.* The Borrower shall preserve and protect the security of the Loan and the rights of the Lender. From and after the date of issuance of the Loan, the Borrower shall not contest the validity or enforceability of the Loan or this Loan Agreement.

SECTION 5.05. *Further Assurances.* The Borrower shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement, and for the better assuring and confirming unto the Lender the rights and benefits provided in this Loan Agreement.

SECTION 5.06. *Dissemination of Information to Lender.* The Borrower shall provide the following items to the Lender, in each case in an electronic format which is acceptable to the Lender and otherwise in form and detail satisfactory to the Lender:

(a) audited annual financial statements of the Borrower;

(b) internal interim financial statements of the Borrower, on a quarterly basis or such other frequency as required by Lender; and

(c) annual proposed Budgets; and

(d) such additional information as the Lender shall reasonably request from time to time pursuant to written notice to the Borrower.

SECTION 5.07. *Obligation of the Borrower.* The Borrower shall be obligated, to the extent permitted by law, to satisfy its obligations under the Loan from any money lawfully available in any fund of the Borrower, and the Borrower shall be obligated to transfer from any money lawfully available in any such fund amounts necessary to make such payments to the Lender to pay the Loan Repayments or, if applicable, the prepayment price of the Loan on the applicable Loan Repayment Date.

SECTION 5.08. *Certain Financial Covenants of the Borrower.* So long as the Loan is outstanding and unpaid, the Borrower shall:

(i) appropriate in each annual budget, no later than July 15 of each calendar year, moneys sufficient to timely repay the Loan as provided herein, and

(ii) make appropriations in each annual budget to ensure at all times that the Borrower:

(a) maintains a ratio of (i) Funded Debt to (ii) Net assets of the Borrower (as set forth in the Budget) of not to exceed 2.0:1, and

(b) maintains the General Reserve at the greater of 16% of Revenues.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.01. *Events of Default.* Each of the following events constitutes an Event of Default hereunder:

(a) Failure by the Borrower to pay any Loan Repayment or other payment required hereunder within 30 days after the date on which such Loan Repayment became due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Borrower by the Lender.

(c) The filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to lift any execution, garnishment or attachment, or adjudication of the Borrower as a bankrupt, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Borrower in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 6.02. *Remedies on Default.* Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice:

(a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon at the Default Rate from the immediately preceding Loan Repayment Date on which payment was made, to be immediately due and payable, whereupon the same will immediately become due and payable; and

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the Term of this Loan Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement.

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments have been so declared due and payable under the preceding clause (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the Borrower deposits with the Lender a sum sufficient to pay all principal components of the Loan Repayments which became due and payable prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the Default Rate, and a sum sufficient to pay all reasonable costs and expenses incurred by the Lender in the exercise of its rights and remedies hereunder, and any and all other defaults known to the Lender (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Lender shall, by written notice to the Borrower, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 6.03. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Lender is exclusive, and every such remedy is cumulative and in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article VII it is not necessary to give any notice, other than such notice as may be required in this Article VII or by law.

SECTION 6.04. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Loan Agreement defaults under any of the provisions hereof and the nondefaulting party employs attorneys (including in-house counsel) or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including those of in-house counsel) and such other expenses so incurred by the nondefaulting party.

SECTION 6.05. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Loan Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. *Notices.* Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by electronic, telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by electronic, telecopier or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Borrower and the Lender may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the County:	County of Inyo 168 N. Edwards Street PO Drawer N Independence, California 93526 Attention: County Administrative Officer
If to the Lender:	Umpqua Bank 2998 Douglas Boulevard, Suite 100 Roseville, California 95661 Attention: Loan Administration Fax: (916) 783-2448
With a copy to: (which shall not constitute notice hereunder)	George Diesch, Senior Vice President Umpqua Bank 2998 Douglas Boulevard, Suite 100 Roseville, California 95661

SECTION 7.02. *Modification or Amendment.* This Loan Agreement may be modified or amended pursuant to written agreement between the Borrower and the Lender,

SECTION 7.03. *Binding Effect.* This Loan Agreement inures to the benefit of and is binding upon the Borrower and the Lender and their respective successors and assigns.

SECTION 7.04. *Severability.* If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 7.05. *Net-net-net Contract.* This Loan Agreement is a "net-net-net" contract, and the Borrower hereby agrees that the Loan Repayments are an absolute net return to the Lender, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.06. *Further Assurances and Corrective Instruments.* The Borrower and the Lender shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

SECTION 7.07. *Execution in Counterparts.* This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7.08. *Applicable Law.* This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 7.09. *Captions.* The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer and the Lender has caused this Loan Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

COUNTY OF INYO

By ______________________
Chair of the Board of Supervisors

Attest:

____
Clerk of the Board of Supervisors

UMPQUA BANK, an Oregon state chartered bank

By ______________________
George Diesch, Senior Vice President

IN WITNESS WHEREOF, the Borrower has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer and the Lender has caused this Loan Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

COUNTY OF INYO

By ______________________________
Chair of the Board of Supervisors

Attest:

____
Clerk of the Board of Supervisors

UMPQUA BANK, an Oregon state chartered bank

By ______________________________
George Diesch, Senior Vice President

APPENDIX A

DEFINITIONS

"Annual Loan Repayments" means the Loan Repayments payable on Loan during any Fiscal Year.

"Authorizing Resolution" means the Resolution adopted by the Board of Supervisors of the Borrower on May 21, 2013, initially authorizing the execution and delivery of this Loan Agreement, together with the Resolution adopted by the Board of Supervisors of the Borrower on March 11, 2014, relating to the amendment of the Loan Agreement.

"Bond Counsel" means (a) Jones Hall, A Professional Law Lender, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Borrower of nationally-recognized experience in the issuance of obligations issued by public agencies.

"Borrower" means the County of Inyo, a political subdivision of the State of California.

"Budget" means the County Administrative Officer Recommended Budget as passed annually by the Inyo County Board of Supervisors.

"Business Day" means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the New York Stock Exchange is open.

"CAFR" means the Borrower's Consolidate Annual Financial Report.

"Closing Date" means March 14, 2014, being the date on which the Lender delivers the Loan proceeds to the Borrower as provided in this Loan Agreement.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Borrower relating to the authorization and delivery of the Loan, including but not limited to: printing expenses; filing and recording fees; initial fees, expenses and charges of the Lender and its counsel; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, and any other cost, charge or fee in connection with the delivery of the Loan.

"Default Rate" means the then applicable Interest Rate plus 3.00% per annum.

"Event of Default" means any of the events described in Section 6.01.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Borrower as its official fiscal year period under a Certificate of the Borrower filed with the Lender.

"Funded Debt" means all outstanding liabilities of the Borrower for borrowed money and other interest-bearing liabilities, including current and long term debt and the stated amount of any letter of credit (other than a letter of credit that is cash secured) issued for the account of the Borrower.

"General Reserve" means, within the CAFR for any year, the amount set forth in the "Balance Sheet" section thereof, under the "Fund Balances" section of the "Liabilities and Fund Balances" section of such Balance Sheet for any year as the amount designated as "Unassigned" (as set forth under the "General" column of such depiction), consistently applied and certified by the Borrower's Auditor-Controller under the Borrower's current formula for determination of such amounts in a manner reasonably satisfactory to the Lender.

"Gross Revenues" means all revenues, moneys, accounts receivable, contractual rights to payment, and other rights to payment of whatever kind legally available to pay Loan Repayments on the Loan.

"Interest Rate" means 5.50% per annum to and including March 14, 2024, and, thereafter, the Reset Rate; provided however, that after an Event of Default, Interest Rate means the Default Rate.

"Lender" means Umpqua Bank, an Oregon state chartered bank, as Lender hereunder, or any successor thereto.

"Loan" means the 2013 CalPERS Refunding Loan made by the Lender to the Borrower pursuant to Section 3.01.

"Loan Agreement" means this Loan Agreement between the Borrower and the Lender, as modified or amended or supplemented from time to time pursuant to the provisions hereof.

"Loan Proceeds Account" means the account by that name established and held by the Lender under Section 3.07.

"Loan Repayment Date" means each of the dates set forth in Appendix B hereto, on which Loan Repayments come due and payable.

"Loan Repayments" means payments required to be paid by the Borrower under Section 3.03, and any prepayment under Section 3.04.

"Maturity" means June 30, 2030, or the date of payment in full of all amounts due and payable with respect to the Loan.

"PERS" means the California State Public Employees' Retirement System.

"PERS Contract" means the contract, as amended from time to time, entered into by the Borrower and PERS pursuant to the Retirement Law obligating the Borrower to make contributions to PERS in exchange for PERS providing retirement benefits to certain Borrower employees.

"PERS Side Fund Obligations" means the obligation of the Borrower under the Retirement Law and the PERS Contract to make payments to PERS with respect to benefits accruing to retired public safety employees of the Borrower under the Safety Plan.

"Refunding Law" means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code, as in effect on the Closing Date or as thereafter amended.

"Reset Rate" means the Wall Street Journal prime rate as quoted daily in the money and investing section of the Western Edition of The Wall Street Journal. Should The Wall Street Journal fail to announce a prime rate, or should The Wall Street Journal no longer exist, the prime rate shall be deemed to be the average prime interest rate quoted from time to time by the three (3) largest (total assets) banking institutions in the continental United States then determining such prime interest rate, as quoted in a generally recognized source for such information selected by the Lender, in its sole discretion, which determination shall be conclusive absent manifest error. The Reset Rate is a variable or fluctuating rate that increases or decreases from time to time. Any change in the Reset Rate shall take place at the beginning of the day on which such rate changes. The Reset Rate is not and is not necessarily the lowest rate of interest that the Lender collects from any borrower or class of borrowers.

"Revenues" means, within the CAFR for any year, the amount set forth in the "Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds", under the "Revenues" section thereof, "Total revenues" for such year from all sources (as set forth under the "General" column of such depiction), consistently applied and certified by the Borrower's Auditor-Controller under the Borrower's current formula for determination of such amounts reasonably satisfactory to the Lender.

"Retirement Law" means the Public Employees' Retirement Law set forth in Sections 20000 *et seq.* of the Government Code.

"Safety Plan" means the obligation of the Borrower to make payments pursuant to the PERS Contract with respect to the Borrower's public safety employees.

APPENDIX B

SCHEDULE OF LOAN REPAYMENTS

Loan Repayment Date	Principal	Interest	Debt Service
6/30/14	8,000	65,506.53	73,506.53
9/30/14	22,000	55,508.75	77,508.75
12/30/14	22,000	55,206.25	77,206.25
3/30/15	22,000	54,903.75	76,903.75
6/30/15	24,000	54,601.25	78,601.25
9/30/15	25,000	54,271.25	79,271.25
12/30/15	25,000	53,927.50	78,927.50
3/30/16	25,000	53,583.75	78,583.75
6/30/16	28,000	53,240.00	81,240.00
9/30/16	29,000	52,855.00	81,855.00
12/30/16	29,000	52,456.25	81,456.25
3/30/17	29,000	52,057.50	81,057.50
6/30/17	29,000	51,658.75	80,658.75
9/30/17	34,000	51,260.00	85,260.00
12/30/17	34,000	50,792.50	84,792.50
3/30/18	34,000	50,325.00	84,325.00
6/30/18	35,000	49,857.50	84,857.50
9/30/18	39,000	49,376.25	88,376.25
12/30/18	39,000	48,840.00	87,840.00
3/30/19	39,000	48,303.75	87,303.75
6/30/19	39,000	47,767.50	86,767.50
9/30/19	44,000	47,231.25	91,231.25
12/30/19	44,000	46,626.25	90,626.25
3/30/20	44,000	46,021.25	90,021.25
6/30/20	44,000	45,416.25	89,416.25
9/30/20	49,000	44,811.25	93,811.25
12/30/20	49,000	44,137.50	93,137.50
3/30/21	49,000	43,463.75	92,463.75
6/30/21	51,000	42,790.00	93,790.00
9/30/21	56,000	42,088.75	98,088.75
12/30/21	55,000	41,318.75	96,318.75
3/30/22	55,000	40,562.50	95,562.50
6/30/22	56,000	39,806.25	95,806.25
9/30/22	62,000	39,036.25	101,036.25
12/30/22	61,000	38,183.75	99,183.75
3/30/23	61,000	37,345.00	98,345.00
6/30/23	63,000	36,506.25	99,506.25
9/30/23	68,000	35,640.00	103,640.00
12/30/23	68,000	34,705.00	102,705.00
3/30/24	68,000	33,770.00	101,770.00
6/30/24	69,000	32,835.00	101,835.00
9/30/24	75,000	31,886.25	106,886.25
12/30/24	75,000	30,855.00	105,855.00

Loan Repayment Date	Principal	Interest	Debt Service
3/30/25	75,000	29,823.75	104,823.75
6/30/25	77,000	28,792.50	105,792.50
9/30/25	84,000	27,733.75	111,733.75
12/30/25	83,000	26,578.75	109,578.75
3/30/26	83,000	25,437.50	108,437.50
6/30/26	83,000	24,296.25	107,296.25
9/30/26	92,000	23,155.00	115,155.00
12/30/26	91,000	21,890.00	112,890.00
3/30/27	91,000	20,638.75	111,638.75
6/30/27	92,000	19,387.50	111,387.50
9/30/27	101,000	18,122.50	119,122.50
12/30/27	100,000	16,733.75	116,733.75
3/30/28	100,000	15,358.75	115,358.75
6/30/28	100,000	13,983.75	113,983.75
9/30/28	109,000	12,608.75	121,608.75
12/30/28	109,000	11,110.00	120,110.00
3/30/29	109,000	9,611.25	118,611.25
6/30/29	111,000	8,112.50	119,112.50
9/30/29	120,000	6,586.25	126,586.25
12/30/29	119,000	4,936.25	123,936.25
3/30/30	119,000	3,300.00	122,300.00
6/30/30	121,000	1,663.75	122,663.75

APPENDIX C

FORM OF ANNUAL BORROWER CERTIFICATE REGARDING BUDGET AND APPROPRIATION OF LOAN REPAYMENTS

[TO BE DELIVERED TO THE LENDER NO LATER THAN THE FIRST TUESDAY OF NOVEMBER IN EACH YEAR]

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting ______________ of the County of Inyo, a political subdivision of the State of California (the "Borrower"), and as such, I am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) the Borrower has previously received a loan in the aggregate principal amount of $[4,045,000] (the "Loan") under the Amended and Restated 2013 CalPERS Refunding Loan Agreement initially dated as of May 1, 2013. as amended and restated in full as of March 11, 2014 (the "Loan Agreement"), between the Borrower and Umpqua Bank, as lender.

(iii) during the fiscal year commencing July 1, 20__ (the "Ensuing Fiscal Year"), the aggregate amount of Loan Repayments coming due on the Loan is $_______;

(iv) on __________, 20__, the Board of Supervisors of the Borrower duly adopted its Resolution No. ___ at a meeting which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, adopting a budget for the Borrower (the "Adopted Budget") with respect to the Ensuing Fiscal Year;

(v) pursuant to the Adopted Budget, the Borrower has budgeted the payment of the Loan Repayments coming due during the Ensuing Fiscal Year on the Loan; and

(vi) attached hereto is an extract from the Adopted Budget showing a line item for payment of the Loan Repayments coming due during the Ensuing Fiscal Year on the Loan.

Capitalized terms used herein and not otherwise defined have the meanings given them in the Loan Agreement.

Dated:

COUNTY OF INYO

By: ________________________________
Name:
Title:

ITEM IV

COUNTY OF INYO

REAL PROPERTY MANAGEMENT POLICY

I. GENERAL PROVISIONS

A. Purpose

The intent and purpose of this Policy ("Policy") is to establish uniform principles to guide actions by the Inyo County Board of Supervisors ("Board") related to the management, disposition and sale of County-owned Real Property, and the acquisition thereof. The Policy sets forth the process to be used in determining whether County-owned Real Property is surplus to County needs and whether such property should be sold, exchanged, leased, or developed through a Request For Proposal (RFP) process. The Policy also establishes the procedures to be used in the process of selling, exchanging, developing through RFP, or leasing of County-owned Real Property.

B. Prohibition of Interest in the Disposition of Surplus Property

Inyo County employees, representatives, consultants, and agents shall comply with all applicable County and State conflict of interest laws and policies in the disposition of surplus property.

II. POLICY STATEMENT

Over many years the County of Inyo (County) has obtained various parcels of land that may not be required or suitable for the public's benefit. If the County subsequently determines that a property/properties are no longer required for a public purpose, it may sell, exchange, develop using the RFP-process provided for by law, or lease such real property or interest therein in the manner and upon the terms, standards, and conditions established herein and approved by the Inyo County Board of Supervisors. All sales of property will be made in exchange for payment in cash; exchange for other lands that may be used for a public purpose; or, other value as determined by the Board. The Board will obtain appraised fair market value for any surplus real property offered for sale, except that less than fair market value may be accepted if it is determined to be in the County's best interest by the Board to sell the property for a negotiated amount that is subsequently approved by the Board by 4/5ths vote.

III. Compliance With the Law

A. The disposal of surplus property, and the acquisition of real property should be in accordance with all laws that are in existence at the time of disposal or acquisition.

Properties that have been determined to be surplus to the County by the Board may be disposed of according to state law, which is summarized in Attachment A.

B. Sale to Public Entity

First consideration for properties determined to be surplus to the County shall be sold or traded to another public entity for public purposes in accordance with Government Code §§ 54220 et seq. Prior to disposing of any potential surplus real property, a written offer will be made to sell or lease the property to public agencies for the purpose of developing low and moderate income housing, parks and recreational facilities, schools, or other public purposes. The offer to sell or lease the property to a public entity will be exclusive for a period of sixty (60) days. In the event more than one public entity responds, first priority shall be given to the public entity which agrees to use the site for low- to moderate-income housing, except that first priority shall be given to a public entity which agrees to use the site for park or recreational purposes if the surplus property is already being used and will continue to be used for park or recreational purposes, or if the surplus property is designated for park and recreational use in the local general plan and will be developed for that purpose. The next priority will be given to the public entity that makes the first offer to purchase the property for fair market value as established by the Board.

C. Sale by Competitive Sealed Bid

If no public entity accepts the County's offer to sell or lease the surplus property within sixty (60) days, then the County may, at its sole discretion, dispose of the property to the general public by sealed bid in the manner prescribed in Government Code §§ 25520, 25521, 25528, 25530, 25531, 25533 and 25534 et seq. These sections provide for sealed bids, require the County to provide additional notice of the sale to the public through posting and advertising, allow the Board to reject any proposal and withdraw the property from sale, and allow for oral bids to be received at the public meeting provided that any oral bid be five percent higher than the highest written bid.

D. Sale by Public Auction

The County may also dispose of property to the general public by public auction and in the manner prescribed in Government Code § 25363 et seq. This method authorizes the sale of property and requires that the sale be made at the courthouse door or such other place as the Board directs by four-fifths vote, with notice of the sale given five days prior, and published in a newspaper in the County or posted in three public places, and provided that notification has been made to those public agencies identified in Government Code § 54220 et seq.

Each person submitting a proposal to purchase a property by sealed bid or public auction must submit a deposit of ten percent (10%) of the offered price at the time his or her proposal is submitted.

E. Sale or Lease By Request for Proposals

The Board may elect to sell surplus property via the Request For Proposals (RFP) method as prescribed in Article 7.5, commencing within § 25515 of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code.

The Board would direct the County staff to prepare an RFP for sale and development of surplus property in a manner consistent with the County Zoning Ordinance and the County's General Plan.

Upon expiration of the time during which public entities may offer to purchase the property, and assuming no sale of the property to any such entity is made, County staff will return to the Board with the proposed RFP for its consideration. If approved, the Board will, by a 4/5ths vote, approve the issuance of the RFP.

The Board will adopt a resolution which, in addition to describing the particulars of the property and the County's vision for its development, will set a place, time and date for a hearing, to be held at least 60 days later, at which the Board will consider all timely responses to the RFP. That resolution, containing the directions on how interested persons could respond to the RFP, must be published in the newspaper once a week for three successive weeks.

After the mandatory 60-day period for receiving responses to the RFP expires, County staff will review all timely responses to the RFP and prepare a recommendation for consideration by the County Financial Advisory Committee ("Committee") and/or the Board.

At the place, date and at the time set forth in the above-described resolution for the Board's consideration of them, the Board will review the responses to the RFP and staff's recommendations. The Board will then select a successful respondent and direct staff and the successful respondent to meet and negotiate a final arrangement for the sale of the property and its subsequent development by that respondent.

Additionally, the Board will direct the preparation of a California Environmental Quality Act (CEQA) analysis of any necessary general plan amendment and zone change that, if approved, would allow the uses on the property contemplated in the RFP. The Inyo County Planning Department will, as directed by the Board, commence the CEQA review process for the above-described general plan amendment and zone change.

Following the CEQA process and review period, the Inyo County Planning Commission ("Commission") will consider the CEQA document concerning the proposed general plan amendment and zone change, and will consider recommending approval of those amendments and consider recommending certification of the CEQA document. The Commission will also consider making the finding required by Government Code §§25515.l(a) and 65402 that the proposed development of the property is consistent with the County's general plan.

Once a final arrangement is worked out with the successful respondent, it must be memorialized in the form of an ordinance. The ordinance will be scheduled for consideration by the Board at the first reading noticed in accordance with Government Code §6066, which requires the advertisement to run once a week for two weeks.

If the Board approves the proposed arrangement for the sale and development of property, it will adopt the ordinance at a subsequent public hearing. The ordinance and the agreement will not go into effect for 30 days, during which time it could be challenged via a citizen referendum. During this 30-day period, County staff will prepare all documents, and make the arrangements necessary to consummate the sale and ensure that the property will be used in accordance with the RFP and the approving ordinance; this will include retaining a title company to prepare a title report, opening escrow, and preparing the deed that will be used to transfer title to the property.

Once the 30-day referendum period expires, the sale of the property will be consummated (i.e./e.g. the purchase price will be paid to the County or deposited into the escrow, the deed will be signed and recorded, any agreements respecting the use/development of the property will be signed, etc.).

Thereafter, the Planning Director will monitor the development and use of the property to ensure that the terms of the sale and development agreement are adhered to. This would carry on indefinitely, or if the restrictions on the use of the property are of limited duration, until that time expires.

If the surplus property is not subsequently sold as a result of the sealed bid, public auction or RFP process, the property may be sold to the party who makes the highest reasonable offer to purchase the property that is acceptable to the Board.

IV. Exchange, Disposal, or Lease of Surplus Real Property

County property for which there is not an immediate or foreseeable public purpose should be made available for private ownership. For the purposes of this Policy, public purpose will be determined by the Board in accordance with the law.

A. Purpose
   1. To facilitate the identification of County Property for which there is not an immediate or foreseeable public purpose, no less frequently than once every three years the County shall review its inventory of real property and identify holdings that could be designated as surplus property.
   2. The review identified in Section IV.A.1. shall be initiated by the County Administrative Officer (CAO) in consultation with, and assistance from other County Departments. The CAO shall prepare an inventory of all real property owned by the County, consistent with the requirement of Section IV.A.3., and present the inventory to the Committee for review and recommendation to the Board.

3. The inventory of County-owned property shall include the Assessor's Parcel Number, legal description and a map showing the location of the property and a description of its current use. If available, the most recent appraised fair market value of the property, as well any indication of the County's water and/or mineral rights, should be identified in the inventory. The inventory should identify those properties for which there is a current or foreseeable public purpose, and those properties recommended for consideration as surplus. In addition, the CAO may, in preparing the inventory, make recommendations relative to the manner in which the property should be disposed.
4. The Committee shall review the inventory and make recommendations to the Board regarding County-owned property that could be designated as surplus, whether mineral and water rights should be retained, and the manner in which the surplus property should be disposed. In the event the Committee does not reach a unanimous recommendation, both the majority and minority Committee recommendations may be forwarded to the Board. Any recommendation forwarded to the Board shall include with the list a checklist, developed by the Committee, which includes the reasons for the Committee's recommendation for exchange, sale or lease of County owned property. The checklist, at a minimum, will include access consideration, infrastructure availability, community nee, financial return to the County, potential highest and best use, and land use designations.
5. The Board shall consider the inventory of County-owned property, and the Committee's recommendations for the designation of surplus property and the manner of disposal at a public meeting duly noticed by advertisement in a local newspaper once a week for two weeks.
6. The Board, Committee, or County staff may initiate the consideration of the designation of a specific County-owned property as surplus property independent of the inventory process described herein provided that all other provisions of this Policy are implemented.

B. Manner of Disposal of Surplus Property

In determining the manner in which surplus property might be disposed, the Committee and the Board shall consider the following:

1. The manner of disposal that will maximize the financial return to the County. In evaluating the financial return to the County, the financial return generated from the outright sale of the property shall be weighed against the cost of acquiring land and/or facilities, using the methods described in Section IV.B.2. and 3. below to meet a public purpose.
2. The possibility of exchanging the County-owned property for real property owned by other public agencies and private properties for public purpose.
3. Opportunities to use the Request For Proposal process, described in Section III.F., to meet a public purpose through the sale or lease of property to private interests.
4. County –owned real property for which there is a possible future public purpose should be leased in a manner that provides the highest and best use of the land and maximizes the financial return to the County. Any lease will include at a minimum a standard escalation clause pertaining to the lease payment and terms for renegotiations.

C. Use of Proceeds

Proceeds realized from the sale of County-owned property disposed in accordance with this Policy shall be used to fund one-time costs associated with the acquisition of real property for a public purpose, the construction or deferred maintenance of County property and facilities (including tenant improvements at leased properties), and other capital improvement projects. Proceeds realized from the sale of County-owned real property disposed in accordance with this Policy shall not be used to fund ongoing County operating expense.

D. Property Research Prior to Exchange, Disposal or Lease

Subsequent to the Board's designation of County-owned real property as surplus, and prior to the disposal or lease of any County-owned surplus real property, the County shall do the following:

1. Determine actual title to the property/properties and whether the subject property/properties hold water and mineral rights;
2. Determine actual fair market value of the subject property/properties by independent appraisal;
3. Solicit other affected County Departments for comments to the exchange, sale, or lease of surplus property;

4. Identify the Zoning and determine the General Plan conformance of the subject property/properties;
5. Identify whether subject property/properties are within an Alquist Priolo Study area, Flood Hazard Zone, Avalanche Zone, etc.

E. Other Provisions of Sale

In order to maximize the financial return to the County from the sale, exchange, disposal through RFP-process, or lease of County-owned surplus land in a manner consistent with law:

1. Parcels will be exchanged, sold or leased on an "As Is Where Is" basis.
2. The minimum price established for a parcel shall include the appraised value plus all County costs to dispose of the property.
3. The Board will reserve the right to reject all offers at its sole discretion for the sale, exchange, purchase, development, or lease of any surplus property.
4. The Board will reserve the right to cancel, for any reason whatsoever, any exchange, sale or lease of any parcel prior to the conveyance of title.
5. The Board will reserve the right to place covenants, conditions, or restrictions on the deed for any parcel as allowed by law.
6. The Board reserves the right at its sole discretion to approve or reject such a transaction based upon its determination of the prospective transferee's ability, including but not limited to the financial ability, to perform as contemplated under the terms of the transaction.

V. Acquisition of Real Property

A. The County may acquire real property, consistent with the provisions of state and law to meet an identified or foreseeable public need. This includes the acquisition of tax-defaulted property by Agreement of Sale as legally defined.

B. The County may object to the sale of the tax-defaulted property and apply to purchase the property for the express purpose of facilitating a land exchange to meet a public need including, for the purpose of this section, increasing the amount of privately-owned property near existing communities and town sites. If the County acquires a tax-defaulted property for the purpose of facilitating a land exchange, and the land exchange process has not formally commenced within two-years of the date of the County taking title to the property, the Board shall take immediate steps to dispose of the property in accordance with this Policy unless a finding is made that the property serves an immediate public purpose or the initiation of a land exchange is imminent.

C. The County shall not acquire real property for the sole purpose of land speculation (e.g., acquiring land for the sole purpose of selling it for a profit).

VI. Definition of Terms

- Appraised Value – The monetary value of the County-owned property as determined by the County, which may be based on the fair market value of the property as determined by an MAI appraiser employed by the County to make such determination.
- "Cash" – U.S. currency, Bank Cashier's Check in dollars, or Electronic Funds Transfer in dollars.
- "Fair Market Value" – The price that would be paid by a knowledgeable and informed buyer if the property was sold on the open market.
- "Proceeds of Sale" – The monetary amount received by the County from the disposition of a piece of real property net of the costs incurred by the County to dispose of the property.
- "Public Entity" – As referenced in Section 54222 of the Government Code and as further defined in Section 50079 of the California Health and Safety Code, includes any: county, city; duly constituted governing body of an Indian reservation; redevelopment agency or housing authority, as specifically defined; state agency; public district; other political subdivision of the state, or instrumentality thereof which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income.
- "Real Property" – County owned fee simple parcels of land, mineral and water rights and County owned improvements thereon.

ATTACHMENT A

Summary of State Laws Governing the Exchange, Disposal or Lease of Inyo County Property

The exchange, disposal or lease of those properties that have been determined to be surplus by the Inyo County Board of Supervisors (Board), or not needed for public purpose or use, may be disposed of by any of the following means:

a. Directly to a public entity at their request without providing notice to other agencies or calling for a competitive bid at a price representing fair market value and upon determination that the public entity's use shall be for low to moderate income housing purposes as described in Government Code § 54220 et seq.
b. Directly to a public entity in accordance with Government Code § 25515.1 (a) et seq., which requires notification to those public agencies described in Government Code § 54220 et seq. offering the property for sale or trade.

   California Government Code § 54220 et seq. requires surplus government land to be first made available for housing for persons and families of low and moderate income of recreational or open space purposes. Surplus government land means land owned by an entity of the state, or any local entity that is determined to be no longer necessary for the entity's use.

c. Directly to the Public in the manner prescribed in Government Code § 25363 et seq., which authorizes the sale of property at public auction. Requiring that the sale be made at the courthouse door or such other place within the County as the Board directs by four-fifths vote, with notice of the sale given five days prior, and published in a newspaper in the County or posted in three public places, and provided that notification has been made to those public agencies identified in Government Code § 54220 et seq.
d. Directly to the Public in the manner prescribed in Government Code §§25520, 25521, 25528, 25530, 25531, 25533, and 25534 et seq. These sections provide for sealed bids, require the County to provide additional notice of the sale to the public through posting and advertising, allow the Board to reject any proposal and withdraw the property from sale, and allow for oral bids to be received at the

public meeting provided that any oral bid be five percent higher than the highest written bid.

e. Directly to the Public through the preparation of an RFP for its sale and/or development in accordance with Article 7.5, commencing within §25515 of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code.

The sales price of any surplus real property will be based on the appraised fair market value. Less than appraised fair market value may be accepted if it is determined to be in the County's best interest to sell the property for a negotiated amount that is subsequently approved by the Inyo County Board of Supervisors by a 4/5's vote.

Fixed assets are items which cost $500 or more and have a life expectancy in excess of one year.

1. Requisitions must be submitted to Purchasing. (Departments shall not independently purchase Fixed Assets.)
2. Purchasing will issue a purchase order if:
   a. The item was approved in the budget or a budget amendment was made to reflect the budgeted amount; and
   b. The cost of the fixed asses does not exceed amount budgeted.
3. If a Department wishes to purchase a different fixed asset in lieu of that authorized in the budget, a request shall be submitted to the County Administrator for approval.
4. It is the Department Head's responsibility to initiate the appropriate course of action necessary to ensure that sufficient funds are available to make the purchase, e.g., submitting an Appropriation Change Request Form (object category transfer) to the County Administrator for approval.

   Note: If departments continually purchase fixed assets (not as a result of an emergency situation), the County Administrator, after trying to resolve the problem with the

Department Head, reserves the right to request (a) the Auditor-Controller to stop making payments for any or all fixed assets and (b) the Board of Supervisors to implement budget controls on the department's entire budget.

ITEM V

Resolution No. 97-79

RESOLUTION OF THE INYO COUNTY BOARD OF SUPERVISORS STATE OF CALIFORNIA, SETTING GUIDELINES FOR USE OF THE FINANCIAL ADVISORY COMMITTEE

WHEREAS, the Inyo County Board of Supervisors ordered the formation of the Debt Advisory Committee on January 27, 1986 and changed the name and scope to the Financial Advisory Committee (hereinafter referred to as the Committee) on October 21, 1997; and

WHEREAS, the purpose of this Resolution is to provide policy guidelines for the Board of Supervisor use of the Committee,

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Inyo as follows, the Committee shall

1. Review all requests for short- and/or long-term debt financing. The Committee will respond in writing within thirty (30) days to the Board of Supervisors, unless the time for such response is extended by the Board of Supervisors.

2. Develop, update and recommend long-term financial and capital improvement plans to the Board of Supervisors.

3. Evaluate, develop and recommend financing alternatives, structures and guidelines for capital improvements and leasing options.

4. Annually prepare a recommendation regarding appropriate general reserve levels for the County.

5. Review the annual capital improvement and acquisitions budget.

PASSED AND ADOPTED this 21st day of October, 1997, by the Inyo County Board of Supervisors, by the following vote:

AYES: Supervisors Arcularius, Bear, Michener, Hambleton and Dorame

NOES: -0-

ABSENT: -0-

Robert E. Michener

Robert Michener, Chairman

ATTEST: René L.Mendez, Clerk to the Board

By Patricia Gunsolley

Patricia Gunsolley, Deputy Clerk

RESOLUTION NO. 97-78

A RESOLUTION OF THE
BOARD OF SUPERVISORS, COUNTY OF INYO, STATE OF CALIFORNIA,
RESCINDING RESOLUTION NO. 86-8
"Setting Guidelines for the Use of the Debt Advisory Committee;"

WHEREAS, Resolution No. 86-8 was adopted on February 11, 1986, setting guidelines for the use of the Debt Advisory Committee; and

WHEREAS, the Board of Supervisors intends to change the duties and responsibilities of the Debt Advisory Committee, as set forth in attachment A, Item No. 16 of the October 21, 1997, Inyo County Board of Supervisors Agenda.

NOW, THEREFORE BE IT RESOLVED, that the Board of Supervisors of the County of Inyo, hereby rescinds Resolution No. 86-8.

PASSED AND ADOPTED this 21st day of October, 1997, by the following vote:

AYES: Supervisors Arcularius, Bear, Michener, Hambleton and Dorame
NOES: -0-
ABSENT: -0-
ABSTAIN: -0-

Robert E Michener
Chairperson,
Inyo County Board of Supervisors

Attest: RENÉ L. MENDEZ
Clerk of the Board

by: Patricia Gunsolley
Patricia Gunsolley, Deputy

Attachment A

For Clerk's Use Only:
AGENDA NUMBER
16

AGENDA REQUEST FORM
BOARD OF SUPERVISORS
COUNTY OF INYO

☐ Consent ☒ Departmental ☐ Correspondence Action ☐ Public Hearing

☐ Scheduled Time for ☐ Closed Session ☐ Informational

FROM: René L. Mendez, County Administrator

FOR THE BOARD MEETING OF: **October 21, 1997**

SUBJECT: Report on Certificates of Participation

DEPARTMENTAL RECOMMENDATION:

Request your Board to take the following actions: (a) Review and accept the report from the Debt Advisory Committee regarding the Certificates of Participation; (b) Rescind Resolution No. 86-8, "Setting Guidelines for Use of the Debt Advisory Committee"; (c) Adopt a proposed resolution which establishes guidelines for use of the Financial Advisory Committee (FAC); (d) approve the functions and responsibilities of the FAC as presented; and (e) adopt the policy guidelines for ending the COP projects.

SUMMARY DISCUSSION:

The Debt Advisory Committee was charged with making recommendations regarding the Certificates of Participation (COPs) and on the role of the Debt Advisory Committee. Attached for your review and action, as noted above, are the following: (a) the report from the Debt Advisory Committee; (b) a proposed Resolution setting guidelines for use of the Financial Advisory Committee; and (c) list of Functions and Responsibilities of the Financial Advisory Committee.

Essentially, the report:

1. Provides a brief history of the COPs:
2. Presents different alternatives to pay off the COPs in the year 2000, including an analysis by Treasurer-Tax Collector on the alternatives, and recommends a course of action which will be presented to your Board on Tuesday, October 21, 1997;
3. Provides a summary of the current projects being funded by the COPs and policy guidelines to end those projects (Attachment);
4. Includes a proposed resolution that changes the name of the Debt Advisory Committee (DAC) to the Financial Advisory Committee (FAC) (Attachment);
5. Recommends the functions and responsibilities for the FAC (Attachment).

ALTERNATIVES:

Your Board has the following alternatives: (A) Not to change the name of the DAC to the Financial Advisory Committee. This is not recommended because the purpose, responsibilities and needs have evolved to more than debt issues. Therefore, expanding the advisory role of this committee will provide a valuable review and analysis process for the County. (B) Expand, reduce and/or change the functions and responsibilities of the Financial Advisory Committee that are being recommended. (C) Following review of the report, provide different policy direction regarding the repayment of the COPs and/or the mix of projects.

OTHER AGENCY INVOLVEMENT:

This report was prepared with input from the Debt Advisory Committee, which includes two Board Members, the Treasurer-Tax Collector, the Auditor-Controller, County Counsel and the County Administrator.

FINANCING:

As presented in the report, there are different financial implications with each one of the alternatives. These will be reviewed with your Board on Tuesday.

APPROVALS	
COUNTY COUNSEL:	AGREEMENTS, CONTRACTS AND ORDINANCES AND CLOSED SESSION AND RELATED ITEMS *(Must be reviewed and approved by county counsel prior to submission to the board clerk.)* Approved: __________ Date________
AUDITOR/CONTROLLER:	ACCOUNTING/FINANCE AND RELATED ITEMS (*Must be reviewed and approved by the auditor-controller prior to submission to the board clerk.)* Approved:__________ Date________
PERSONNEL DIRECTOR:	PERSONNEL AND RELATED ITEMS (Must be reviewed and approved by the director of personnel services prior to submission to the board clerk.) Approved:__________ Date________

DEPARTMENT HEAD SIGNATURE:
(Not to be signed until all approvals are received) Rene L. Mendez /td Date: 10/16/97

RESOLUTION NO. 86-8

(Resolution Setting Guidelines For Use Of The Debt Advisory Committee)

WHEREAS, the Inyo County Board of Supervisors ordered the formation of the Debt Advisory Committee (hereinafter referred to as The Committee) on January 27, 1986; and

WHEREAS, the purpose of this Resolution is to provide policy guidelines for the Board of Supervisor's use of The Committee,

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Inyo as follows:

1. All requests for debt financing, including, but not limited to, essential and nonessential function bonds, will be referred to The Committee.

2. The Committee will respond in writing within thirty (30) days to the Board of Supervisors, unless the time for such response is extended by the Board of Supervisors.

3. The Committee shall develop and recommend to the Board of Supervisors policy guidelines for adoption by the Board of Supervisors for all financing projects received by the Board of Supervisors.

PASSED AND ADOPTED by the Board of Supervisors of the County of Inyo, State of California, this 11th day of February, 1986, by the following vote:

AYES: Supervisors Irwin, Campbell, Bremmer, Johnson

NOES: None

ABSENT: Supervisor Calkins

HB Irwin
CHAIRMAN OF THE BOARD OF SUPERVISORS
COUNTY OF INYO, STATE OF CALIFORNIA

ATTEST:
Clerk of the Board of Supervisors

By Gayle J. Todd
Deputy

ROUTING:
Supervisors
CAO ✓
Counsel ✓
Other Treasurer, Auditor
Date 2/25/86

COUNTY OF INYO
FUNCTIONS AND RESPONSIBILITIES OF THE
FINANCIAL ADVISORY COMMITTEE
(formally the Debt Advisory Committee)

The Financial Advisor Committee (FAC) shall have the following responsibilities.

I. Review and recommend all issues of short- or long-term debt, including, but not limited to:

   a) Certificates of Participation (COPs)
   b) Tax and Revenue Anticipation Notes (TRANs)
   c) Capital Asset Leasing Corporation
   d) Industrial Development and Revenue…..Bonds
   e) Financing, funding and debt structure for any capital improvement, economic development and/or infrastructure projects.

II. Long-Term Financial Planning

   a) Develop and maintain a 5-Year Financial Plan
   b) Review the long-term Capital Improvement Plan
   c) Impact on ability of the County to borrow short or long term (rating impact)

III. Recommend Appropriate General Reserve Levels for the County

IV. Evaluate, develop and recommend financing alternatives for capital improvements and leasing options

V. Review the annual capital improvement and acquisitions budget.

COP AVAILABLE PROCEEDS AND AUTHORIZED PROJECTS FOR FY 1997/98

Amount Available /a	**$606,097**
Courthouse	
Exterior Refinishing	97,000
Fuel Tank Replacement	10,000
Electrical	25,000
Heating & Cooling	60,000
Road Shop	147,000
Lanscaping Sheriff	11,000
Padded Cell	10,000
Lone Pine Conv. Hospital	31,000
Tecopa Building	35,000
Subtotal	**$426,000**
Amount Left	**$180,097**
Planning Expansion	10,000
Museum Project /b	150,000
Amount Left	**$20,097**
Asset Transfer	5,000
Amount Left (Uncommitted)	**$15,097**

/a Balance as of June 3, 1997

/b Board direction during the FY 97/98 Budget, was to used the remainder up to $150,000 for the Museum Expansion Project.

CERTIFICATES OF PARTICIPATION
POLICY GUIDELINES – TIMELINES

In order for projects to remain on the COP funding list and the funds not be returned to the Trustee, the following conditions apply:

- Funding for the project must be obligated by June 30, 1998.
- The project must be completed by June 30, 1999.

As of June 30, 1999, the COP issue/project will be declared complete.

Item V

COUNTY OF INYO

PARS 115 Trust – OPEB Prefunding Program Client Review &
Pension Rate Stabilization Program Plan Update
February 23, 2024

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Dennis Mullins
Senior Portfolio Manager
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PARS 115 TRUST TEAM

Trust Administrator & Consultant

PUBLIC AGENCY RETIREMENT SERVICES PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

40	2,000+	1,000+	500+	500K+	$7.2B
Years of Experience (1984-2024)	Plans under Administration	Public Agency Clients	115 Trust Clients	Plan Participants	Assets under Administration

Trustee

usbank

- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

161	$9.5T
Years of Experience (1863-2024)	Assets under Administration

Investment Manager

pfm asset management

- Investment sub-advisor to trustee U.S. Bank
- Institutional asset management solutions
- Fixed income and multi asset portfolios
- Active and passive platform options
- Customized portfolios (with minimum asset level)

43	$216.9B *
Years of Experience *(As of 9/30/23)*	Assets under Management & Advisement

** Assets under management and advisement as of September 30, 2023 includes fixed income and multi asset class portfolios*

PARS PLANS AND PROGRAMS

115 Combo Trust

1 Pension Rate Stabilization Program (PRSP) - *Eligible*

A pension prefunding trust designed specifically to address GASB 68 liabilities on its financial statements and stabilize future costs.

2 OPEB Trust Program - *Client*

An OPEB prefunding trust designed to address OPEB liabilities and increase investment rates of return (discount rate).

3 Alternate Retirement System (ARS) – *Eligible*

An alternative to Social Security for part-time employees offered to provide a valuable benefit for employees and permanent payroll savings to the Agency.

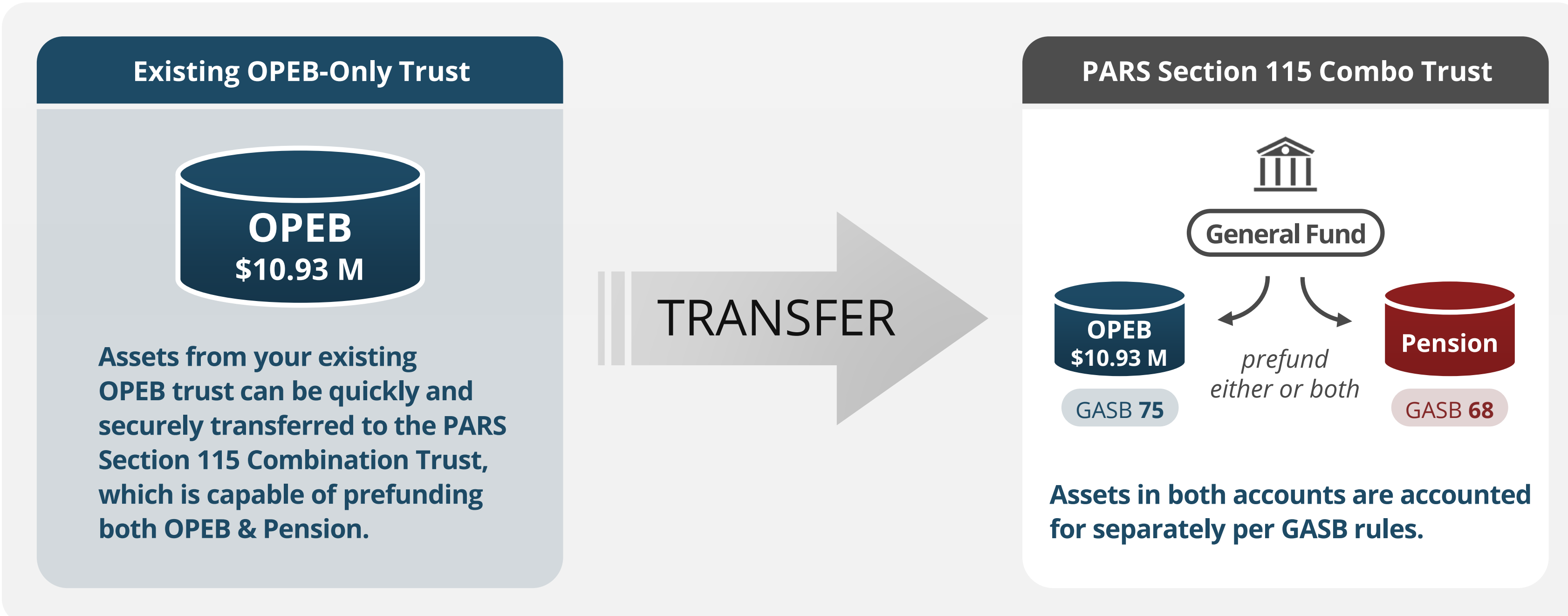
4 Supplemental Defined Contribution Plan

A locally designed retirement plan offered in addition to PERS or 37-Act retirement system with the goal of attracting and retaining select employees to the Agency.

5 Accumulated Leave Plan

A Defined Contribution solution that reduces leave balances on an annual basis during employment and minimizes total payout amounts.

PARS IRS-APPROVED SECTION 115 TRUST



Subaccounts

OPEB and Pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center

Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Flexible Investing

Allows separate investment strategies for OPEB and Pension subaccounts.

Anytime Access

Trust funds are available anytime; OPEB for OPEB and Pension for Pension.

Economies-of-Scale

OPEB and Pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!

No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

SECTION 115 TRUST CLIENTS (500+) INCLUDING:

February 2024

COUNTIES (37)

Alpine
Amador
Calaveras
Colusa
Contra Costa
Glenn
Humboldt
Imperial
Inyo
Kern
Kings
Lake
Lassen
Madera
Mariposa
Mendocino
Merced
Mono
Monterey
Napa
Nevada
Placer
Plumas
Riverside
San Benito
San Joaquin
Shasta
Siskiyou
Solano
Sonoma
Sutter
Tehama
Trinity
Tulare
Tuolumne
Yolo
Yuba

The

PARS OPEB TRUST PROGRAM

for prefunding Other Post-Employment Benefits

SUMMARY OF AGENCY'S OPEB PLAN

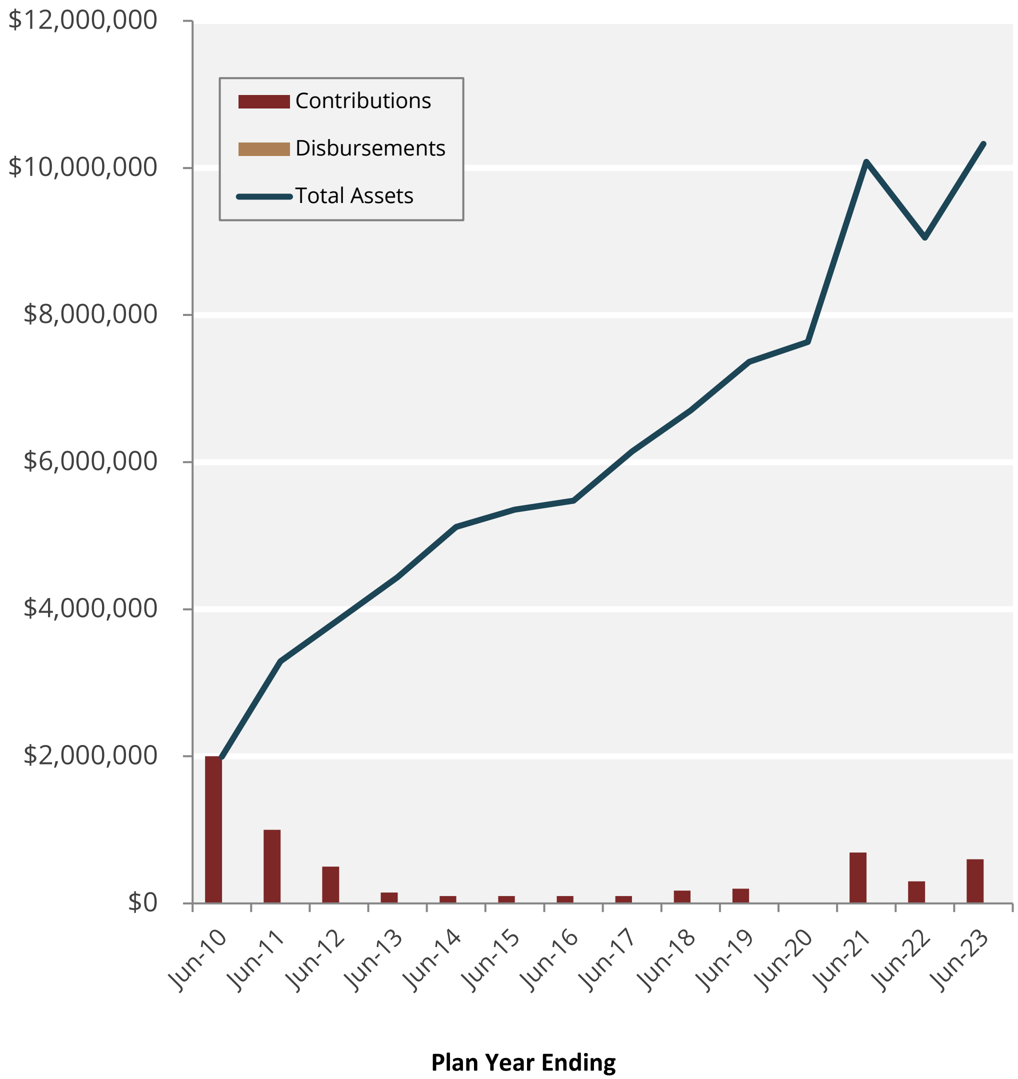
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	April 13, 2010
Plan Administrator:	County Administrative Officer
Current Investment Strategy:	Moderate HighMark PLUS (Active) Strategy; Pooled Account

AS OF DECEMBER 31, 2023:

Initial Contribution:	June 2010: $2,000,000
Additional Contributions:	$4,017,738
Total Contributions:	$6,017,738
Disbursements:	$0
Total Investment Earnings:	$5,153,273
Account Balance:	$10,930,986

SUMMARY OF AGENCY'S OPEB PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF DECEMBER 31, 2023:



Year	Contributions	Disbursements	Total Assets
Jun-10*	$2,000,000	$0	$1,995,176
Jun-11	$1,000,000	$0	$3,294,005
Jun-12	$500,000	$0	$3,863,613
Jun-13	$150,000	$0	$4,435,355
Jun-14	$100,000	$0	$5,119,912
Jun-15	$100,000	$0	$5,356,519
Jun-16	$100,000	$0	$5,475,437
Jun-17	$100,000	$0	$6,144,599
Jun-18	$172,649	$0	$6,702,527
Jun-19	$201,677	$0	$7,364,115
Jun-20	$0	$0	$7,632,926
Jun-21	$693,412	$0	$10,083,481
Jun-22	$300,000	$0	$9,052,176
Jun-23	$600,000	$0	$10,329,376
Jun-24**	$0	$0	$10,930,986

**Plan Year Ending June 2010 is based on 1 month of activity.*
***Plan Year Ending June 2024 is based on 6 months of activity.*

OPEB ACTUARIAL RESULTS

- We have received the actuarial report by DFA, LLC. dated April 10, 2023 with a measurement date as of July 1, 2022. In the table below, we have summarized the results.

Demographic Study	Measurement Date July 1, 2022
Actives	426
Retirees	333
Total	759
Average Active Age	44.6
Average Active Agency Service	8.0

OPEB ACTUARIAL RESULTS

	Measurement Date July 1, 2022 Discount Rate: 4.16%
Total OPEB Liability (TOL)	$82,134,889
Fiduciary Net Position	$9,052,176*
Net OPEB Liability (NOL)	$73,082,713
Funded Ratio (%)	11.02%
Actuarially Determined Contribution	$8,386,749 for FY 2023-24
Annual Benefit Payments (Pay-as-you-Go)	$2,939,539 for FY 2022-23

*As of December 31, 2023, assets at $10,930,986 (approx. ~13.31% funded).

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

INVESTMENT REVIEW

PUBLIC AGENCY RETIREMENT SERVICES PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

PARS: County of Inyo

December 31, 2023

Presented by:

Dennis S. Mullins, CFA

Senior Client Portfolio Manager

PFM Asset Management, LLC

HighMark® CAPITAL MANAGEMENT

Selected Period Performance

PARS/PRHCP HIGHMARK PLUS MODERATE

Account ******9205

Period Ending: 12/31/2023

	3 Months	Year to Date (1 Year)	1 Year	3 Years	5 Years	10 Years	Since Inception (162 Months)
Cash Equivalents	1.33	4.99	4.99	2.14	1.77	1.16	.87
Lipper Money Market Funds Index	*1.33*	*5.00*	*5.00*	*2.15*	*1.76*	*1.12*	*.83*
Total Fixed Income	6.91	6.86	6.86	-2.30	1.57	1.93	2.45
Bloomberg US Aggregate Bd Index	*6.82*	*5.53*	*5.53*	*-3.31*	*1.10*	*1.81*	*2.15*
Total Equities	12.15	22.29	22.29	6.04	12.86	9.21	11.70
Large Cap Funds	11.90	28.03	28.03	8.96	15.51	11.61	13.75
S&P 500 Composite Index	*11.69*	*26.29*	*26.29*	*10.00*	*15.69*	*12.03*	*14.22*
Mid Cap Funds	12.85	17.91	17.91	5.91	12.93	8.76	11.66
Russell Midcap Index	*12.82*	*17.23*	*17.23*	*5.92*	*12.68*	*9.42*	*12.50*
Small Cap Funds	14.92	18.66	18.66	4.44	12.39	9.78	13.68
Russell 2000 Index	*14.03*	*16.93*	*16.93*	*2.22*	*9.97*	*7.16*	*10.81*
International Equities	9.46	13.38	13.38	-.15	7.40	4.09	5.50
MSCI EAFE Index	*10.42*	*18.24*	*18.24*	*4.02*	*8.16*	*4.28*	*6.66*
MSCI EM Free Index	*7.86*	*9.83*	*9.83*	*-5.08*	*3.68*	*2.66*	*3.29*
RR: REITS	18.47	12.88	12.88	5.39	7.00		
Wilshire REIT Index	*16.30*	*16.18*	*16.18*	*7.52*	*7.56*	*7.72*	*9.40*
Total Managed Portfolio	9.29	14.08	14.08	2.03	7.23	5.57	7.07

Performance Inception: 7/01/2010

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

Asset Allocation – County of Inyo
As of December 31, 2023

Current Asset Allocation		Investment Vehicle	
Equity		***Range: 40%-60%***	**49.44%**
Large Cap Core	COFYX	Columbia Contrarian Core Inst3	5.03%
	VGIAX	Vanguard Growth & Income Adm	9.59%
Large Cap Value	DODGX	Dodge & Cox Stock I	4.32%
	IVE	iShares S&P 500 Value ETF	1.89%
Large Cap Growth	HNACX	Harbor Capital Appreciation Retirement	2.71%
	IVW	iShares S&P 500 Growth ETF	2.69%
Mid Cap Core	IWR	iShares Russell Mid-Cap ETF	5.34%
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Val R6	3.55%
Small Cap Growth	FGROX	Emerald Growth Institutional	3.36%
International Core	DFALX	DFA Large Cap International I	3.66%
International Value	DODFX	Dodge & Cox International Stock I	1.23%
International Growth	MGRDX	MFS International Growth R6	1.23%
Emerging Markets	HHHFX	Hartford Schroders Emerging Mkts Eq F	3.30%
Real Estate	VNQ	Vanguard Real Estate ETF	1.55%
Fixed Income		***Range: 40%-60%***	**47.32%**
Intermediate-Term	DBLFX	DoubleLine Core Fixed Income I	14.35%
	DODIX	Dodge & Cox Income I	14.40%
	PTRQX	PGIM Total Return Bond R6	14.38%
Mortgage Backed Securities	MBB	iShares MBS ETF	4.20%
Cash		***Range: 0%-20%***	**3.24%**
	FGXXX	First Am Govt Ob Fd Cl X	3.24%
TOTAL			**100.00%**

COUNTY OF INYO

For Period Ending December 31, 2023

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
LARGE CAP EQUITY FUNDS							
Columbia Contrarian Core Inst3	4.44	12.83	32.21	32.21	10.30	16.94	11.94
Vanguard Growth & Income Adm	4.21	11.53	24.76	24.76	10.12	15.39	11.90
Dodge & Cox Stock I	5.86	9.82	17.48	17.48	12.81	13.94	10.45
iShares S&P 500 Value ETF	5.51	13.57	22.02	22.02	12.90	13.92	9.83
Harbor Capital Appreciation Retirement	4.72	16.31	53.86	53.86	3.54	18.00	14.10
iShares S&P 500 Growth ETF	3.70	10.05	29.80	29.80	6.43	16.02	13.15
S&P 500 TR USD	**4.54**	**11.69**	**26.29**	**26.29**	**10.00**	**15.69**	**12.03**
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	7.72	12.78	17.07	17.07	5.76	12.50	9.26
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	10.19	15.36	14.57	14.57	15.08	14.26	9.53
Emerald Growth Institutional	10.12	14.94	19.06	19.06	-2.21	10.82	8.58
Russell 2000 TR USD	**12.22**	**14.03**	**16.93**	**16.93**	**2.22**	**9.97**	**7.16**
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	4.68	6.81	16.70	16.70	6.49	8.65	3.99
DFA Large Cap International I	5.24	10.29	17.87	17.87	4.96	8.82	4.54
MFS International Growth R6	4.99	10.87	14.96	14.96	2.32	9.57	6.47
MSCI EAFE NR USD	**5.31**	**10.42**	**18.24**	**18.24**	**4.02**	**8.16**	**4.28**
Hartford Schroders Emerging Mkts Eq F	2.92	8.26	9.00	9.00	-6.90	4.09	2.97
MSCI EM NR USD	**3.91**	**7.86**	**9.83**	**9.83**	**-5.08**	**3.69**	**2.66**

Source: SEI Investments, Morningstar Investments

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

COUNTY OF INYO

For Period Ending December 31, 2023

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	9.37	18.12	11.74	11.74	5.00	7.29	7.34
BOND FUNDS							
Dodge & Cox Income I	4.08	7.32	7.70	7.70	-1.65	2.70	2.79
DoubleLine Core Fixed Income I	3.85	6.50	6.43	6.43	-2.55	1.08	2.14
PGIM Total Return Bond R6	4.03	7.16	7.78	7.78	-3.20	1.73	2.66
Bloomberg US Agg Bond TR USD	**3.83**	**6.82**	**5.53**	**5.53**	**-3.31**	**1.10**	**1.81**
iShares MBS ETF	4.19	7.33	4.99	4.99	-2.97	0.20	1.28

Source: SEI Investments, Morningstar Investments

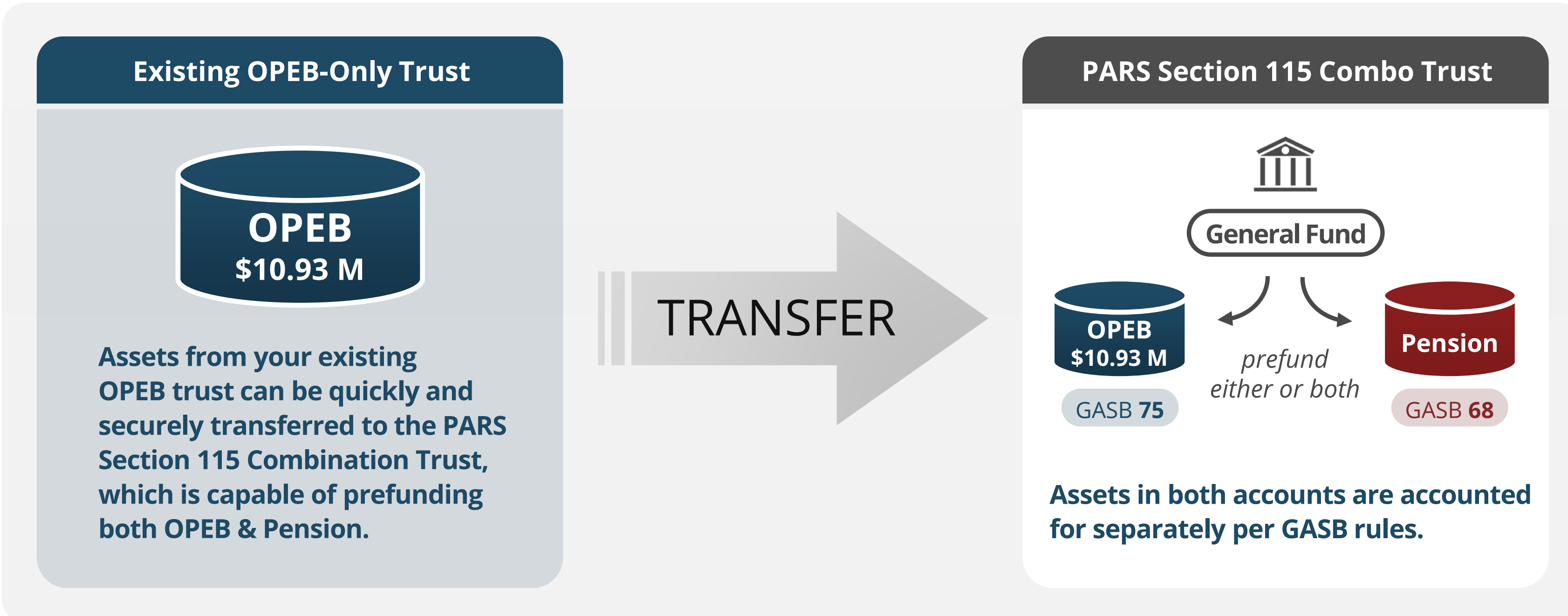
Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

The

PARS PENSION RATE STABILIZATION PROGRAM

for prefunding pension obligations

PARS IRS-APPROVED SECTION 115 TRUST



Subaccounts

OPEB and Pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center

Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Flexible Investing

Allows separate investment strategies for OPEB and Pension subaccounts.

Anytime Access

Trust funds are available anytime; OPEB for OPEB and Pension for Pension.

Economies-of-Scale

OPEB and Pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!

No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

BACKGROUND – PENSION

- Since 2015, GASB 68 has required disclosing Net Pension Liability on financial statements as a line item on the balance sheet

- Before the concept of pension prefunding, the only way to reduce retirement system unfunded liabilities was to send additional contributions in excess of annual required employer contributions

- Pension trust prefunding assets can be transferred to the retirement system at the Agency's direction, which can help offset future rate increases (i.e., pension rate stabilization).

CalPERS Changes

CalPERS has announced changes directly affecting unfunded liability amounts and employer contributions:

Lowering of Discount Rate [1]

7.0% ▼ **6.8%**

CalPERS lowered the discount rate from 7.0% to 6.8%. The impact is reflected in the June 30, 2021 valuation reports.

[1] Contributions from policy changes beginning FY 23-24.

Shortened Amortization Period [2]

30 years ▼ **20 years**

New actuarial liabilities are amortized over 20 years instead of 30, increasing required annual employer contribution amounts*

[2] 5-year ramp up in payments beginning FY 15-16 with full impact in FY 19/20.

PUBLIC AGENCY RETIREMENT SERVICES PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

PENSION FUNDING STATUS

As of June 30, 2022, County of Inyo's CalPERS pension plan is funded as follows*:

Combined Miscellaneous & Safety Groups *	Valuation as of June 30, 2021	Valuation as of June 30, 2022	Change
Actuarial Liability	$287.8 M	$302.0 M	4.9% ↑
Assets	$228.7 M	$207.4 M	9.3% ↓
Unfunded Liability	$59.1 M	$94.6 M	60.1% ↑
Funded Ratio	79.5%	68.7%	13.6% ↓
Employer Contribution Amount	$10.3 M (FY 22-23)	$10.2 M (FY 23-24)	0.6% ↓
Employer Contribution Amount – Projected *	---	$14.2 M (FY 29-30)	38.8% ↑

** Data through 2029-30 from Agency's latest CalPERS actuarial valuation.*

WHY PREFUND PENSION OBLIGATIONS?

1. Complete Local Control over Assets

Agency has complete control over assets, including contributions, disbursements and the timing, amount, and risk tolerance level of investments

2. Pension Rate Stabilization

Assets can be transferred to the retirement system at the Agency's direction, potentially reducing/eliminating large fluctuations in employer contribution amounts

3. Rainy Day Fund

Emergency source of funds when employer revenues are strained in difficult budgetary or economic times

4. Diversification

Allows for investment flexibility and offers the potential for assets to earn greater returns than the general fund; spread the risk vs. sending additional money to CalPERS

WHY TAKE THIS STEP?

1. Smooths out pension rate volatility
2. Offers hedge against Inflation
3. Provides a fiscal tool in your financial toolbox
4. Prepares today for tomorrow's pension realities

Questions?

GASB COMPLIANCE

- **To assist our public agency clients with GASB compliance, PARS will be providing the following:**
  - — An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
  - — Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by CliftonLarsonAllen (CLA) that is intended to be compliant with GASB 67/68 and GASB 74/75 requirements.
  - — Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
  - — Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB

DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER
COUNTY OF MONO

Kim Bunn
Assistant Finance Director
Auditor-Controller

Janet Dutcher, CPA, CGFM, MPA
Director of Finance

Gerald Frank
Assistant Finance Director
Treasurer - Tax Collector

To: Board of Supervisors and Public

From: Janet Dutcher, Finance Director

Date: May 17, 2022

Re: Establish Pension Rate Stabilization Trust with Public Agency Retirement Services (PARS)

Background

On November 9, 2021, staff held a CalPERS pension workshop with the Board, which reported the County's unfunded accrued pension liability at more than $67 million as of June 30, 2020. While CalPERS investment results for fiscal year ended June 30, 2021 and the County's pension liability is projected to be adjusted down to $51 million, annual unfunded accrued liability (UAL) payments are at an all time high of $5.2 million and forecast between $5 and $6 million each of the next six years. Altogether, required spending on the UAL represents money taken away from delivering public services, forcing the possibility of service cuts to balance the County's budget.

On January 18, 2022, staff conducted a County Retiree Health Care Obligation workshop with the Board. While the retiree obligation is $30.9 million, the County has prefunded this obligation by making contributions to an irrevocable trust with PARS, from 2008 through 2019, totaling more than $13.7 million. Together with investment earnings, the County's post-employment health benefit (OPEB) trust balance is $29.4 million, making the OPEB liability 95% funded.

The County's FY 2021-22 budget includes appropriations charging all departments an aggregated amount of $1,764,000, which is the amount estimated to pay this year's retiree health care costs. With the OPEB liability being 95% funded, there is an opportunity to redirect budgetary savings for other purposes. One such purpose is to deposit these savings in a Pension Rate Stabilization Trust (PRST).

On March 15, 2022, staff presented a workshop illustrating the use of PRST as a strategy mitigating CalPERS contribution rate volatility and periodically reducing the County's unfunded pension liability held with CalPERS. Trust assets are accumulated and then withdrawn during periods of escalating pension contributions and acts as a buffer to achieve stability in the County's budget.

Today’s Agenda Item

County staff recommends establishing a PRST to be administered by Public Agency Retirement Services (PARS). The benefit is the County can make annual contributions to the trust with the resources being invested for long-term growth and the future balance gives the County an option to utilize trust assets to limit the budgetary impact of increasing annual pension costs.

Staff finds that our existing relationship with PARS has been so successful that significant prefunding of OPEB costs has been achieved. The recommendation is to repeat this success story with our pension obligation by again partnering with PARS.

Steps to implement the PRST with PARS are as follows:

1. County Board of Supervisors authorize establishment of the trust by adopting the PARS resolution and appointing a plan administrator. Recommendation is to appoint the Mono County Finance Director as plan administrator, same as it is with our OPEB trust. This is today’s recommended action.

2. The Plan Administrator executes the Agreement for Administrative Services with PARS. This agreement is attached to this agenda item for reference.

3. The County team develops the investment policy and guidelines with the PARS investment manager.

4. County develops policies and procedures for future annual contributions and/or disbursements. This will occur in alignment with the fiscal year 2022-2023 budget process.

5. PARS conducts an annual client services review.

Today’s agenda item requests Board of Supervisors approval of the attached resolution adopting the PRST trust (legally referred to as the Public Agencies Post-Employment Benefits Trust) and allowing for the execution of legal and administrative documents and other related actions required to administer the County’s plan to prefund future pension contributions. A copy of the IRS private letter ruling confirming the legality of the trust and tax-exempt status is also attached to this agenda item for reference.

Discussion of making contributions will occur with fiscal year 2022-2023 budget conversations.

INVESTMENT PERFORMANCE SHEETS

HighMark®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

CONSERVATIVE

Q4 2023

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.

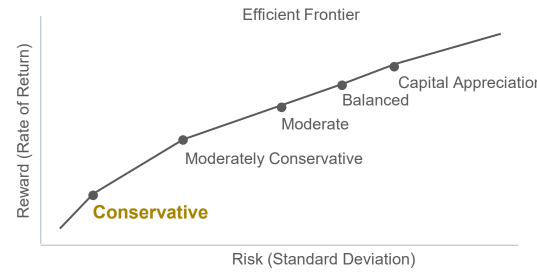
PORTFOLIO FACTS

HighMark Plus (Active)	
Composite Inception Date	07/2004
No of Holdings in Portfolio	19

Index Plus (Passive)	
Composite Inception Date	07/2004
No of Holdings in Portfolio	12

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%	81%
Cash	0 – 20%	5%	4%

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

HighMark Plus Composite (Active)	Gross	Net	Index Plus Composite (Passive)	Gross	Net
Current Quarter*	7.47%	7.38%	Current Quarter*	7.24%	7.14%
Blended Benchmark,***	*6.27%*		*Blended Benchmark*,***	*6.27%*	
Year To Date*	8.81%	8.42%	Year To Date*	7.63%	7.25%
Blended Benchmark,***	*7.85%*		*Blended Benchmark*,***	*7.85%*	
1 Year	8.81%	8.42%	1 Year	7.63%	7.25%
*Blended Benchmark***	*7.85%*		*Blended Benchmark***	*7.85%*	
3 Year	-0.96%	-1.31%	3 Year	-1.17%	-1.53%
*Blended Benchmark***	*-0.47%*		*Blended Benchmark***	*-0.47%*	
5 Year	3.30%	2.93%	5 Year	2.95%	2.58%
*Blended Benchmark***	*3.20%*		*Blended Benchmark***	*3.20%*	
10 Year	3.00%	2.63%	10 Year	2.72%	2.35%
*Blended Benchmark***	*2.95%*		*Blended Benchmark***	*2.95%*	

* Returns less than one year are not annualized. **Breakdown for Blended Benchmark: From 10/1/2012 - Present: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM (net), 2% MSCI EAFE (net), 52.25% Bloomberg US Agg, 25.75% ICE BofA 1-3 Yr US Corp/Gov't, 2% ICE BofA US High Yield Master II, 0.5% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012, the blended benchmark was 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE (net), 40% ICE BofA 1-3 Year Corp./Govt, 40% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 15% S&P 500, 40% ICE BofA 1-3Yr Corp/Gov, 40% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

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

HighMark Plus Composite (Active)		Index Plus Composite (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%
2017	6.73%	2017	5.52%
2018	-1.35%	2018	-1.09%
2019	11.05%	2019	10.37%
2020	9.03%	2020	8.56%
2021	2.20%	2021	1.97%
2022	-12.63%	2022	-12.06%
2023	8.81%	2023	7.63%

HOLDINGS

HighMark Plus (Active)

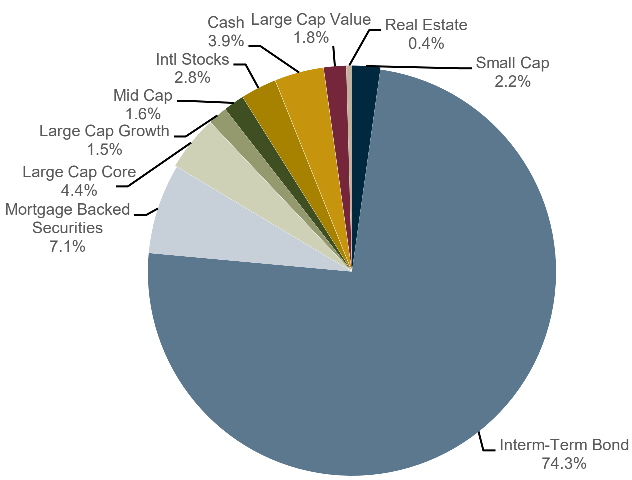
Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Emerald Growth Fund-I
DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
iShares MBS ETF
Dodge & Cox Income-I
PGIM Total Return Bond - R6
DoubleLine Core Fixed Income - I
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500 Value ETF
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
iShares Russell 2000 Value ETF
iShares Russell 2000 Growth ETF
iShares Core MSCI EAFE ETF
Vanguard FTSE Emerging Markets ETF
iShares MBS ETF
iShares Core U.S. Aggregate
First American Government Obligations 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: Accounts are managed by HighMark with full investment authority according to the PARS Conservative active and passive objectives.

The adviser to the PARS portfolios is U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's 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 $12.53 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. 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 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 ICE BofA U.S. 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 U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **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

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with $9.2 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: 10
Average Years of Experience: 29
Average Tenure (Years): 18

Manager Review Group
Number of Members: 3
Average Years of Experience: 29
Average Tenure (Years): 13

*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. As of 6/1/2023 HighMark previously listed Assets under Advisement ("AUA") are no longer advised by HighMark.

HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

MODERATELY CONSERVATIVE

Q4 2023

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.

PORTFOLIO FACTS

HighMark Plus (Active)

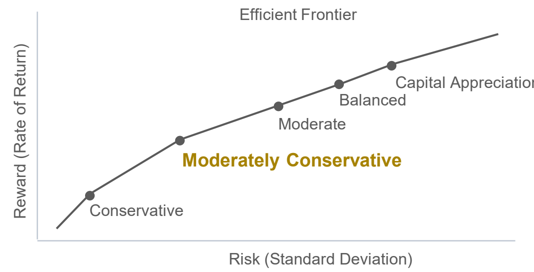
Composite Inception Date	08/2004
No of Holdings in Portfolio	19

Index Plus (Passive)

Composite Inception Date	05/2005
No of Holdings in Portfolio	12

INVESTMENT OBJECTIVE

To provide current income, with capital appreciation as a secondary objective. 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%	29%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	4%

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

HighMark Plus Composite (Active)

	Gross	Net
Current Quarter*	8.24%	8.14%
Blended Benchmark,***	*7.52%*	
Year To Date*	11.05%	10.66%
Blended Benchmark,***	*10.30%*	
1 Year	11.05%	10.66%
*Blended Benchmark***	*10.30%*	
3 Year	0.35%	-0.01%
*Blended Benchmark***	*0.66%*	
5 Year	4.95%	4.57%
*Blended Benchmark***	*4.94%*	
10 Year	4.09%	3.72%
*Blended Benchmark***	*4.21%*	

Index Plus Composite (Passive)

	Gross	Net
Current Quarter*	8.02%	7.93%
Blended Benchmark,***	*7.52%*	
Year To Date*	9.89%	9.50%
Blended Benchmark,***	*10.30%*	
1 Year	9.89%	9.50%
*Blended Benchmark***	*10.30%*	
3 Year	0.23%	-0.13%
*Blended Benchmark***	*0.66%*	
5 Year	4.64%	4.27%
*Blended Benchmark***	*4.94%*	
10 Year	3.92%	3.55%
*Blended Benchmark***	*4.21%*	

* Returns less than one year are not annualized. **Breakdown for Blended Benchmark: From 10/1/2012 - Present: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM (net), 4% MSCI EAFE (net), 49.25% Bloomberg US Agg, 14% ICE BofA 1-3 Yr US Corp/Gov't, 1.75% ICE BofA US High Yield Master II, 1% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 - 9/30/2012: the blended benchmark was 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE (net), 25% ICE BofA 1-3 Year Corp./Govt, 40% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007, the blended benchmark was 30% S&P 500, 25% ICE BofA 1-3Yr Corp/Gov, 40% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

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

Year	HighMark Plus Composite (Active)	Index Plus Composite (Passive)
2008	-15.37%	-12.40%
2009	18.71%	11.92%
2010	10.46%	9.72%
2011	1.75%	3.24%
2012	10.88%	8.24%
2013	7.30%	6.78%
2014	4.41%	5.40%
2015	0.32%	-0.18%
2016	4.94%	5.42%
2017	9.56%	8.08%
2018	-2.60%	-2.33%
2019	13.73%	13.53%
2020	10.76%	9.74%
2021	5.15%	5.33%
2022	-13.46%	-13.00%
2023	11.05%	9.89%

HOLDINGS

HighMark Plus (Active)

Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Emerald Growth Fund-I
DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
iShares MBS ETF
Dodge & Cox Income-I
PGIM Total Return Bond - R6
DoubleLine Core Fixed Income - I
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500 Value ETF
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
iShares Russell 2000 Value ETF
iShares Russell 2000 Growth ETF
iShares Core MSCI EAFE ETF
Vanguard FTSE Emerging Markets ETF
iShares MBS ETF
iShares Core U.S. Aggregate
First American Government Obligations Z

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

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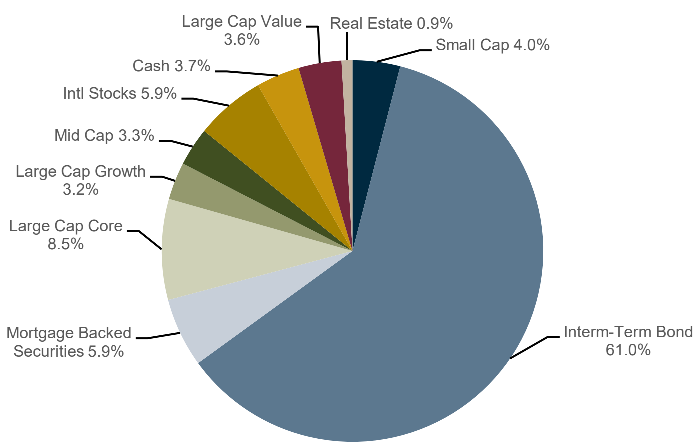

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ABOUT THE PORTFOLIO MANAGEMENT TEAM

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: 10
Average Years of Experience: 29
Average Tenure (Years): 18

Manager Review Group
Number of Members: 3
Average Years of Experience: 29
Average Tenure (Years): 13

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HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

MODERATE

Q4 2023

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

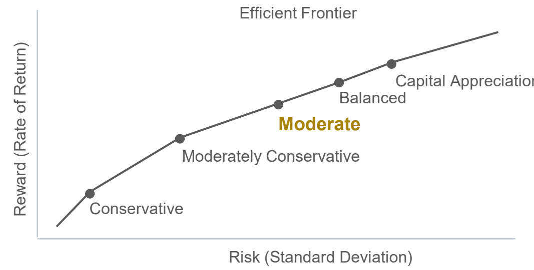
The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return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

PORTFOLIO FACTS

HighMark Plus (Active)	
Composite Inception Date	10/2004
No of Holdings in Portfolio	19
Index Plus (Passive)	
Composite Inception Date	05/2006
No of Holdings in Portfolio	12

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. 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%	49%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	3%

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

HighMark Plus Composite (Active)

	Gross	Net
Current Quarter*	9.28%	9.18%
Blended Benchmark,***	*8.72%*	
Year To Date*	13.98%	13.57%
Blended Benchmark,***	*13.56%*	
1 Year	13.98%	13.57%
*Blended Benchmark***	*13.56%*	
3 Year	2.08%	1.71%
*Blended Benchmark***	*2.58%*	
5 Year	7.17%	6.79%
*Blended Benchmark***	*7.31%*	
10 Year	5.55%	5.17%
*Blended Benchmark***	*5.82%*	

Index Plus Composite (Passive)

	Gross	Net
Current Quarter*	9.01%	8.91%
Blended Benchmark,***	*8.72%*	
Year To Date*	12.74%	12.33%
Blended Benchmark,***	*13.56%*	
1 Year	12.74%	12.33%
*Blended Benchmark***	*13.56%*	
3 Year	2.14%	1.77%
*Blended Benchmark***	*2.58%*	
5 Year	6.85%	6.47%
*Blended Benchmark***	*7.31%*	
10 Year	5.34%	4.96%
*Blended Benchmark***	*5.82%*	

* Returns less than one year are not annualized. **Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% Bloomberg US Agg, 10% ICE BofA 1-3 Yr US Corp/Gov't, 1.50% ICE BofA US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Year Corp./Govt, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3Yr Corp/Gov, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

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

Year	HighMark Plus Composite (Active)	Index Plus Composite (Passive)
2008	-22.88%	-18.14%
2009	21.47%	16.05%
2010	12.42%	11.77%
2011	0.55%	2.29%
2012	12.25%	10.91%
2013	13.06%	12.79%
2014	4.84%	5.72%
2015	0.14%	-0.52%
2016	6.45%	7.23%
2017	13.19%	11.59%
2018	-4.03%	-4.03%
2019	17.71%	17.52%
2020	12.92%	11.23%
2021	9.31%	10.18%
2022	-14.63%	-14.21%
2023	13.98%	12.74%

HOLDINGS

HighMark Plus (Active)

Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Emerald Growth Fund-I
DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
iShares MBS ETF
Dodge & Cox Income-I
PGIM Total Return Bond - R6
DoubleLine Core Fixed Income - I
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500 Value ETF
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
iShares Russell 2000 Value ETF
iShares Russell 2000 Growth ETF
iShares Core MSCI EAFE ETF
Vanguard FTSE Emerging Markets ETF
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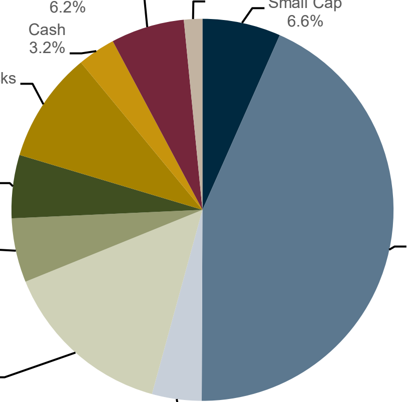

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ABOUT THE PORTFOLIO MANAGEMENT TEAM

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

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Education: BA, International Christian University, Tokyo

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Asset Allocation Committee
Number of Members: 10
Average Years of Experience: 29
Average Tenure (Years): 18

Manager Review Group
Number of Members: 3
Average Years of Experience: 29
Average Tenure (Years): 13

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HIGHMARK® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

BALANCED

Q4 2023

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

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.

PORTFOLIO FACTS

HighMark Plus (Active)

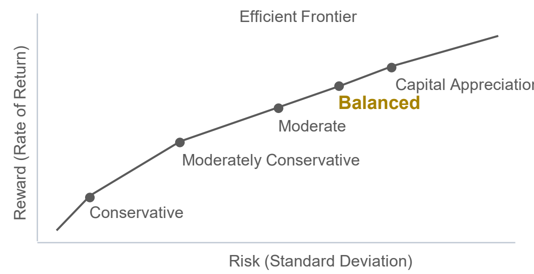
Composite Inception Date	10/2006
No of Holdings in Portfolio	19

Index Plus (Passive)

Composite Inception Date	10/2007
No of Holdings in Portfolio	12

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%	59%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	3%

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

HighMark Plus Composite (Active)

	Gross	Net
Current Quarter*	9.84%	9.75%
Blended Benchmark,***	*9.36%*	
Year To Date*	15.39%	14.98%
Blended Benchmark,***	*15.19%*	
1 Year	15.39%	14.98%
*Blended Benchmark***	*15.19%*	
3 Year	2.89%	2.53%
*Blended Benchmark***	*3.46%*	
5 Year	8.25%	7.86%
*Blended Benchmark***	*8.45%*	
10 Year	6.21%	5.83%
*Blended Benchmark***	*6.61%*	

Index Plus Composite (Passive)

	Gross	Net
Current Quarter*	9.60%	9.50%
Blended Benchmark,***	*9.36%*	
Year To Date*	14.31%	13.91%
Blended Benchmark,***	*15.19%*	
1 Year	14.31%	13.91%
*Blended Benchmark***	*15.19%*	
3 Year	3.06%	2.69%
*Blended Benchmark***	*3.46%*	
5 Year	7.97%	7.58%
*Blended Benchmark***	*8.45%*	
10 Year	6.05%	5.67%
*Blended Benchmark***	*6.61%*	

* Returns less than one year are not annualized. **Breakdown for Blended Benchmark: From 10/1/2012 – Present: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM (net), 7% MSCI EAFE (net), 27% Bloomberg US Agg, 6.75% ICE BofA 1-3 Yr US Corp/Gov't, 1.25% ICE BofA US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE (net), 5% ICE BofA 1-3 Year Corp./Govt, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 60% S&P 500, 5% ICE BofA 1-3Yr Corp/Gov, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

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

Year	HighMark Plus Composite (Active)	Index Plus Composite (Passive)
2008	-25.72%	-23.22%
2009	21.36%	17.62%
2010	14.11%	12.76%
2011	-0.46%	1.60%
2012	13.25%	11.93%
2013	16.61%	15.63%
2014	4.70%	6.08%
2015	0.04%	-0.81%
2016	6.81%	8.26%
2017	15.46%	13.39%
2018	-4.88%	-5.05%
2019	19.85%	19.59%
2020	13.85%	12.07%
2021	11.44%	12.63%
2022	-15.28%	-14.97%
2023	15.39%	14.31%

HOLDINGS

HighMark Plus (Active)

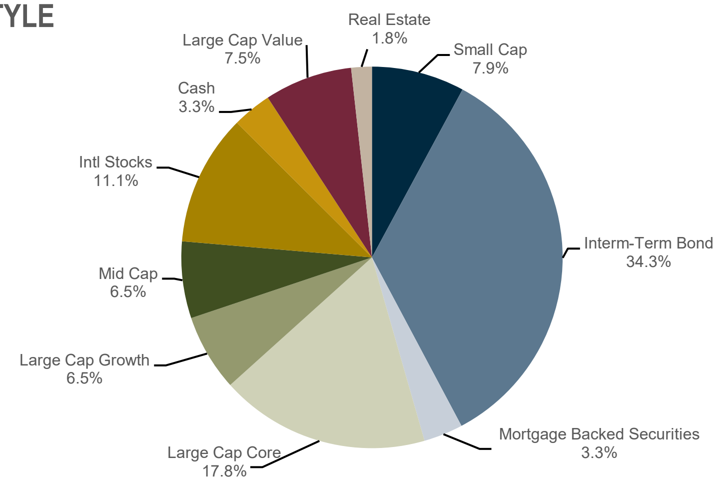
Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Emerald Growth Fund-I
DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
iShares MBS ETF
Dodge & Cox Income-I
PGIM Total Return Bond - R6
DoubleLine Core Fixed Income - I
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500 Value ETF
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
iShares Russell 2000 Value ETF
iShares Russell 2000 Growth ETF
iShares Core MSCI EAFE ETF
Vanguard FTSE Emerging Markets ETF
iShares MBS ETF
iShares Core U.S. Aggregate
First American Government Obligations 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: Accounts are managed by HighMark with full investment authority according to the PARS Balanced active and passive objectives.

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 U.S. Bank, and HighMark serves as sub-adviser to U.S. Bank to manage these portfolios. U.S. Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. U.S. Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with U.S. Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's 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 $12.53 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. 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 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 ICE BofA U.S. 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 U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark) is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of HighMark. HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. Individual account management and construction will vary depending on each client's investment needs and objectives. U.S. Bank provides certain services to HighMark and is compensated for these services. **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.**

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Average Years of Experience: 29
Average Tenure (Years): 18

Manager Review Group
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HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

CAPITAL APPRECIATION

Q4 2023

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION 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.

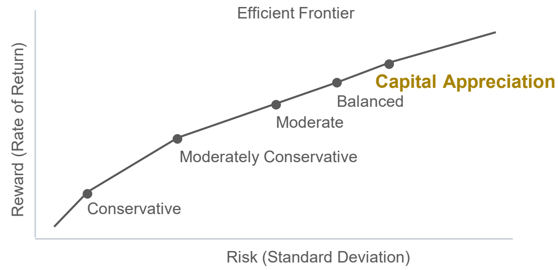
PORTFOLIO FACTS

Consolidated Composite

Composite Inception Date	01/2009
No of Holdings in Portfolio	19

INVESTMENT OBJECTIVE

To provide 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%	74%
Fixed Income	10 - 30%	20%	22%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS

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

Consolidated Composite

	Gross	Net
Current Quarter*	10.40%	10.30%
Blended Benchmark,***	*10.22%*	
Year To Date*	17.32%	16.91%
Blended Benchmark,***	*17.62%*	
1 Year	17.32%	16.91%
*Blended Benchmark***	*17.62%*	
3 Year	4.22%	3.84%
*Blended Benchmark***	*4.74%*	
5 Year	9.71%	9.32%
*Blended Benchmark***	*10.05%*	
10 Year	7.23%	6.85%
*Blended Benchmark***	*7.64%*	

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

ANNUAL RETURNS

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

Consolidated Composite

2008	N/A
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.26%
2016	8.79%
2017	16.72%
2018	-5.82%
2019	22.62%
2020	14.50%
2021	14.96%
2022	-16.08%
2023	17.32%

HOLDINGS

HighMark Plus (Active)

Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
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DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
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First American Government Obligations Z

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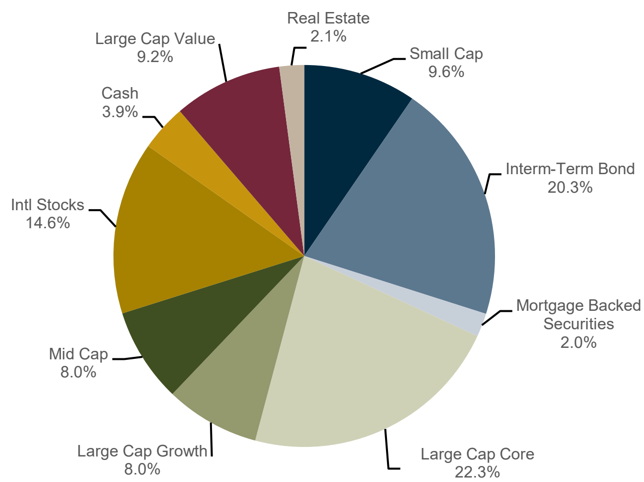

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