

In partnership with:



SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

PARS Pension Rate Stabilization Program (PRSP) Update
May 10, 2018

INTRODUCTIONS

MAUREEN TOAL

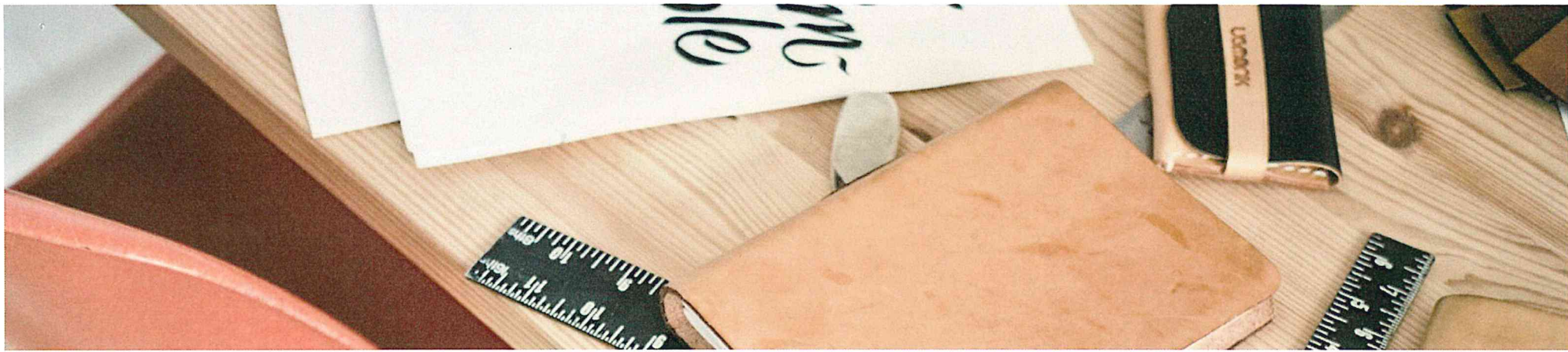
PARS Senior Vice President

NICK PICCARRETA

Vanguard Investment Consultant

JACLYN BOVINO

Vanguard Director
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BACKGROUND

- **The PARS-CCLC Pension Rate Stabilization Program (PRSP)** is a first-of-its kind, IRS-approved trust program as a turn-key approach to prefunding pension obligations
- Offered to community college districts in **partnership with the Community College League of California**
- PARS has developed this IRS Section 115 Trust program to **enable public agencies to pre-fund PERS/STRS costs** through a locally controlled trust
- PARS received **the first Private Letter Ruling from the IRS for this type of trust** in June 2015 and began allowing California public agencies to participate – now at 146 as of May

PARS CLIENT LIST – PRSP (146)

UPDATED: MAY 2018

EDUCATION DISTRICTS

Citrus CCD	Coronado USD
Coast CCD	Cotati-Rohnert Park USD
Grossmont-Cuyamaca CCD	Fontana USD
Hartnell CCD	Hermosa Beach City SD
Marin CCD	Hesperia Unified SD
Pasadena CCD	Lakeside Union SD
San Bernardino CCD	Lemon Grove SD
San Luis Obispo County CCD	Natomas USD
State Center CCD	Ocean View SD
Victor Valley CCD	Ontario-Montclair SD
Yosemite CCD	Placer Union HSD
Alta Loma Unified School District	River Delta USD
Bass Lake Joint Union ESD	San Marino USD
Beverly Hills USD	Santa Rita Union SD
Calistoga Joint USD	Visalia USD
Campbell Union HSD	Whittier City SD
Corning Union ESD	

SPECIAL DISTRICTS

Alameda County MAD	Monterey Bay Air Resources District
Central Contra Costa Sanitary District	Moraga-Orinda Fire Protection District
Delta Diablo (Sanitation District)	Municipal Water District of Orange County
East Bay Regional Park District	Napa County MAD
East Orange County Water District	Nevada County Consolidated FD
El Dorado Hills County Water District	Novato Sanitary District
Fallbrook Public Utility District	Rancho Cucamonga Fire PD
Goleta West Sanitary District	South Coast Water District
Great Basin Unified APCD	Southern Marin Fire Protection District
Housing Auth of the County of Santa Cruz	Superior Court of CA - County of Kern
Humboldt Bay Municipal Water District	Sweetwater Springs Water District
Mesa Water District	Three Valleys Municipal Water District
Midpeninsula Reg. Open Space District	Twentynine Palms Water District
Midpeninsula Water District	West Bay Sanitary District
Mojave Desert AQMD	Yorba Linda Water District
Montecito Fire Protection District	

CITIES & TOWNS

Alameda	Healdsburg	Redwood City
Bell Gardens	Hercules	Rohnert Park
Beverly Hills	Huntington Beach	Rolling Hills
Brea	La Mesa	San Ramon
Brisbane	Lake Forest	Santa Ana
Burlingame	Lodi	Santa Clara
Capitola	Los Altos Hills	Sausalito
Chino Hills	Los Gatos	Solana Beach
Colma	Manhattan Beach	Stanton
Corcoran	Morgan Hill	Stockton
Coronado	Napa	Thousand Oaks
Cudahy	National City	Tiburon
Cypress	Norwalk	Tustin
Daly City	Oakley	Union City
Dublin	Oroville	Upland
El Centro	Palmdale	Vallejo
El Segundo	Palo Alto	Villa Park
Emeryville	Pasadena	West Covina
Escondido	Pico Rivera	West Sacramento
Fountain Valley	Piedmont	Westminster
Fullerton	Pleasanton	Yountville
Glendale	Port Hueneme	Yuba City
Half Moon Bay	Rancho Cucamonga	Yucca Valley

COUNTIES

Calaveras	Placer	Solano
Humboldt	Plumas	Sutter
Kings	Riverside	Tulare
Lassen	San Benito	
Nevada	Siskiyou	

PARS TRUST TEAM



Trust Administrator & Consultant

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

Trustee

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

Investment Manager

- Independent low-cost Investment advisor
- Portfolio analysis and management
- Investment strategy and asset allocation development

Corporate Experience

34 years (1984 – 2018)

155 years (1863 – 2018)

43 years (1975 – 2018)

Plans Under Administration

1,600+ plans, 850+ public agencies, 400,000+ participants

Dollars under Administration

Over \$2.8 billion

Over \$450.0 billion

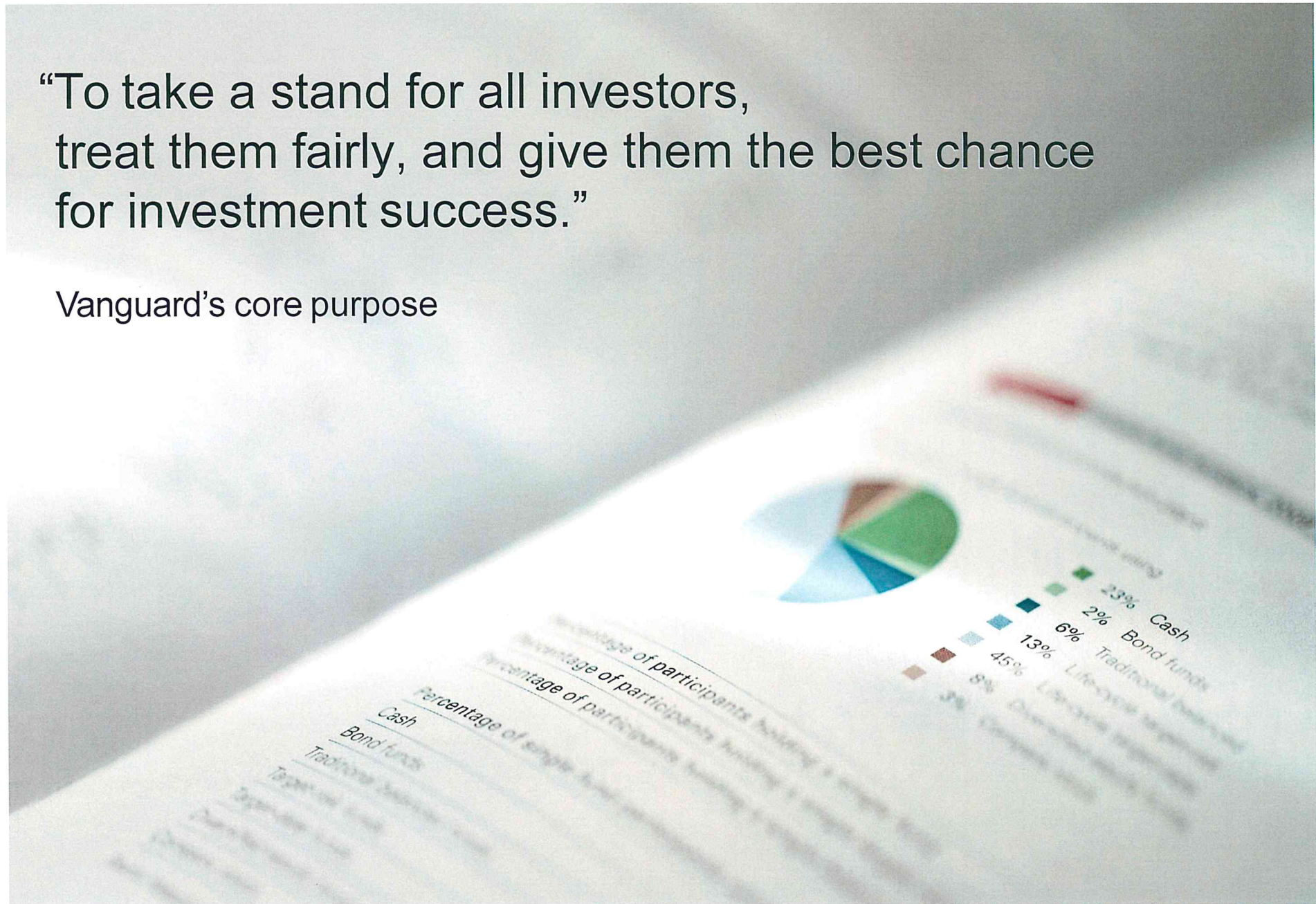
Over \$5.0 trillion
under management



Vanguard's competitive advantage

“To take a stand for all investors,
treat them fairly, and give them the best chance
for investment success.”

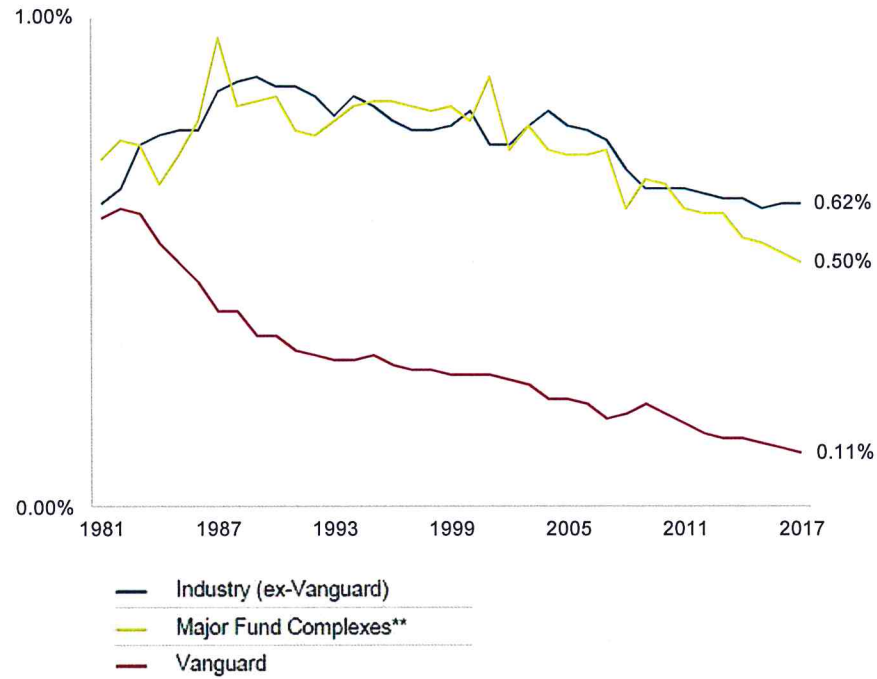
Vanguard’s core purpose



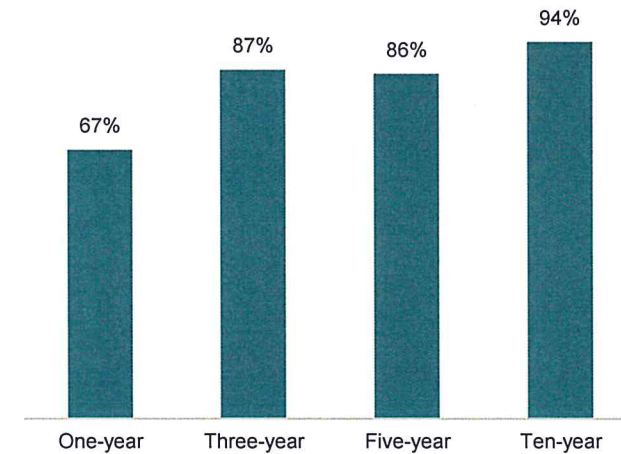
Low costs

Low costs, long-term focus, and adherence to the enduring investment principles of balance and diversification have been reflected in our investment performance

Average asset-weighted expense ratios*



Percentage of all Vanguard funds outperforming the average returns of their peer groups†



* Annual expense ratios as of December 31, 2017. Represented as a percentage of net assets. Vanguard expense ratios range from 0.01% to 0.90%. Sources: Vanguard; Morningstar.

** The 0.50% is the weighted expense ratio of the top 20 management companies excluding Vanguard. The top 20 are based on the latest year-end total net assets.

† Source: Lipper, a Thomson Reuters Company. Number of Vanguard funds that outperformed their Lipper peer-group averages for periods ended December 31, 2017: For the one-year period, 250 of 372 Vanguard funds; for the three-year period, 293 of 337 Vanguard funds; for the five-year period, 275 of 321 Vanguard funds; for the ten-year period, 217 of 231 Vanguard funds. Results will vary for other time periods. Only funds with a minimum of one-, three-, five-, or ten-year history, respectively, were included in the comparison.

Note that the competitive performance data shown represent past performance, which is not a guarantee of future results, and that all investments are subject to risks. For the most recent performance, visit our website at vanguard.com/performance.

Access Vanguard's vast resources

Vanguard Institutional Advisory Services®

Equity Investment Group

- 86 portfolio managers (PM) and traders
- Equity index and active quantitative strategies that track more than 60 benchmarks
- \$2.7 trillion AUM

Fixed Income Group

- 149 investment professionals
- Bond, money market, and stable value
- Index and active strategies that track more than 50 benchmarks
- \$1.3 trillion AUM*

Portfolio Review

- 87 professionals (26 CFA®)
- Manager selection due diligence
- Monitoring 28 external advisors, representing \$618 billion AUM
- Monitoring all internally managed index and fixed income funds

Investment Strategy Group

- 69 investment professionals (5 Ph.D.s)
- Empirical research on fiduciary and investment committee issues
- Economic analysis and insight
- Portfolio modeling

Risk Management

- 82 investment professionals
- Independent team reporting to the CIO
- Qualitative and quantitative analysis
- Thorough and conservative approach to risk control

Strategic Retirement Consulting

- 35 staff
- 17 years average Vanguard tenure
- 12 advanced degrees include 5 J.D.s
- 14 QPA, 14 QKA, 10 CPC, 5 CEBS
- Fiduciary, plan design, and regulatory expertise for DC and DB plans

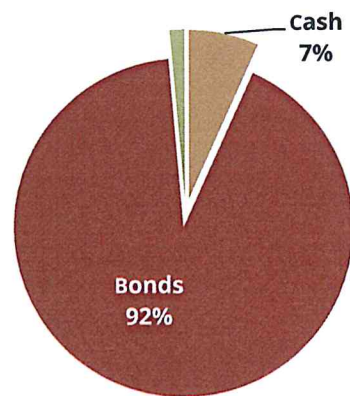
As of December 31, 2017.

* Includes Vanguard Fixed Income Group internally managed assets only.
Advice services offered through Vanguard Institutional Advisory Services are provided by Vanguard Advisers, Inc., a registered investment advisor.

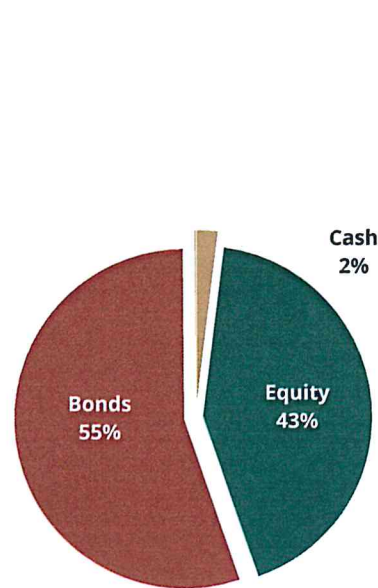
Investment philosophy

WHAT INVESTMENT OPTIONS ARE AVAILABLE?

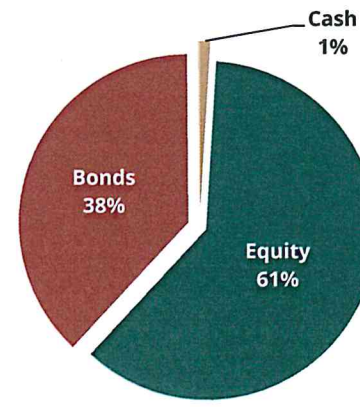
- The District can invest its assets in one of four investment pools which have been designed specifically by Vanguard for PARS Section 115 Trust Programs.
- Assets are pooled for economies of scale but there is no cross sharing of earnings or liabilities.
- Portfolios are comprised of institutional class, index-based, mutual funds selected for their low-weighted expense ratios.



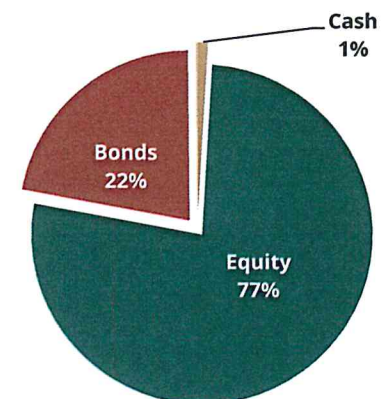
Fixed Income



Conservative



Balanced



Growth

VANGUARD RETURNS

RETURNS AS OF MARCH 31, 2018

	Equity (%)	1 Year	3 Years	5 Years	10 Years
Growth	75.90%	9.94%	6.84%	8.50%	6.99%
Balanced	60.10%	7.69%	5.58%	6.84%	6.33%
Conservative	42.40%	5.23%	4.17%	5.20%	5.65%
Fixed Income	0.00%	1.50%	1.66%	2.16%	3.79%

* Gross returns. Past performance does not guarantee future results



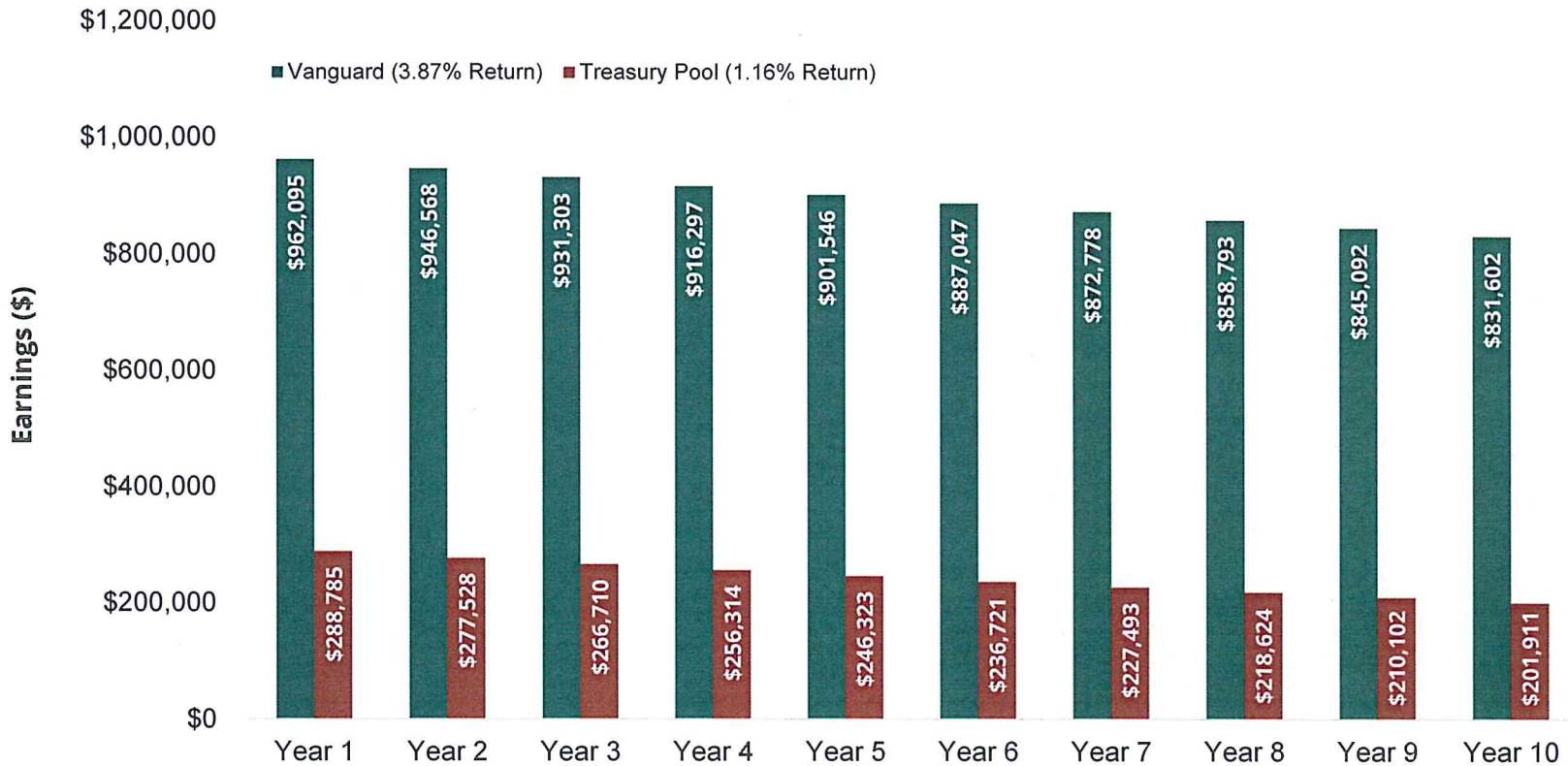
EXPECTED FUTURE RATES OF RETURN

Portfolio	10-Year Returns	30-Year Returns
Fixed Income	2.89%	3.72%
Conservative	3.87%	5.38%
Balanced	4.14%	5.93%
Growth	4.39%	6.41%

* Provided by Vanguard as of 12/31/17

COMPARISONS WITH COUNTY TREASURY POOL

PROJECTED ACCOUNT EARNINGS



- * San Bernardino County Pool return of 1.16% as of June 30, 2017
- * Vanguard portfolio return of 3.87% is based on 10-year return expectations
- * Investment Management and Trustee Fees are based on combined projected assets. Actual fees will vary
- * Assuming trust balance of \$25,000,000 at the beginning of the first fiscal year
- * Assuming annual trust distributions in the last month of each fiscal year equal to 5.00% of account balance

Our enduring investing principles focus on what you can control, which helps achieve success

Goals



Clear, appropriate investment goals, with solutions tailored to achieve them.

Balance



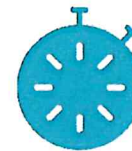
Suitable, diversified asset allocation that manages the balance between risk and potential reward.

Cost



The greatest predictor of alpha

Discipline



Long-term discipline and perspective that help you stay on course through periods of market uncertainty.

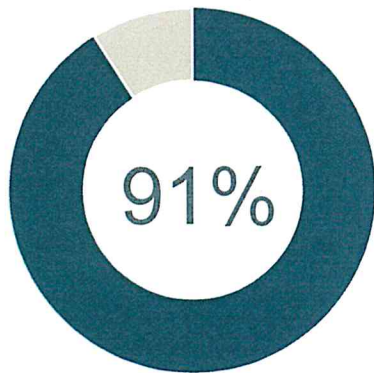
See Vanguard's *Principles for Investing Success*, April 2017, for more about our investing principles.

* Harbron, Garrett L., Daren R. Roberts, and James J. Rowley Jr., 2016. *The case for low-cost index-fund investing*. Valley Forge, PA.: The Vanguard Group.

The implication for investing: Focus on what you can control

The data says . . .

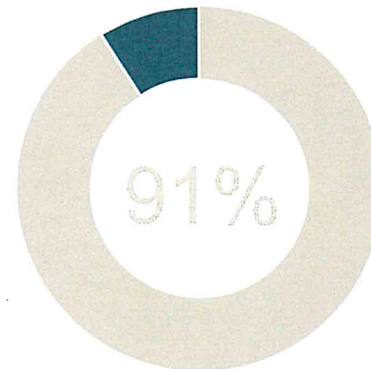
91% of portfolio movements can be attributed to strategic asset allocation



- Asset allocation
- Security selection

Yet many OCIOs . . .

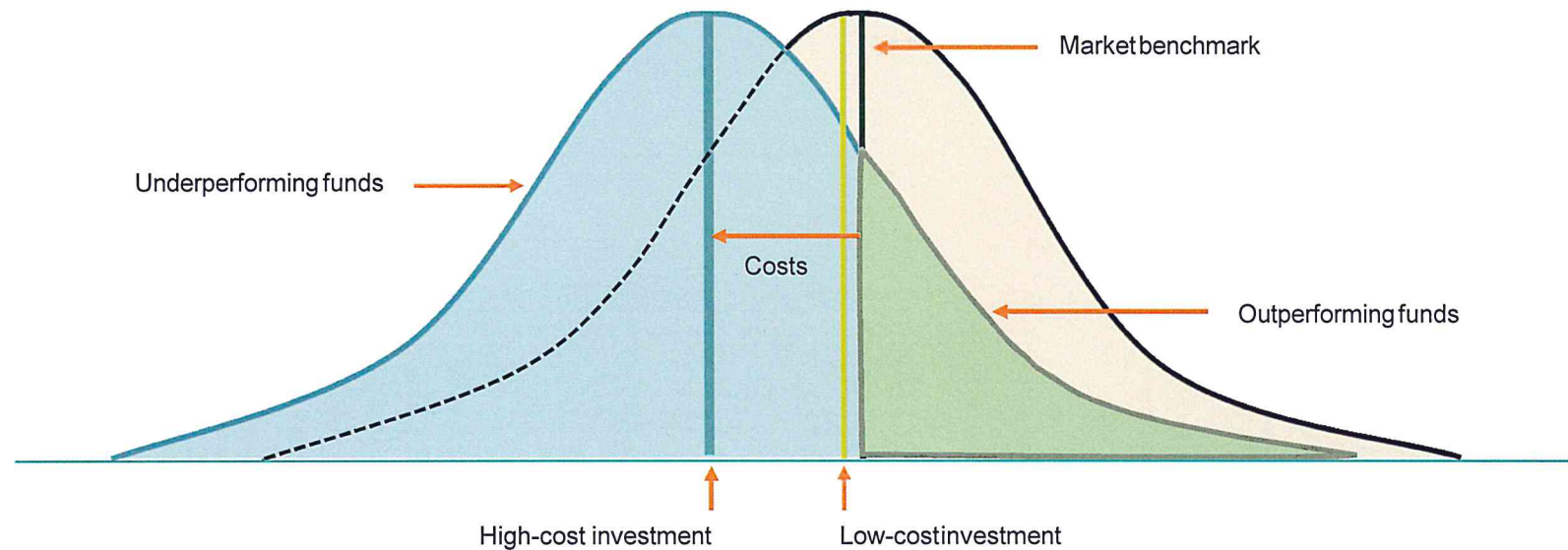
Focus the majority of their attention to tactical asset allocation, security selection, and manager churn



- -1.48 average alpha
- 109% policy return as % of fund return
- 96% policy volatility as % of fund volatility

Source: Scott, Brian J., James Balsamo, Kelly N. McShane, and Christos Tasopoulos, 2016. *The global case for strategic asset allocation and an examination of home bias*. Valley Forge, PA: The Vanguard Group; based upon research completed by Brinson, Gary P., Randolph Hood, and Gilbert L. Beebower, 1995. "Determinants of Portfolio Performance." *Financial Analysts Journal*.
Note: Risk and return characteristics are based on Vanguard's study of 709 balanced funds in the United States from January 1990 to September 2015. For additional information please see the paper listed above, *The global case for strategic asset allocation and an examination of home bias*.

Investing as a zero-sum game



- At any time, the holdings and investment processes of all investors aggregate to form a market.
- If one investor's dollars outperform the market, another investor's dollars must underperform.
- Investment costs shift the distribution to the left, leaving fewer dollars to the right of the market return.

Investment sophistication and clarity characterize our approach

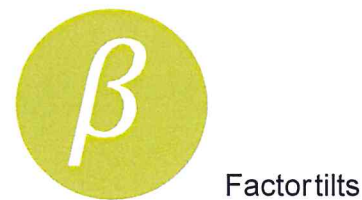
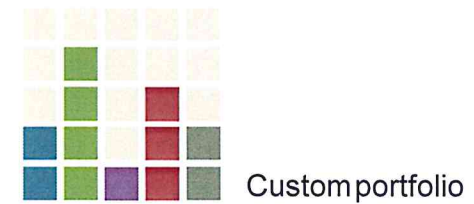
We believe in harnessing the power of a broad and deep index core.



We modify this core with low-cost active funds that complement your strategic objective.

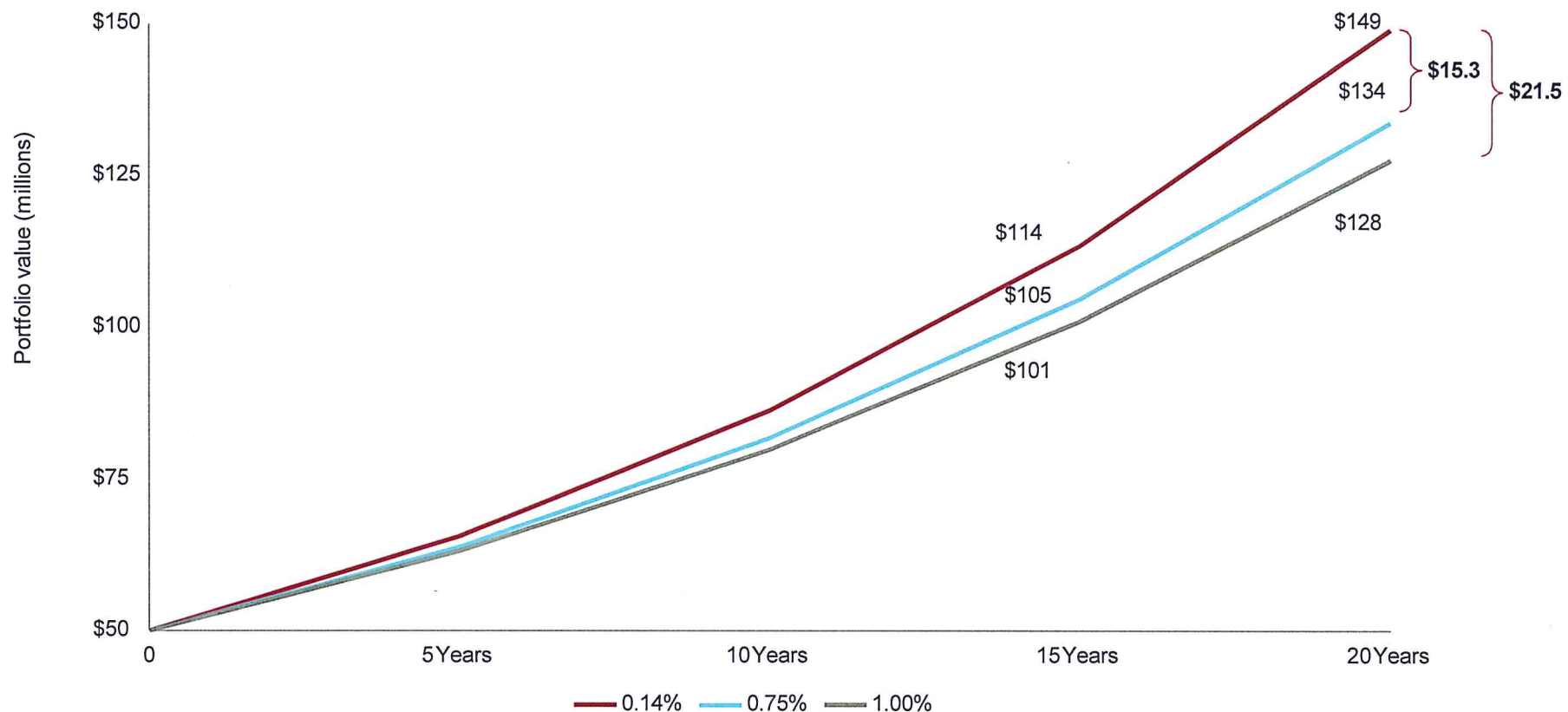


Your customized solution is ready to start working towards achieving your strategic objectives.



The compounding effects of fees

Paying 14 bps vs. 75 bps in fees over 20 years, could amount to approximately \$15.3 million in assets retained. Paying 14 bps vs. 100 bps could amount to approximately \$21.5 million in assets retained.



This hypothetical illustration does not represent any particular investment.

Initial portfolio value is \$50M.

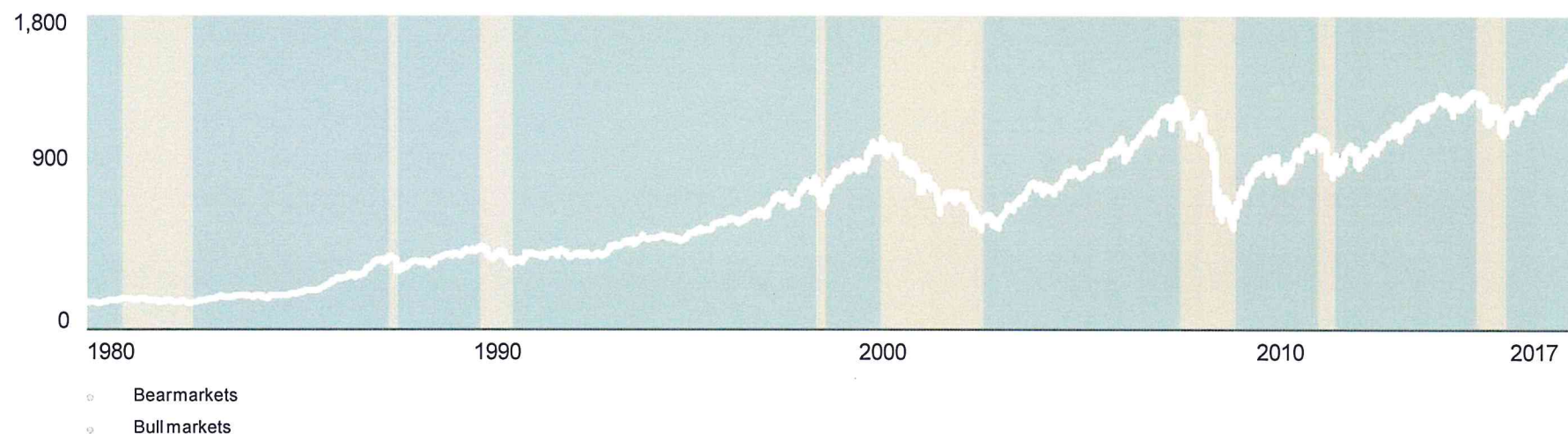
Annual average rate of return is 5.8%. The rate is not guaranteed. Costs are only one factor impacting total returns. There may be other material differences that must be considered prior to investing.

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DOLU.9/8/18

Downturns aren't rare events: Typical investors, in all markets, will endure many of them during their lifetime

Global stock prices January 1, 1980 to present



One attention-grabbing downturn every two years*

11 corrections
Decline of 10% or more

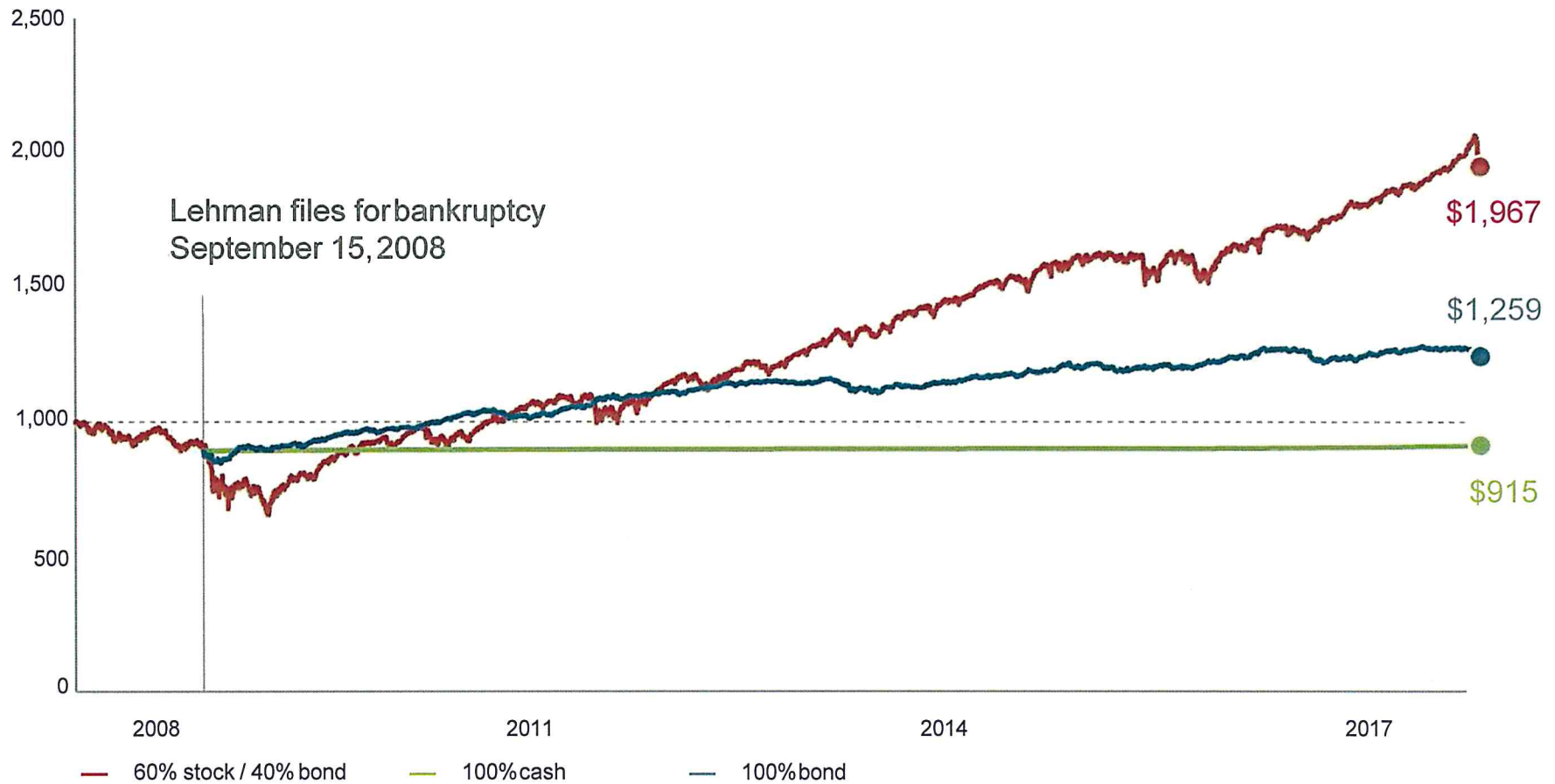
8 bear markets
Decline of 20% or more, at least two months long

Past performance is no guarantee of future results.

* Source: Vanguard analysis based on the MSCI World Index from January 1, 1980, through December 31, 1987, and the MSCI AC World Index thereafter. Both indexes are denominated in U.S. dollars. Our count of corrections excludes those that turn into a bear market. We count corrections that occur after a bear market has recovered from its trough even if stock prices haven't yet reached their previous peak.

Staying the course and rebalancing can pay off, whereas altering your asset allocation can be costly

Value of \$1,000 invested on October 9, 2007 (pre-crisis peak) through February 5, 2018*







Past performance is no guarantee of future results.

* Balanced portfolio is represented by 60% S&P 500 Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index; bonds are represented by Bloomberg Barclays U.S. Aggregate Bond Index; and cash is represented by Bloomberg Barclays U.S. 3-Month Treasury Billwether Index. Sources: Vanguard calculations, using data from FactSet.

Suite of portfolio options

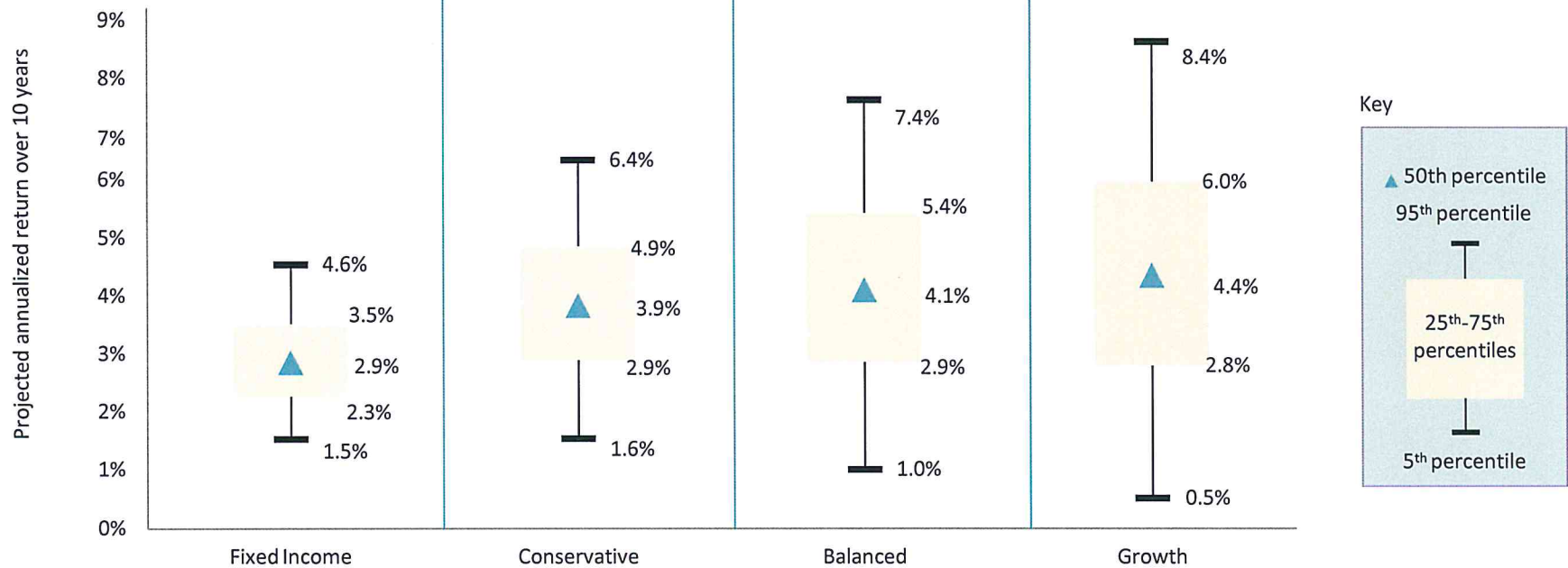
Investment	Fixed Income Portfolio (0/100)	Conservative Portfolio (35/57/8)	Balanced Portfolio (53/39/8)	Growth Portfolio (69/23/8)
Total Equity	0.0%	35.0%	53.0%	69.0%
• Total Stock Market Index	0.0%	24.5%	37.1%	48.3%
• Total International Stock Market Index	0.0%	10.5%	15.9%	20.7%
Total Fixed Income	100.0%	57.0%	39.0%	23.0%
• Total Bond Market Index	24.0%	21.0%	12.0%	9.0%
• Total International Bond Market Index	24.0%	0.0%	0.0%	0.0%
• Intermediate-Term Investment-Grade	20.0%	12.6%	7.2%	5.4%
• Short-Term Investment-Grade	28.0%	8.4%	4.8%	3.6%
• Short-Term Inflation-Protected Securities	4.0%	0.0%	0.0%	0.0%
• Inflation-Protected Securities	0.0%	15.0%	15.0%	5.0%
Total Real Estate	0.0%	8.0%	8.0%	8.0%
• Real Estate Index	0.0%	8.0%	8.0%	8.0%
All-in fee*	0.14%	0.13%	0.13%	0.12%

* All-in fee consists of the portfolio weighted average expense ratio and the advisory fee.
 Source: Vanguard. As of March 31, 2018.
 IPRES-3665

Portfolio analysis

Median expected outcomes	Fixed Income	Conservative	Balanced	Growth
Returns	2.9%	3.9%	4.1%	4.6%
Real returns	1.2%	2.2%	2.4%	2.8%
Volatility	3.5%	6.7%	9.1%	12.0%
Sharpe ratio	0.13	0.23	0.22	0.22
EQ/REITS/FI (%)	0/0/100	35/8/57	53/8/39	69/8/23



Themes and outlook

	Global	United States	Europe	Asia
Growth	<p>Trend global growth close to 4%, & 2018 has potential to be upgraded, thanks to cyclical bounce in US and strength in Europe and Japan. EM slowdown is secular given our China view. No developed market recession expected in 2018.</p> <p>The most pronounced risk in 2018 is a further tightening of the labor market that leads to a cyclical uptick in inflation.</p>	<p>A powerful combination of tight labor markets, strong financial market returns, increasing housing values, and improving access to credit is driving the consumer and investment engines of economic growth. A rebound in labor productivity is likely.</p> <p>U.S. GDP growth 2.5-3% given strong business investment, supportive consumer spending and fiscal policies</p>	<p>Growth momentum to ease in 2018 but remain above trend at ~2.3% annual growth (in line with consensus).</p> <p>The forecast for the United Kingdom, on the other hand, is less certain given the lack of clarity around Brexit. Brexit leading to soft growth of 1.5% in 2018 (in line with consensus). UK growth buoyed by strong global growth.</p>	<p>Ongoing supply-side adjustments and financial tightening could see growth surprising to the downside of the first half of 2018. However, hard landing is unlikely as overcapacity drags ease, global backdrop remains supportive, policy remains flexible, and growth rebalancing continues.</p> <p>We expect Japan's recovery to become more broad-based in 2018, with the country enjoying another year of above-trend growth.</p>
Inflation	<p>Although inflation is not expected to exceed central banks' 2% targets in 2018, the movement toward that point could be faster than anticipated.</p> <p>Tightening labor markets, global growth, and a nadir in commodity prices could contribute to push global inflation higher.</p>	<p>Core PCE inflation will not reach 2% but will make progress towards it in 2018. Structural factors: downward pressure from technology and globalization.</p> <p>Wage growth remains subdued, aggregate measures may reach 3% in 2018</p>	<p>In Europe, gradual return of inflation to target level of 2% is hindered over the next 12 months by excess labor market slack.</p> <p>In the United Kingdom, inflation has probably peaked given the pass through of weaker sterling is largely complete. It will settle back down towards 2% over coming 18 months</p>	<p>PPI inflation supported by progress in overcapacity reduction, but could ease as growth starts to moderate. CPI pressure rose modestly, but likely remains stable around 2-2.5%.</p> <p>In Japan, inflation could reach 1% in 2018, on weaker Yen, narrowing output gap and modest wage pressures.</p>
Policy and interest rates	<p>The risk in 2018 is that a higher-than-expected bounce in wages—at a point when 80% of major economies (weighted by output) are at full employment—may lead markets to price in a more aggressive path or pace of global monetary policy normalization</p>	<p>The most likely candidate for a potentially more aggressive pace of monetary policy normalization is the United States, where the Federal Reserve is expecting to raise rates 3 times in 2018 and continue with balance sheet normalization.</p>	<p>We expect the European Central Bank to terminate its asset purchases by the end of 2018. We do not anticipate rate increases until mid-2019.</p> <p>In the United Kingdom, we expect the Bank of England to hike 2 times in 2018 due to shrinking spare capacity</p>	<p>A closed ecosystem has enabled policymakers to temporarily regain their monetary policy independence and focus on domestic objectives, including financial stability and industrial capacity reduction.</p>
	Balanced	Equities		Bonds
Global asset returns	<p>Our outlook for global stocks and bonds has gradually become more cautious due to elevated stock valuations and lower bond yields. Though we have not identified hard evidence of financial bubbles, risk premiums for many assets classes appears slim.</p>	<p>Based on our "fair-value" stock valuation metrics, the medium-run outlook for global equities has deteriorated somewhat and is now in the 4%–6% range.</p> <p>Expected returns for the U.S. stock market are lower than those for international markets, underscoring the benefits of global equity strategies in the face of lower returns.</p>	<p>Despite the risk of a short-term acceleration in the pace of monetary normalization, the potential for a material rise in long-term interest rates remains modest.</p> <p>Our fair-value estimate for the benchmark 10-year U.S. Treasury yield remains centered near 2.5% in 2018.</p>	

Source: Vanguard.

Important information

For more information about Vanguard funds or non-Vanguard funds offered through Vanguard Brokerage Services®, visit vanguard.com or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in Target Retirement Funds or Trusts are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund or trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard collective trusts are not mutual funds. They are collective trusts available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing. The collective trust mandates are managed by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

The information contained herein does not constitute tax advice, and cannot be used by any person to avoid tax penalties that may be imposed under the Internal Revenue Code. We recommend that you consult a tax or financial advisor about your individual situation.

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Vanguard Marketing Corporation, Distributor of the Vanguard Funds. U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623.

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Rev_042018

INVESTMENT POLICIES AND LAW

Why can we have different investment options from investment policies?

- Investment restrictions that apply to the general fund (CA Govt Code 53601) is not applicable to assets held in an Irrevocable Section 115 Trust
- Assets held in an irrevocable pension trust can be invested per Govt Code Section 53216.1
- Investment can be diversified and invested in a prudent fashion per Govt Code - which allows for increased risk diversification
- Vanguard Discretionary Investment Management Agreement between the District and Vanguard Institutional Advisory Services provides guidelines and parameters for investment management under each Vanguard portfolio option

WHAT ARE THE FEES?

Trust Administration/Consulting Fees*



Plan Set-Up Fee:

None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

Investment Management Fees**



Ongoing Fees:

0.07%	for assets \$0-50 million
0.04%	for assets \$50-150 million
0.03%	for assets \$150-250 million
0.01%	for assets \$250-500 million
0.005%	for assets over \$500 million

Directed Trustee Fees***



Ongoing Fees:

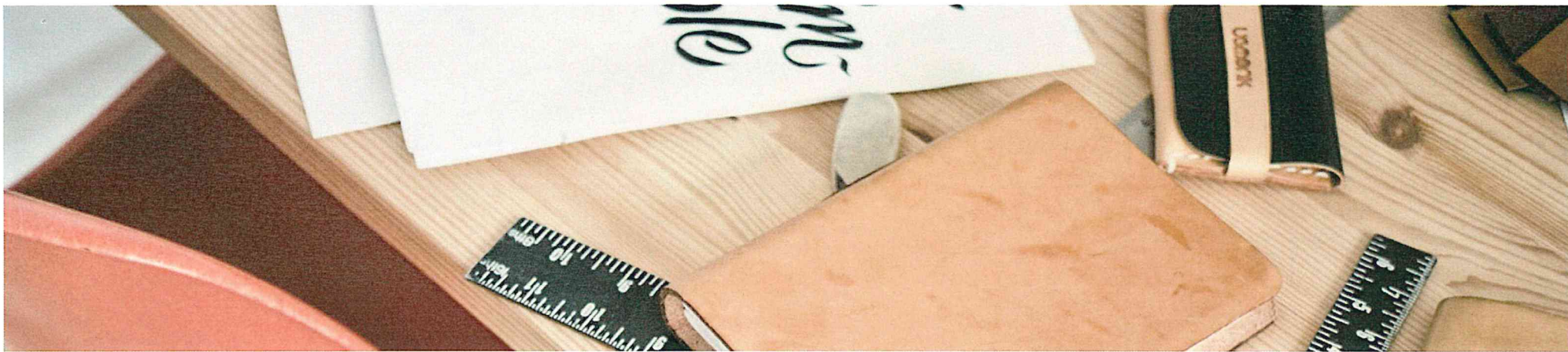
0.05%	for assets \$0-25 million
0.04%	for assets \$25-50 million
0.03%	for assets over \$50 million

* PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

** Vanguard's investment management fees are based on the total assets of all participants in the four portfolio options.

As of March 31, 2018, the investment management fee for all public agencies invested with Vanguard is 0.05%

*** U.S. Bank's fee schedule is based on combined assets in each of the Vanguard pools



WHAT STATEMENTS/REPORTING DO WE RECEIVE?

- 1 Monthly statements
- 2 Detailed quarterly investment reports
- 3 Annual year-end statements
- 4 Periodic in-person client reviews & presentations to Board
- 6 Ad-hoc reports, if/when requested

REPORTING

CAN WE EASILY TRACK VARIOUS INVESTMENTS?

- District has one umbrella trust account, which can be broken into subaccounts (e.g. SBCCD General, KVCR, College Promise Program)
- Each monthly statement will show the opening balance, contributions, distributions, earnings, fees, and closing balance for each of these subaccounts
- If desired, different investment pools can be selected and tracked for each subaccount
- Vanguard will provide detailed quarterly investment reports for each portfolio that the District selects

HOW OFTEN CAN THE BOARD GET A PRESENTATION ON THE INVESTMENTS?

- The Vanguard option is intended to be low-cost, low-maintenance approach to investing in PRSP trust. However, PARS and Vanguard can present to Board meetings to present updates/reporting on your portfolio(s) in person, as needed.
- PARS service team also provides an in-person plan activity and investment reviews on all programmatic elements of the plan at least an annual basis, or as requested.

TRUST DISBURSEMENTS

HOW MUCH CAN THE DISTRICT WITHDRAW ON AN ANNUAL BASIS?

- Disbursements allowed based on IRS restrictions: *disbursements can only be made for the purposes of paying/reimbursing pension costs*
- Withdrawals can be made for up to two years of total STRS/PERS costs (i.e. this & last year)

HOW OFTEN CAN WITHDRAWALS BE MADE?

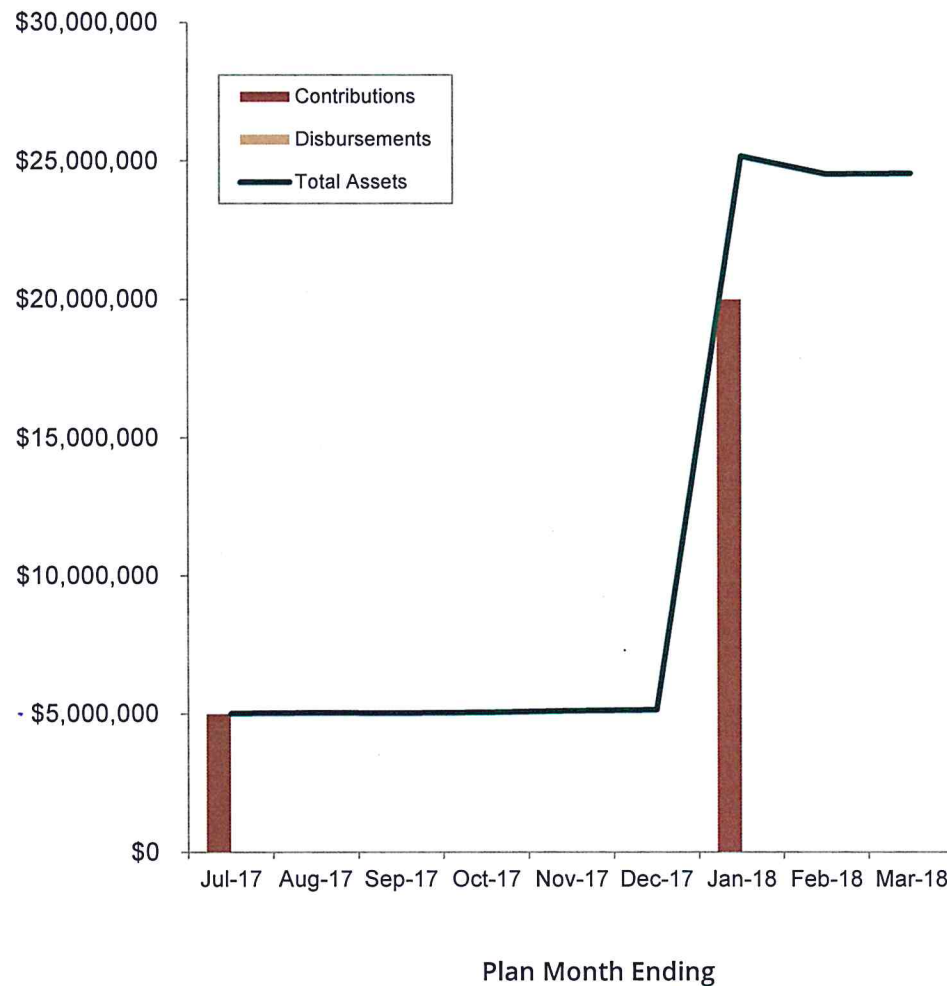
- As often as you like (no minimum amount or limits of frequency)
- Disbursements be made directly: (a) to the District (to pay STRS/PERS costs), (b) to STRS/PERS or (c) to pay retirement plan administration expenses

WHAT IS THE TURN-AROUND TIME ON WITHDRAWALS?

- 5-7 business days once a Payment Reimbursement Form and eligible documentation showing STRS/PERS costs has been received by PARS

STATUS OF \$25 MILLION CURRENTLY INVESTED

CONTRIBUTIONS, DISTRIBUTIONS, AND TOTAL ASSETS AS OF MARCH 31, 2018:

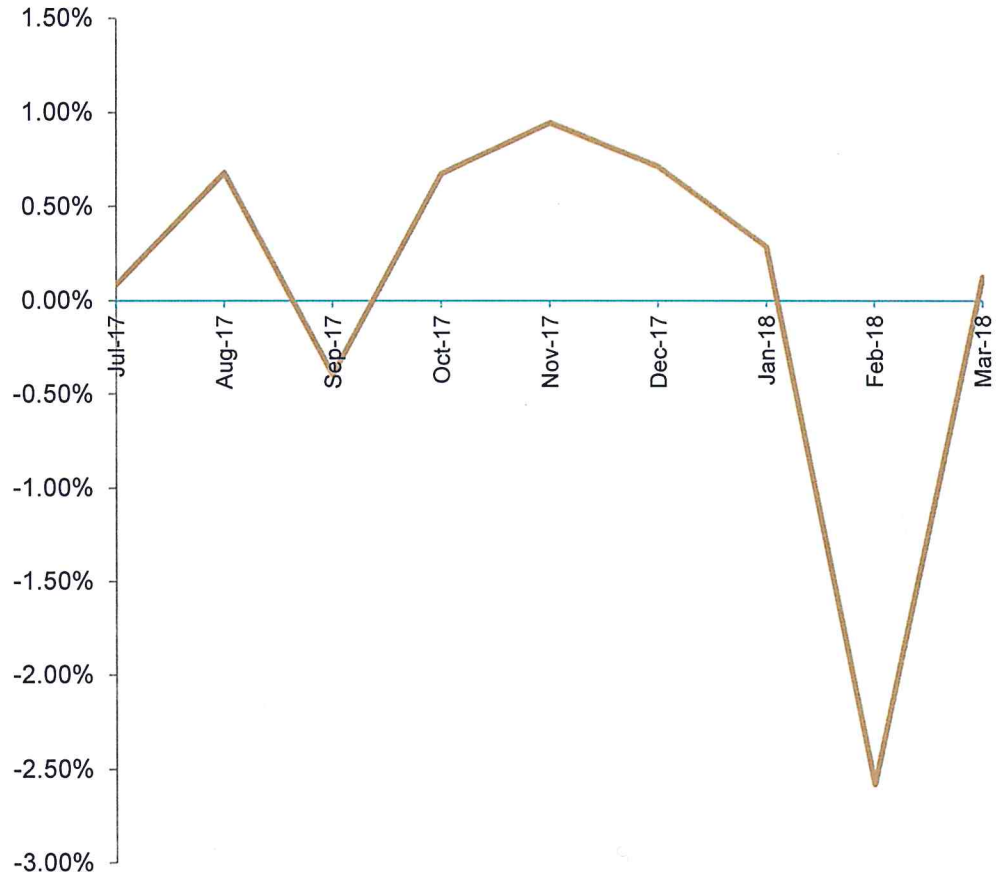


Month	Contributions	Disbursements	Total Assets
Jul-17	\$5,000,000	\$0	\$5,002,101
Aug-17	\$0	\$0	\$5,035,333
Sep-17	\$0	\$0	\$5,014,417
Oct-17	\$0	\$0	\$5,047,376
Nov-17	\$0	\$0	\$5,094,373
Dec-17	\$0	\$0	\$5,130,915
Jan-18	\$20,000,000	\$0	\$25,172,265
Feb-18	\$0	\$0	\$24,526,389
Mar-18	\$0	\$0	\$24,553,116

*Plan Year Ending June 2018 is based on 9 months of activity through March 31, 2018

STATUS OF \$25 MILLION CURRENTLY INVESTED

PLAN RETURNS AS OF MARCH 31, 2018:



Month	Earnings (%)
Jul-17	0.08%
Aug-17	0.68%
Sep-17	-0.40%
Oct-17	0.68%
Nov-17	0.95%
Dec-17	0.71%
Jan-18	0.29%
Feb-18	-2.58%
Mar-18	0.13%

Plan Month Ending

*Plan Year Ending June 2018 is based on 9 months of activity through March 31, 2018



THANK YOU

MAUREEN TOAL

PARS Senior Vice President

NICK PICCARRETA

Vanguard Investment Consultant

JACLYN BOVINO

Vanguard Director
of Business Development