



**Monterey Bay Air Resources District
BUDGET/PERSONNEL/NOMINATING
COMMITTEE MEETING**

STEVE MC SHANE, CHAIR

WEDNESDAY, APRIL 20, 2022 – 12:30 P.M.

(Following the Special Budget/Personnel/Nominating Committee Meeting)

REMOTE MEETING ONLY

Link to meeting: <https://us02web.zoom.us/j/84721141089>

Webinar ID: 847 2114 1089

By Phone (audio only; Webinar ID required): 1-669-900-6833

On September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. The Monterey County Health Officer has issued a recommendation for social distancing in legislative body meetings, so the first meeting after September 30, 2021, may be held without making findings. If the Committee desires to continue to meet remotely via teleconference after that first meeting, the Committee is required to make certain findings under AB 361 no later than 30 days after the first teleconference meeting held pursuant to AB 361, and every 30 days thereafter. Members of the public that wish to participate in a meeting may do so by joining the Zoom Webinar ID. Should you have any questions, please contact Sirie Thongchua, Executive Assistant, at 831-718-8028 or by email at sirie@mbard.org.

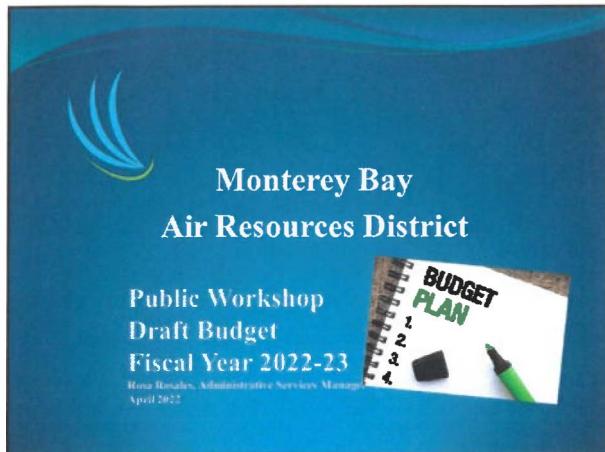
To Provide Public Comment via Zoom teleconference/video conference: During the meeting live verbal public comments may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the "raise hand" feature (for those joining by phone, press *9 to "raise hand") during the public comment period for the agenda item you wish to address. Members of the public participating via Zoom will be muted during the proceedings and may be unmuted to speak during public comment after requesting and receiving recognition by the Chair. Please clearly state your full name for the record at the start of your public comment.

Before the Meeting: Persons who wish to address the Committee for public comment of an item not on the agenda are encouraged to submit comments in writing to Sirie Thongchua, Executive Assistant, at sirie@mbard.org by 5:00 p.m. on Monday, April 18, 2022. Comments received will be distributed to the Committee prior to the meeting.

Summary of Actions

1. Call to Order - **The meeting was called to order by Chair McShane at 12:38 p.m.**
2. Roll Call - **Present:** Mary Ann Carbone, Steve McShane, Sam Storey.
Absent: Ryan Coonerty, Chris Lopez.
3. Public Comment – **None.**
4. **Accepted and Filed** Summary of Actions of the February 16, 2022 Meeting
Motion: *Accept and File Summary of Actions. Action: Approve. Moved by Sam Storey, Seconded by Mary Ann Carbone. Motion passed unanimously.*
Vote: *Motion carried by unanimous roll call vote (summary: Yes = 3).*
Yes: *Mary Ann Carbone, Steve McShane, Sam Storey.*
5. **Received** Agenda Item #6, Annual Report by the Public Agency Retirement Services (PARS) of the District’s Other Post Employment Benefits (OPEB) Trust Account and Pension Rate Stabilization Trust program
Receive report; no action required or taken.
6. **Accepted** Agenda Item #5, Fiscal Year 2022-23 Draft Budget Informational Summary and Status Report
Accept report; no action required or taken.
7. **Received** Report and **Recommended** Approval to the Board of Directors to reinstate the Supervising Air Quality Planner Position and add an additional Planner
Motion: *Receive report and recommend approval to Board of Directors. Action: Approve. Moved by Sam Storey, Seconded by Mary Ann Carbone. Motion passed unanimously.*
Vote: *Motion carried by unanimous roll call vote (summary: Yes = 3).*
Yes: *Mary Ann Carbone, Steve McShane, Sam Storey.*
8. Order for Adjournment – **The meeting adjourned at 1:34 p.m.**

Sirie Thongchua
Executive Assistant



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Budget Goals

- Continue District's mission of assuring healthful air quality in the Tri-County area
(Monterey, Santa Cruz, and San Benito counties)
- Improve levels of service and provide education to the public and regulated community
- Reduce and control District's costs

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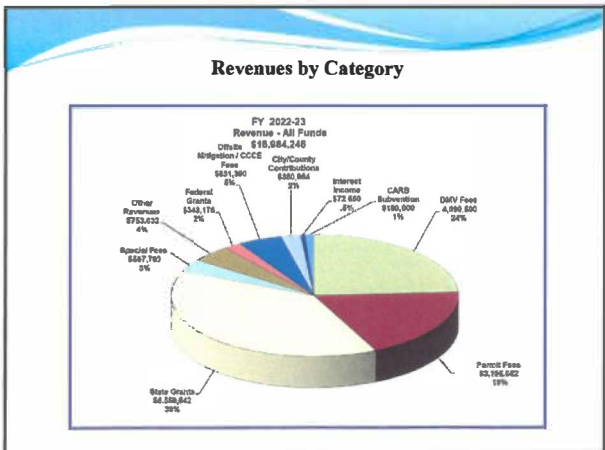
Budget in Brief

- Total budget of \$26.8 million
- Proposed permit fee increases of 4.2% based on December 2021 San Francisco-Oakland-Hayward Consumer Price Index (CPI)
- Proposed increase to City and County per capita fees –increase from \$.48 to \$.50
- Total of 33 FTEs, including proposed new Planning Supervisor, new Planner, fill one vacant Inspector position
- Fixed Asset Purchases:
 - Building improvements - \$200,000
 - Permitting and Document Management software licenses- \$104,006
 - Vehicles and equipment - \$83,000
- Major grant programs continued: AB2766, AB923, Carl Moyer, Woodstove Changeouts, Community Air Protection Program (CAPP) & Funding Agricultural Replacement Measures for Emission Reductions (FARMER)

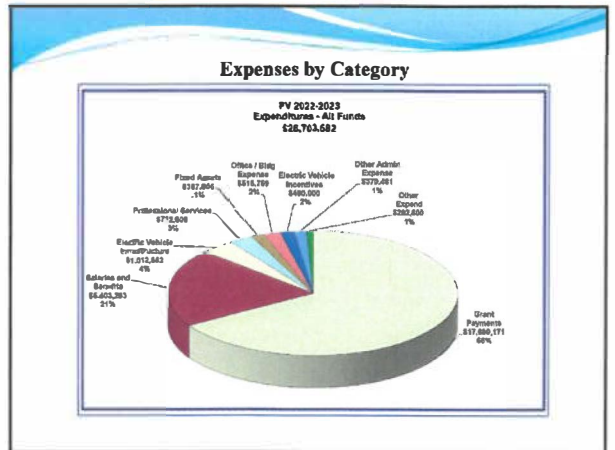
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Operating Budget



- Total Operating Budget of \$7.4 million.
- Proposed permit fee increase of 4.2%, based on CPI
- Proposed increase to City and County per capita fees – from \$.48 to .50. Estimated increase of \$15,243
- Salaries and benefits increase of about \$440,000 over FY 21-22 budget due to 3% pay increase, proposed new staff, increase in WC and Retirement
- Projected operating deficit of \$174K

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Non-Operating Budget



- Total Non-Operating Budget of \$19.3 million, which includes grant funding and other non-operating expenditures.
- Major Grant Programs - Expenditures:
 - AB2766 Program - \$5.2 million for grants & \$400,000 for electric vehicle incentives
 - AB923 Program - \$3.8 million for grants + \$1 million for EV Infrastructure Project
 - Carl Moyer Program - \$3.1 million (ag and marine vessel engines)
 - Offsite Mitigation Grants - \$975,000 (ag pumps & school buses)
 - Woodstove Change-outs - \$200,000
 - CAPP Grants \$2.5 million & FARMER \$1.8 million
- OPEB Trust deposit - \$45,000 to fund future retiree health benefits
- Pension Trust deposit - \$75,000 to fund future retirement benefits


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Next Steps

- April 20: Review with Budget and Personnel Committee
- May 18: First Hearing at Board of Directors mtg
- June 15: Second Hearing at Board of Directors mtg
Scheduled for Adoption

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Questions or Comments?



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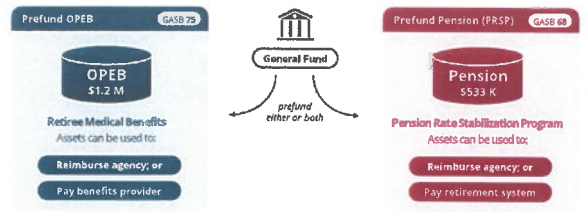


PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

PARS 115 Trust – OPEB Prefunding Program & Pension Rate Stabilization Program Plan Client Review
April 20, 2022

PARS IRS-APPROVED SECTION 115 TRUST



- Retiree Medical Benefits:** Assets can be used to: Reimburse agency; or Pay benefits provider.
- Subaccounts:** OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center.
- Anytime Access:** Trust funds are available anytime: OPEB for OPEB and pension for pension.
- Financial Stability:** Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.
- Economies-of-Scale:** OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!
- Flexible Investing:** Allows separate investment strategies for OPEB and pension subaccounts.
- No Set Up Cost or Minimums:** No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

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CONTACTS

PARS
TRUSTED SOLUTIONS. LASTING RESULTS.

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HIGHMARK
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SUMMARY OF AGENCY'S OPEB PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	May 15, 2013
Plan Administrator:	Air Pollution Control Officer
Current Investment Strategy:	Balanced HighMark PLUS (Active) Strategy; Pooled Account

AS OF MARCH 31, 2022:

Initial Contribution:	October 2013: \$150,000
Additional Contributions:	\$657,000
Total Contributions:	\$807,000
Disbursements:	\$0
Total Investment Earnings:	\$418,901
Account Balance:	\$1,202,285

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PARS 115 TRUST TEAM

Trust Administrator & Consultant

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- 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

38 Years of Experience (1984-2022) | **2,000+** Plans under Administration | **1,000+** Public Agency Clients | **430+** 115 Trust Clients | **500K+** Plan Participants | **\$6.3B** Assets under Administration

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

159 Years of Experience (1863-2022) | **\$5.0T** Assets under Administration

HIGHMARK
CAPITAL MANAGEMENT

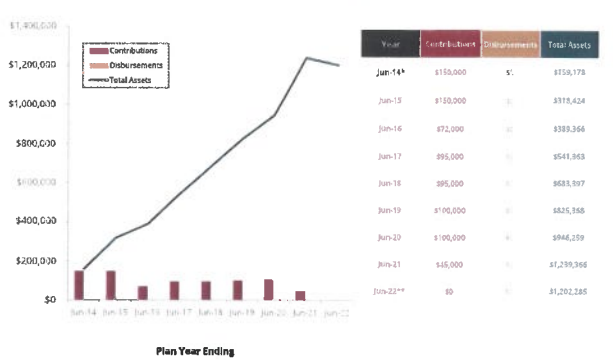
- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

103 Years of Experience (1919-2022) | **\$19.0B** Assets under Management & Advancement

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SUMMARY OF AGENCY'S OPEB PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF MARCH 31, 2022:



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*Plan Year Ending June 2014 is based on 9 months of activity.
**Plan Year Ending June 2022 is based on 9 months of activity.

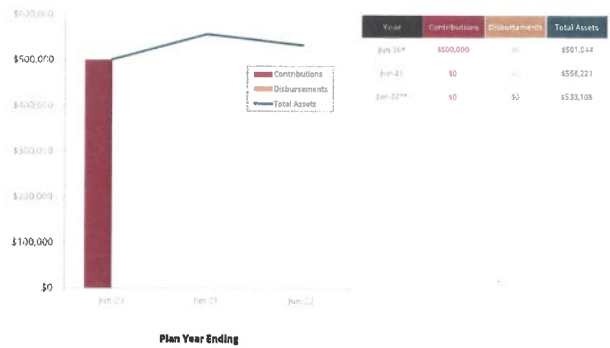
OPEB ACTUARIAL RESULTS

- We have received the actuarial report by MacLeod Watts dated September 24, 2021 with a measurement date as of June 30, 2020. In the table below, we have summarized the results.

Demographic Study	Valuation Date: June 30, 2019	Measurement Date: June 30, 2020
Actives	30	30
Retirees	13	13
Total	43	43

SUMMARY OF AGENCY'S PENSION PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF MARCH 31, 2022:



*From Year Ending June 2021 is based on 1 month of activity.
**Plan Year Ending June 2022 is based on 9 months of activity.

OPEB ACTUARIAL RESULTS

	Valuation Date: June 30, 2019 Discount Rate: 6.20%	Measurement Date: June 30, 2020 Discount Rate: 6.20%
Total OPEB Liability (TOL) Actuarial Accrued Liability (AAL)	\$1,206,961	\$1,275,797
Fiduciary Net Position Actuarial Value of Assets	\$425,308	\$946,259*
Net OPEB Liability (NOL) Unfunded Actuarial Accrued Liability (UAAL)	\$381,593	\$329,538
Funded Ratio (%)	68.35%	74.17%
Actuarially Determined Contribution (ADC) Annual Required Contribution (ARC)	\$69,825	\$65,852
Annual Benefit Payments (Pay-as-you-go)	\$43,003	\$47,663

*As of March 31, 2022, assets at \$1,202,265 (approx. ~94.24% funded).
Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.



PENSION FUNDING STATUS

As of June 30, 2020, Monterey Bay Unified Air Pollution Control District's CalPERS pension plan is funded as follows*:

Combined Miscellaneous Groups	Valuation as of June 30, 2019	Valuation as of June 30, 2020	Change
Actuarial Liability	\$34.3 M	\$35.2 M	2.8% ↑
Assets	\$25.5 M	\$25.6 M	0.3% ↑
Unfunded Liability	\$8.8 M	\$9.7 M	9.8% ↑
Funded Ratio	74.3%	72.5%	2.4% ↓
Employer Contribution Amount	\$891 K (FY 20-21)	\$965 K (FY 21-22)	8.4% ↑
Employer Contribution Amount - Projected*	—	\$1.35 M (FY 27-28)	39.7% ↑

* Data through 2027-28 from Agency's Inlet; CalPERS actuarial valuation.

SUMMARY OF AGENCY'S PENSION PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	March 21, 2018
Plan Administrator:	Air Pollution Control Officer
Current Investment Strategy:	Moderately Conservative HighMark PLUS (Active) Strategy, Pooled Account

AS OF MARCH 31, 2022:

Initial Contribution:	June 2020: \$500,000
Additional Contributions:	\$0
Total Contributions:	\$500,000
Disbursements:	\$0
Total Investment Earnings:	\$38,324
Account Balance:	\$533,108

Monterey Bay Unified Air Pollution Control District

First Quarter 2022

Presented by:
Randy Yurchak, CFA

DISCUSSION HIGHLIGHTS – Monterey Bay Unified Air Pollution Control District

Investment Objective

- OPEB: Balanced Highmark Plus
- Pension: Moderately Conservative Highmark Plus

Asset Allocation

- OPEB: 58.5% stocks (50-70% range), 38.1% bonds (30-60% range), 5.4% cash (0-20% range)
- Pension: 29.1% stocks (20-40% range), 67.8% bonds (50-90% range), 3.0% cash (0-20% range)

Performance (as of 03-31-2022; net fund fees, gross investment management fees)

	OPEB	Pension
3-month:	-4.97%	-5.08%
1-year:	2.53%	-3.7%
3-year:	9.37%	
5-year:	6.45%	
Inception (10/13, 6/20):	7.47%	5.36%

- Bonds: Rising bond yields suggests inflation may persist longer than previous market expectations.
- Stocks: Equities higher given easy monetary policies and expected continued economic recovery this year.
 - Domestic markets: Large Cap outperformed Small Cap recently as slowing growth expectations impacted higher-risk assets.
 - International: International underperformed domestic as vaccination roll-out and growth lagged the US.

12-Month Changes

- Stocks: modest underweight
- Bonds: modest overweight
- Cash: slight underweight

Outlook 2022

- Corporate profit growth expected to continue with S&P 600 earnings +8% FY22 est. vs. +65% FY21 est.
- Volatility likely to persist with flattening yield curve, higher inflation near-term, and faster-than-expected Fed tightening
- Potential tax law changes may cause volatility
- Geopolitical uncertainty: China, Middle East, Russia, Ukraine



PARS/Monterey Bay Unified Air Pollution Control District

**Selected Period Performance
PARS/PRSP MODERATELY CONSERVATIVE HM
Account 6746050104
Period Ending: 3/31/2022**

	Year to Date (3 Months)	1 Year	21 Months
Cash Equivalents	.01	.02	.03
Total Fixed Income	-5.51	-3.67	-1.87
Total Equities	-4.81	6.01	22.95
Large Cap Funds	-4.72	12.22	25.57
Mid Cap Funds	-5.59	6.98	25.58
Small Cap Funds	-3.59	-3.11	25.68
International Equities	-5.95	-4.94	14.02
REIT Funds	-6.01	21.39	23.91
Total Managed Portfolio	-5.08	-3.7	5.36
PARS Moderately Conservative	-4.95	-2.7	4.78

Account Inception: 10/13/2020
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 results. Securities are not FDIC insured, have no bank guarantee, and may lose value.



PARS/Monterey Bay Unified Air Pollution Control District

**Selected Period Performance
Monterey Bay UAPCD OPEB
Period Ending: 3/31/2022**

	Year to Date (3 Months)	1 Year	3 Years	5 Years	Inception to Date (10/13/2013)
Cash Equivalents	.01	.03	.02	.06	.02
Total Fixed Income	-5.53	-3.65	1.90	2.31	2.44
Total Equities	-4.89	6.17	14.67	12.78	11.02
Large Cap Funds	-4.72	12.22	16.29	15.51	13.74
Mid Cap Funds	-5.79	6.61	14.66	12.46	10.57
Small Cap Funds	-3.88	-3.37	12.50	12.21	11.33
International Equities	-6.06	-5.21	7.87	7.00	5.06
REIT Funds	-6.05	21.30	10.61	9.50	9.81
Total Managed Portfolio	-4.97	2.53	9.37	8.45	7.47
PARS Balanced/Moderately Aggressive	-5.03	3.60	9.91	8.72	7.99

Account Inception: 10/13/2013
Returns are gross-of-fee unless otherwise noted. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future results. Securities are not FDIC insured, have no bank guarantee, and may lose value. From October 1, 2013, the Plan's assets were invested in the PARS/PRSP Balanced HM Plus pool (6746050103)



PARS/Monterey Bay Unified Air Pollution Control District

Asset Allocation – Monterey Bay Unified Air Pollution Control District Pension As of March 31, 2022

Current Asset Allocation	Investment Vehicle	20%
Equity	Range: 50%-60%	28.09%
Large Cap Core	COFIYX Columbia Contrarian Core Inst3	2.91%
	VGIAAX Vanguard Growth & Income Adm	8.44%
Large Cap Value	DODGX Dodge & Cox Stock Fund	2.51%
Large Cap Growth	IVE iShares S&P 500 Value ETF	1.19%
	HVACX Harbor Capital Appreciation Retirement	1.55%
	PRUFEX T. Rowe Price Growth Stock Fund I	1.89%
Mid Cap Core	IWR iShares Russell Mid-Cap ETF	0.88%
Small Cap Value	VBK Undercovered Managers Behavioral Val R6	2.23%
Small Cap Growth	VBK Vanguard Small-Cap Growth ETF	2.28%
International Core	DFALX DFA Large Cap International I	1.78%
International Value	DODGX Dodge & Cox International Stock Fund	0.88%
International Growth	MGRDX MFSB International Growth R6	0.89%
Emerging Markets	HHFXX Hartford Schroders Emerging Mkts Eq F	2.01%
Real Estate	VNQ Vanguard Real Estate ETF	1.06%
Fixed Income	Range: 30%-50%	67.85%
Short-Term	VFSLX Vanguard Short-Term Investment-Grade Adm	13.32%
Intermediate-Term	DBLFX DoubleLine Core Fixed Income I	17.77%
	PTRGX PIMCO Total Return Instl Fund	17.82%
	PTROX Prudential Total Return Bond Q	17.83%
	PHYX PIMCO High Yield Instl	1.04%
High Yield		
Cash	Range: 0%-20%	3.06%
	FGZXX First American Government Oblig Z	3.08%
TOTAL		100.00%



PARS/Monterey Bay Unified Air Pollution Control District

Asset Allocation – Monterey Bay Unified Air Pollution Control District OPEB As of March 31, 2022

Current Asset Allocation	Investment Vehicle	68.53%
Equity	Range: 50%-70%	68.53%
Large Cap Core	COFIYX Columbia Contrarian Core Inst3	6.05%
	VGIAAX Vanguard Growth & Income Adm	11.40%
Large Cap Value	DODGX Dodge & Cox Stock Fund	5.22%
	IVE iShares S&P 500 Value ETF	2.38%
Large Cap Growth	HVACX Harbor Capital Appreciation Retirement	3.40%
	PRUFEX T. Rowe Price Growth Stock Fund I	3.26%
Mid Cap Core	IWR iShares Russell Mid-Cap ETF	6.03%
Small Cap Value	VBK Undercovered Managers Behavioral Val R6	4.43%
Small Cap Growth	VBK Vanguard Small-Cap Growth ETF	4.30%
International Core	DFALX DFA Large Cap International I	3.29%
International Value	DODGX Dodge & Cox International Stock Fund	1.19%
International Growth	MGRDX MFSB International Growth R6	1.18%
Emerging Markets	HHFXX Hartford Schroders Emerging Mkts Eq F	2.95%
Real Estate	VNQ Vanguard Real Estate ETF	2.05%
Fixed Income	Range: 30%-50%	36.07%
Short-Term	VFSLX Vanguard Short-Term Investment-Grade Adm	6.62%
Intermediate-Term	DBLFX DoubleLine Core Fixed Income I	9.52%
	PTRGX PIMCO Total Return Instl Fund	9.52%
	PTROX Prudential Total Return Bond Q	8.56%
	PHYX PIMCO High Yield Instl	0.65%
High Yield		
Cash	Range: 0%-20%	6.40%
	FGZXX First American Government Oblig Z	5.40%
TOTAL		100.00%



PARS/Monterey Bay Unified Air Pollution Control District

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

For Period Ending March 31, 2022

Fund Name	LARGE CAP EQUITY FUNDS			
	1-Month Return	3-Month Return	Year-to-Date	1-Year Return
Columbia Contrarian Core Inst3	2.73	-2.90	-2.90	12.72
Vanguard Growth & Income Adm	3.87	-3.90	-3.90	16.04
iShares S&P 500 Value ETF	2.95	-2.21	-2.21	12.39
Dodge & Cox Stock	1.53	1.01	1.01	14.85
Harbor Capital Appreciation Retirement	3.72	-13.59	-13.59	3.49
T. Rowe Price Growth Stock I	0.56	-15.01	-15.01	-0.42
S&P 500 TR USD	3.71	-4.60	-4.60	15.48
INTERNATIONAL EQUITY FUNDS				
iShares Russell Mid-Cap ETF	2.54	-6.72	-6.72	6.72
Russell 2000 TR USD	2.58	-6.48	-6.48	6.92
SMALL CAP EQUITY FUNDS				
Undercovered Managers Behavioral Val R6	-0.55	3.53	3.53	13.48
Vanguard Small-Cap Growth ETF	1.22	-11.95	-11.95	-9.25
Russell 2000 TR USD	1.34	-7.63	-7.63	-6.79
INTERNATIONAL EQUITY FUNDS				
Dodge & Cox International Stock	0.84	-0.59	-0.59	2.99
DFA Large Cap International I	0.48	-4.93	-4.93	2.53
MFS International Growth R6	0.78	-1.13	-1.13	0.02
MSCI EAFE NR USD	0.64	-5.51	-5.51	-1.16
Harford Schroders Emerging Mkts Eq F	-3.66	-8.76	-8.76	-16.23
MSCI EM NR USD	-2.28	-8.37	-8.37	-11.37

Source: SEI Investments, Morningstar Investments
Returns less than one year are not annualized. 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.



PARS/Monterey Bay Unified Air Pollution Control District

MONTEREY BAY UNIFIED AIR POLLUTION CONTROL DISTRICT

For Period Ending March 31, 2022

Fund Name	REAL ESTATE FUND'S						
	1-Month Return	3-Month Return	Year-to-Date Return	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETP	6.32	-8.97	-6.97	21.45	11.40	9.65	9.69
FUND RANKING:							
DoubleLine Core Fixed Income I	-3.36	-4.58	-4.38	-3.19	1.84	2.22	2.87
PIMCO Total Return Instl	-3.43	-4.19	-4.19	-4.02	2.18	2.50	2.73
PGIM Total Return Bond R6	-2.43	-4.51	-4.51	-3.29	2.20	2.84	3.90
Vanguard Short-Term Investment-Grade Adm	-1.85	-3.80	-3.80	-3.67	1.49	1.78	1.96
Bloomberg US Agg Bond TR USD	-2.79	-4.53	-4.58	-4.16	1.89	2.14	2.84
PIMCO High Yield Instl	-8.89	-4.70	-4.70	-3.91	3.77	4.12	5.14
ICE BofA US High Yield Mstr II Index	-8.83	-4.81	-4.61	-3.29	4.40	4.66	6.74

Sources: 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.



PARS/Monterey Bay Unified Air Pollution Control District



PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q4 2021

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution
HighMark Capital Management's PARS Diversified Conservative Portfolio is a well-diversified portfolio of investments designed to provide long-term capital appreciation and income. The portfolio is managed by a team of experienced investment professionals who use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

Robust Manager Due Diligence

Our manager due diligence process is designed to identify and invest in high-quality securities across a variety of asset classes and geographies. We use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

Flexible Investment Options

In order to meet the unique needs of our clients, we offer a variety of investment options. These options include a variety of asset classes and geographies, as well as a variety of investment strategies.

Risk Management

The portfolio is constructed to control risk through four layers of diversification - asset classes, cash flow, income, equity, investment style, and manager. This approach helps to reduce risk and improve risk-adjusted returns.

INVESTMENT OBJECTIVE

To provide a consistent level of returns and income over the long term. The portfolio is managed by a team of experienced investment professionals who use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

ASSET ALLOCATION - CONSERVATIVE PORTFOLIO

Asset Class	Weight	Target	Actual
Equity	40.00%	40.00%	38.50%
Fixed Income	60.00%	60.00%	61.50%
Cash	0.00%	0.00%	0.00%

ANNUALIZED TOTAL RETURNS

HighMark Plus Conservative (Actual)	Index Plus Conservative (Planned)	
2019	10.24%	10.24%
2020	15.91%	15.91%
2021	15.91%	15.91%

ANNUAL RETURNS

Year	HighMark Plus Conservative (Actual)	Index Plus Conservative (Planned)
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PORTFOLIO FACTS

HighMark Plus Conservative	Index Plus Conservative
Number of Holdings	100
Assets Under Management	\$1.2B

HOLDINGS

HighMark Plus (Actual)	Index Plus (Planned)
Colgate's Sustainable Bond	Shares of Colgate Sustainable Bond
Colgate's Sustainable Bond	Shares of Colgate Sustainable Bond
Colgate's Sustainable Bond	Shares of Colgate Sustainable Bond
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STYLE



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Senior Portfolio Manager
Investment Experience since 1994
Education: MPA, University of Southern California
SA, University of Southern California

Savannah "Tony" Mizell III, CFA
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Senior Portfolio Manager
Investment Experience since 2002
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ASSET ALLOCATION - CONSERVATIVE PORTFOLIO

Asset Class	Weight	Target	Actual
Equity	40.00%	40.00%	38.50%
Fixed Income	60.00%	60.00%	61.50%
Cash	0.00%	0.00%	0.00%

ANNUALIZED TOTAL RETURNS

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Fixed Income	60.00%	60.00%	61.50%
Cash	0.00%	0.00%	0.00%

ANNUALIZED TOTAL RETURNS

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PARS DIVERSIFIED PORTFOLIOS MODERATELY CONSERVATIVE

Q4 2021

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution
HighMark Capital Management's PARS Diversified Moderately Conservative Portfolio is a well-diversified portfolio of investments designed to provide long-term capital appreciation and income. The portfolio is managed by a team of experienced investment professionals who use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

Robust Manager Due Diligence

Our manager due diligence process is designed to identify and invest in high-quality securities across a variety of asset classes and geographies. We use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

Flexible Investment Options

In order to meet the unique needs of our clients, we offer a variety of investment options. These options include a variety of asset classes and geographies, as well as a variety of investment strategies.

Risk Management

The portfolio is constructed to control risk through four layers of diversification - asset classes, cash flow, income, equity, investment style, and manager. This approach helps to reduce risk and improve risk-adjusted returns.

INVESTMENT OBJECTIVE

To provide a consistent level of returns and income over the long term. The portfolio is managed by a team of experienced investment professionals who use a disciplined, research-driven investment process to identify and invest in high-quality securities across a variety of asset classes and geographies.

ASSET ALLOCATION - MODERATELY CONSERVATIVE PORTFOLIO

Asset Class	Weight	Target	Actual
Equity	50.00%	50.00%	48.50%
Fixed Income	50.00%	50.00%	51.50%
Cash	0.00%	0.00%	0.00%

ANNUALIZED TOTAL RETURNS

HighMark Plus Conservative (Actual)	Index Plus Conservative (Planned)	
2019	10.24%	10.24%
2020	15.91%	15.91%
2021	15.91%	15.91%

ANNUAL RETURNS

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PORTFOLIO FACTS

HighMark Plus Conservative	Index Plus Conservative
Number of Holdings	100
Assets Under Management	\$1.2B

HOLDINGS

HighMark Plus (Actual)	Index Plus (Planned)
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HOLDINGS

HighMark Plus (Futures)
Commodity Contract Class 13
100% of Growth & Income Act
Divide 100% of Growth & Income Act

Index Plus (Futures)
Commodity Contract Class 13
100% of Growth & Income Act
Divide 100% of Growth & Income Act

HIGHMARK CAPITAL MANAGEMENT

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Asset Allocation Committee
Number of Members: 17
Average Years of Experience: 35

Manager Review Group
Number of Members: 3
Average Years of Experience: 29

Asset Under Management ("AUM") includes assets for which HighMark provides investment advisory services...

STYLE



HIGHMARK CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

BALANCED

Q4 2021

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution
HighMark Plus (Futures) is a diversified portfolio of investments...

Investment Objective
The investment objective of the HighMark Plus (Futures) is to provide long-term capital appreciation...

Risk Management
The portfolio is constructed to control risk through diversification...

Asset Allocation Committee
Number of Members: 17
Average Years of Experience: 35

Manager Review Group
Number of Members: 3
Average Years of Experience: 29

Annual Returns
Year-to-Date Return: 10.78%

Portfolio Facts
Investment Objective: Long-term capital appreciation

Style
Pie chart showing asset allocation for HighMark Plus (Futures)

HOLDINGS

HighMark Plus (Futures)
Commodity Contract Class 13
100% of Growth & Income Act
Divide 100% of Growth & Income Act

Index Plus (Futures)
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HIGHMARK CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

CAPITAL APPRECIATION

Q4 2021

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution
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Style
Pie chart showing asset allocation for HighMark Plus (Futures)

STYLE



INVESTMENT OBJECTIVE

The investment objective of the HighMark Plus (Futures) is to provide long-term capital appreciation...

Risk Management
The portfolio is constructed to control risk through diversification...

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Style
Pie chart showing asset allocation for HighMark Plus (Futures)

Asset Under Management ("AUM") includes assets for which HighMark provides investment advisory services...

Style
Pie chart showing asset allocation for HighMark Plus (Futures)

HOLDINGS

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100% of Growth & Income Act
Divide 100% of Growth & Income Act

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