

Milpitas Unified School District

MONTHLY VALUATION FOR THE MONTH ENDING 4/30/2016

June 06, 2016

Wendy Zhang
Asst Superintendent, Business Svcs
Milpitas Unified School District
1331 E. Calaveras Blvd.
Milpitas, CA 95035

This is a monthly activity statement of the PARS Alternate Retirement System plan for your agency. The contribution information for the valuation month ending 4/30/2016 is listed below, followed by the monthly plan valuation.

ACTION ON YOUR PART

Please confirm the contribution information listed on this statement and report to our office any information which appears to be incorrect or missing.

CONTRIBUTION INFORMATION FOR THE MONTH ENDING 4/30/2016

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
02/29/2016	99	0.00	2,849.60	N/A	2,849.60	N/A	5,699.20
03/30/2016	47	0.00	2,294.53	N/A	2,294.53	N/A	4,589.06
TOTALS		0.00	5,144.13		5,144.13		10,288.26

Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 04/30/2016

Each month this plan is valued for activity which occurred during the monthly valuation period. Participant accounts are valued for contributions received within the monthly valuation period, and are valued for investment activity and administrative expenses as of the end of the plan year or upon termination from the plan. If you require more information regarding the details of this plan please contact our office.

	<u>CURRENT PERIOD</u>	<u>PLAN YEAR TO DATE (MONTH 10)</u>
Beginning Balance	755,467.88	820,387.65
Contributions		
Employer	5,144.13	45,929.82
Employee	5,144.13	45,929.82
TOTAL	<u>10,288.26</u>	<u>91,859.64</u>
Transfers In	0.00	0.00
Earnings	972.15	6,516.18
Expenses	886.95	9,869.26
Distributions	8,482.89	151,535.76
Transfers Out	0.00	0.00
BALANCE AS OF 04/30/2016	<u><u>757,358.45</u></u>	<u><u>757,358.45</u></u>

IMPORTANT NOTES

Contributions are applied to participant accounts based upon the data received from your agency by our office, and confirmed by actual deposits made to the PARS Trust based upon reports we receive from US Bank, the PARS Trustee. Contributions will be listed on this statement only if those deposits were received in the PARS Trust during the valuation month for which this statement covers.

It is not the responsibility of PARS to monitor the timeliness and accuracy of your agency's plan contributions; however, if there exists any discrepancies between the participant data received from your agency and the actual deposits made into the PARS Trust, we will attempt to reconcile those discrepancies prior to the monthly valuation of the plan. In certain cases there may be a need to delay the monthly valuation of the plan in order to further investigate those discrepancies, which may involve contacting your agency for more information. If there are material discrepancies your agency will be directly notified as soon as possible. Any contributions which cannot be reconciled to the deposits made into the PARS Trust will be carried as unapplied contributions, and although those amounts will not be reflected on this monthly statement, they will appear on the annual statement.

In order to process participant distributions in a timely manner, it is recommended that contributions to the PARS Trust, including any corresponding employer portions, be made as close as possible to the date that deductions are taken from employees' wages, if any. If contributions are not made on a timely basis, participant distributions from this plan may be delayed.

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Milpitas Unified School District

MONTHLY VALUATION FOR THE MONTH ENDING 5/31/2016

July 12, 2016

Wendy Zhang
Asst Superintendent, Business Svcs
Milpitas Unified School District
1331 E. Calaveras Blvd.
Milpitas, CA 95035

This is a monthly activity statement of the PARS Alternate Retirement System plan for your agency. The contribution information for the valuation month ending 5/31/2016 is listed below, followed by the monthly plan valuation.

ACTION ON YOUR PART

Please confirm the contribution information listed on this statement and report to our office any information which appears to be incorrect or missing.

CONTRIBUTION INFORMATION FOR THE MONTH ENDING 5/31/2016

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
03/31/2016	97	0.00	2,491.15	N/A	2,491.15	N/A	4,982.30
04/30/2016	49	0.00	2,168.27	N/A	2,168.27	N/A	4,336.54
TOTALS		0.00	4,659.42		4,659.42		9,318.84

Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 05/31/2016

Each month this plan is valued for activity which occurred during the monthly valuation period. Participant accounts are valued for contributions received within the monthly valuation period, and are valued for investment activity and administrative expenses as of the end of the plan year or upon termination from the plan. If you require more information regarding the details of this plan please contact our office.

	<u>CURRENT PERIOD</u>	<u>PLAN YEAR TO DATE (MONTH 11)</u>
Beginning Balance	757,358.45	820,387.65
Contributions		
Employer	4,659.42	50,589.24
Employee	4,659.42	50,589.24
TOTAL	<u>9,318.84</u>	<u>101,178.48</u>
Transfers In	0.00	0.00
Earnings	479.36	6,995.54
Expenses	881.72	10,750.98
Distributions	8,662.02	160,197.78
Transfers Out	0.00	0.00
BALANCE AS OF 05/31/2016	<u><u>757,612.91</u></u>	<u><u>757,612.91</u></u>

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Milpitas Unified School District
MONTHLY VALUATION FOR THE MONTH ENDING 6/30/2016

August 08, 2016

Wendy Zhang
Asst Superintendent, Business Svcs
Milpitas Unified School District
1331 E. Calaveras Blvd.
Milpitas, CA 95035

This is a monthly activity statement of the PARS Alternate Retirement System plan for your agency. The contribution information for the valuation month ending 6/30/2016 is listed below, followed by the monthly plan valuation.

ACTION ON YOUR PART

Please confirm the contribution information listed on this statement and report to our office any information which appears to be incorrect or missing.

CONTRIBUTION INFORMATION FOR THE MONTH ENDING 6/30/2016

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
05/10/2016	94	0.00	2,006.09	N/A	2,006.09	N/A	4,012.18
05/31/2016	45	0.00	2,453.82	N/A	2,453.82	N/A	4,907.64
TOTALS		0.00	4,459.91		4,459.91		8,919.82

Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 06/30/2016

Each month this plan is valued for activity which occurred during the monthly valuation period. Participant accounts are valued for contributions received within the monthly valuation period, and are valued for investment activity and administrative expenses as of the end of the plan year or upon termination from the plan. If you require more information regarding the details of this plan please contact our office.

	<u>CURRENT PERIOD</u>	<u>PLAN YEAR TO DATE (MONTH 12)</u>
Beginning Balance	757,612.91	820,387.65
Contributions		
Employer	4,459.91	55,049.15
Employee	4,459.91	55,049.15
TOTAL	<u>8,919.82</u>	<u>110,098.30</u>
Transfers In	0.00	0.00
Earnings	1,975.52	8,971.06
Expenses	1,424.73	12,175.71
Distributions	23,766.63	183,964.41
Transfers Out	0.00	0.00
BALANCE AS OF 06/30/2016	<u><u>743,316.89</u></u>	<u><u>743,316.89</u></u>

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Quarterly Investment Report

June 30, 2016



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Quarterly Investment Report Table of Contents

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Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Ken Yeager, S. Joseph Simitian

County Executive: Jeffrey V. Smith



Santa Clara County Commingled Pool and Segregated Investments

June 30, 2016

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	\$6,262,622,531	\$6,281,466,969	\$18,844,438	0.30%
Worker's Compensation	\$27,535,832	\$27,819,805	\$283,973	1.03%
Mountain View-Los Altos	\$2,023,226	\$2,023,226	\$0	0.00%
Palo Alto Unified	\$606,186	\$606,186	\$0	0.00%
Park Charter Fund	\$11,436,922	\$11,448,369	\$11,447	0.10%
San Jose-Evergreen	\$19,927,204	\$20,070,377	\$143,173	0.72%
Medical Malpractice Insurance Fund (1)	\$12,933,925	\$13,112,785	\$178,860	1.38%
Total	\$6,337,085,825	\$6,356,547,717	\$19,461,892	0.31%

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2016		2015
	Apr 30	May 31	Jun 30
Commingled Investment Pool	0.83%	0.86%	0.90%
Worker's Compensation	1.21%	1.20%	1.21%
Weighted Yield	0.83%	0.86%	0.90%

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.



Santa Clara County Commingled Pool and Segregated Investments

Portfolio Strategy

June 30, 2016

Federal Reserve Bank policy makers who met on June 22nd, and most recently in late July, voted to keep interest rates unchanged. Policy makers have held their benchmark rate (frequently referred to as the federal funds rate), which is considered a determining factor of domestic bond yields, at 0.25 percent to 0.5 percent throughout 2016. Although Federal Reserve Bank officials acknowledge recent evidence of increasing economic strength, policy makers remain reticent to take immediate action to further increase rates. A change in rates could harm the economy in the event that global risks intensify or economic indicators unexpectedly turn around. Raising interest rates later this year is still seen as a possibility by some economists because of recent optimism expressed by policy makers.

Domestic economic data continues to point toward modest growth. The Commerce Department reported that gross domestic product (GDP) increased by 1.1 percent during the second quarter ending June 30th. GDP, a primary measure of an economy's health, represents the total dollar value of all goods and services produced. According to the most recent report GDP had advanced by eight-tenths of a percent in the prior three months.

Those sectors generally considered key drivers within the economy are currently expanding or, at a minimum, reflecting modest retrenchment. Government revenues have recovered, shrinking budget deficits, while hiring and spending at the state and local levels have finally turned positive. Outlays for the military fell during the quarter which slightly reduced overall government spending.

Spending by households, which had been constrained by substantial personal debt, has completely returned to health supported by employment growth and increasing home prices. Household spending, with a 4.2 percent gain in the second quarter, emerged as an important source of strength. Undoubtedly, the impressive addition of 287,000 new jobs bolstered consumer spending in June. It is important to note that the moving six-month average gain in employment was 172,000 jobs per month. This is a robust level, but well short of the 200,000 average that prevailed for most of the past two years.

Corporate spending on equipment, including oil rigs, structures and intellectual property, exhibited less of a reduction. This sector posted a 2.2 percent decrease, an improvement after a 3.4 percent decrease in the first quarter. The type of severe shrinkage that resulted from the collapse in oil and commodity prices experienced by the mining and energy industry is most likely over. While it is unlikely that energy investment will surge any time soon, most analysts do not anticipate further contraction that would strongly hinder overall GDP growth.

Our portfolio strategy continues to focus on the: (1) acquisition of high quality issuers; (2) identifying and selecting bonds with attractive valuations; (3) appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near-term obligations; and (4) ensuring that monies targeted for longer-term investments are deployed in vehicles with favorable risk-adjusted yields. Broker-dealers have generally down-sized the amount of securities carried in inventories in response to risk-curbing rules crafted after the 2008 financial crisis, including Basel III and the 2010 Dodd-Frank Act. With more efficient software, we have been addressing this issue by scanning a larger scope of inventory listings to find attractive bonds. Our portfolio structuring does not engage in interest rate anticipation strategies.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Compliance, Review, and Monitoring

June 30, 2016

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 0.901 and the weighted average life is 439 days.

Compliance

The County Treasurer believes the Commingled Pool contains sufficient cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations. The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.



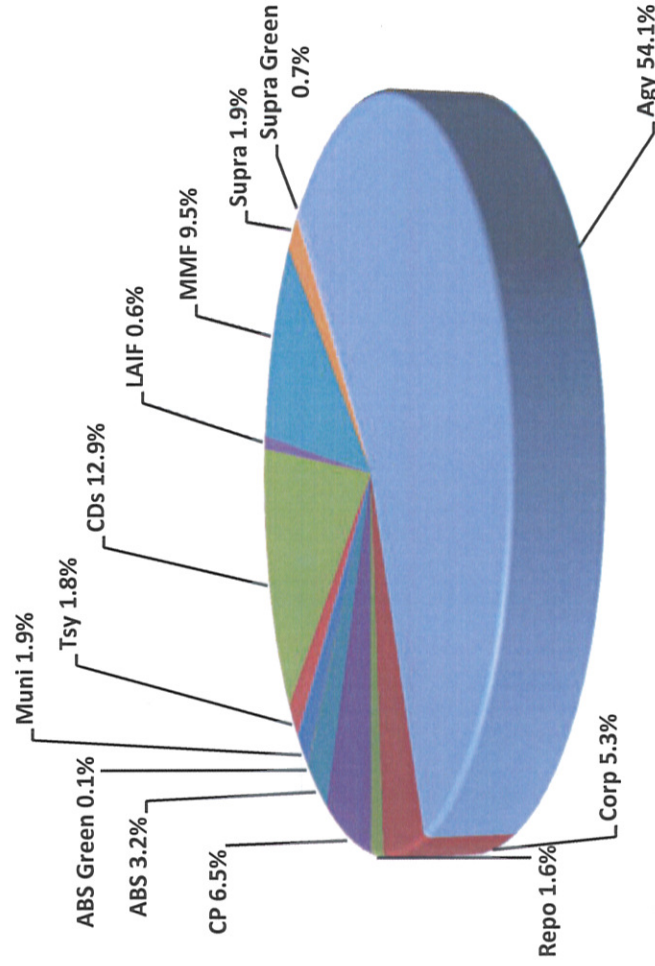


Santa Clara County Commingled Pool

Allocation by Security Types

June 30, 2016

Sector	6/30/2016	3/31/2016	% Chng
Federal Agencies	54.12%	60.85%	-6.7%
Corporate Bonds	5.25%	4.58%	0.7%
Repurchase Agreements	1.60%	0.83%	0.8%
Commercial Paper	6.45%	3.72%	2.7%
ABS	3.18%	3.39%	-0.2%
ABS Green Bonds	0.06%	0.00%	0.1%
Municipal Securities	1.92%	1.65%	0.3%
U.S. Treasuries	1.84%	2.90%	-1.1%
Negotiable CDs	12.85%	8.11%	4.7%
LAIF	0.64%	0.66%	0.0%
Money Market Funds	9.49%	10.60%	-1.1%
Supranationals	1.88%	2.69%	-0.8%
Supranationals Green Bonds	0.72%	0.00%	0.7%
Total	100.00%	100.00%	



Sector	6/30/2016	3/31/2016
Federal Agencies	3,389,397,286	3,675,538,128
Corporate Bonds	328,843,317	276,912,986
Repurchase Agreements	100,000,000	50,000,000
Commercial Paper	404,074,846	224,860,551
ABS	198,856,945	204,868,042
ABS Green Bonds	3,999,803	-
Municipal Securities	120,216,490	99,471,317
U.S. Treasuries	115,454,789	175,422,200
Negotiable CDs	805,002,157	490,000,000
LAIF	40,115,520	40,069,267
Money Market Funds	594,209,169	640,518,911
Supranational	117,452,209	162,453,153
Supranationals Green Bonds	45,000,000	-
Total	6,262,622,531	6,040,114,555

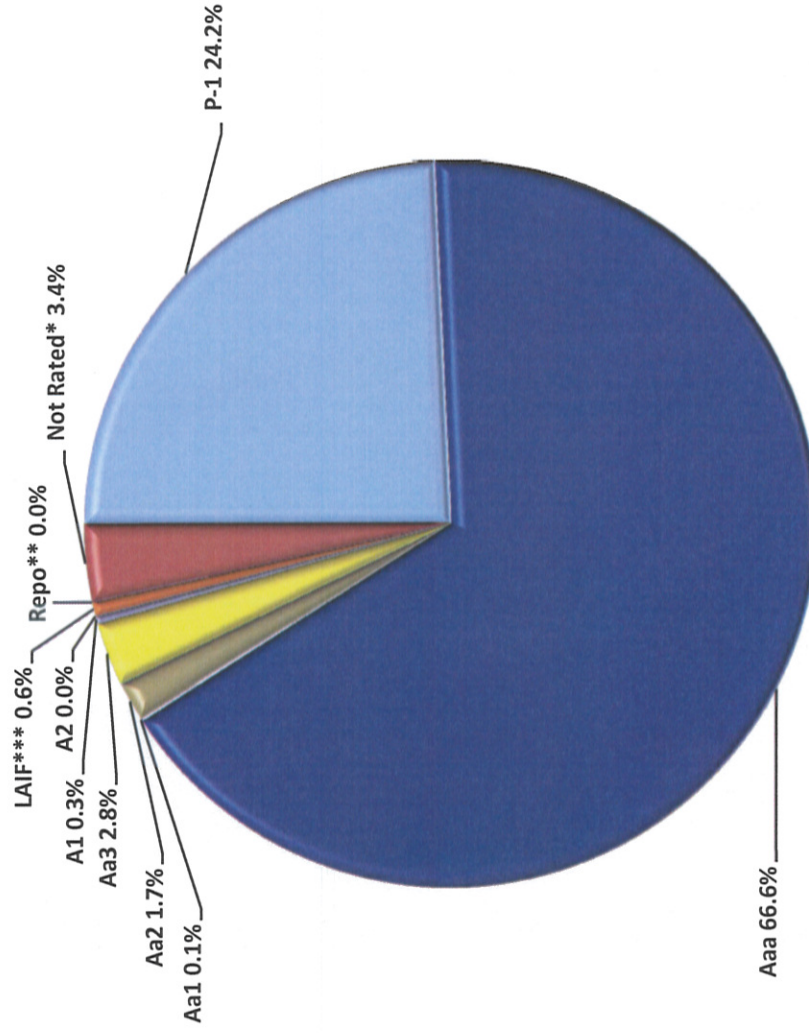
Amounts are based on book value



Santa Clara County Commingled Pool

Allocation by Ratings

June 30, 2016



Moody's Rating	Portfolio \$	Portfolio %
P-1	1,518,616,102	24.2%
Aaa	4,173,922,097	66.6%
Aa1	7,997,337	0.1%
Aa2	109,229,843	1.7%
Aa3	176,914,834	2.8%
A1	19,949,331	0.3%
A2	-	0.0%
A3	-	0.0%
LAIF***	40,115,520	0.6%
Repo**	-	0.0%
Not Rated*	215,877,467	3.4%
Total	6,262,622,531	100.0%

*Not Rated by Moody's but A-1+ by S&P

**Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

***LAIF is not rated, but is comprised of State Code allowable securities

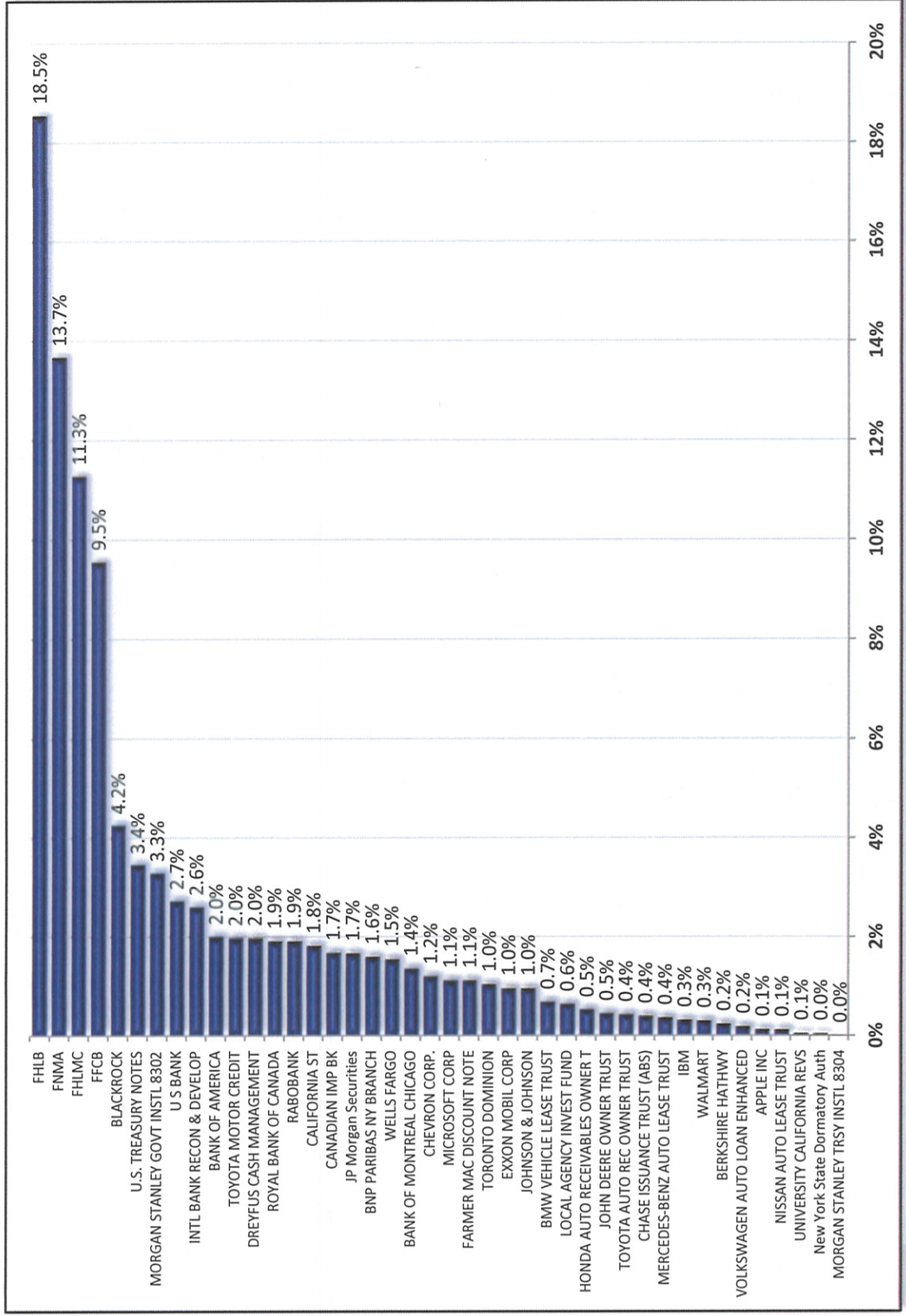
Amounts are based on book values



Santa Clara County Commingled Pool

Holdings by Issuer - Percent of Commingled Pool

June 30, 2016



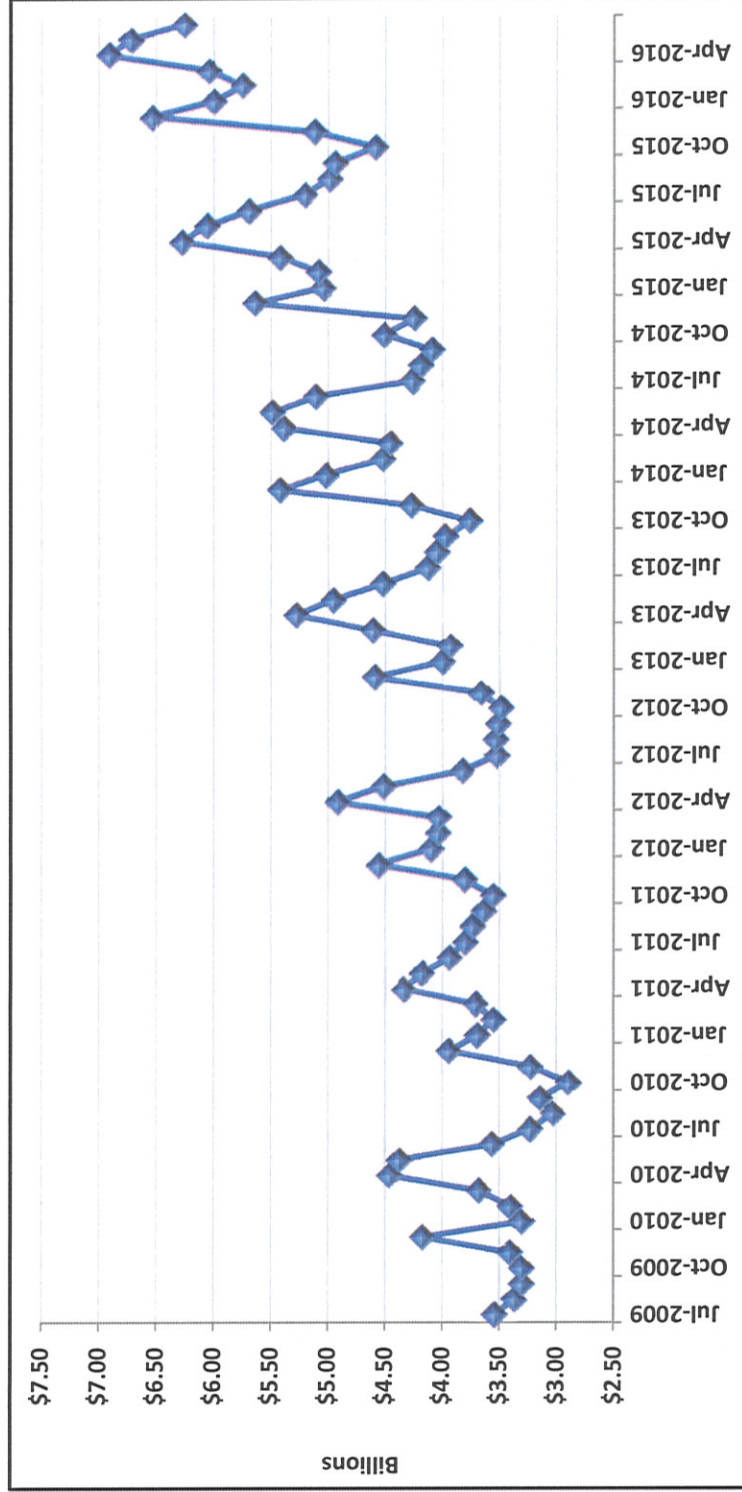
Amounts are based on book values



Santa Clara County Commingled Pool

Historical Month End Book Values

June 30, 2016



Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2010	\$3.541	\$3.373	\$3.307	\$3.307	\$3.408	\$4.175	\$3.307	\$3.408	\$3.687	\$4.463	\$4.384	\$3.536
FY 2011	\$3.230	\$3.032	\$3.143	\$2.898	\$3.227	\$3.943	\$3.695	\$3.551	\$3.712	\$4.339	\$4.179	\$3.935
FY 2012	\$3.801	\$3.736	\$3.637	\$3.555	\$3.805	\$4.567	\$4.097	\$4.040	\$4.032	\$4.926	\$4.525	\$3.833
FY 2013	\$3.508	\$3.517	\$3.515	\$3.469	\$3.645	\$4.600	\$3.918	\$3.982	\$4.606	\$5.286	\$4.952	\$4.521
FY 2014	\$4.133	\$4.052	\$3.975	\$3.758	\$4.271	\$5.419	\$5.019	\$4.520	\$4.461	\$5.386	\$5.487	\$5.108
FY 2015	\$4.267	\$4.194	\$4.096	\$4.051	\$4.247	\$5.639	\$5.045	\$5.085	\$5.420	\$6.284	\$6.065	\$5.690
FY 2016	\$5.212	\$4.990	\$4.941	\$4.587	\$5.120	\$6.543	\$5.997	\$5.752	\$6.040	\$6.911	\$6.728	\$6.263

Amounts in billions

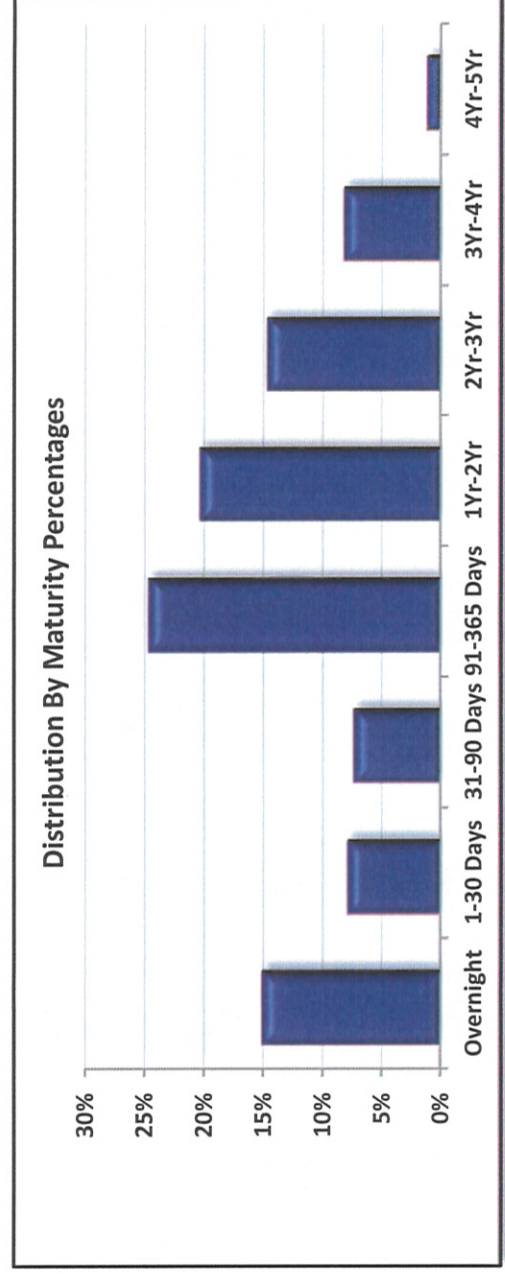
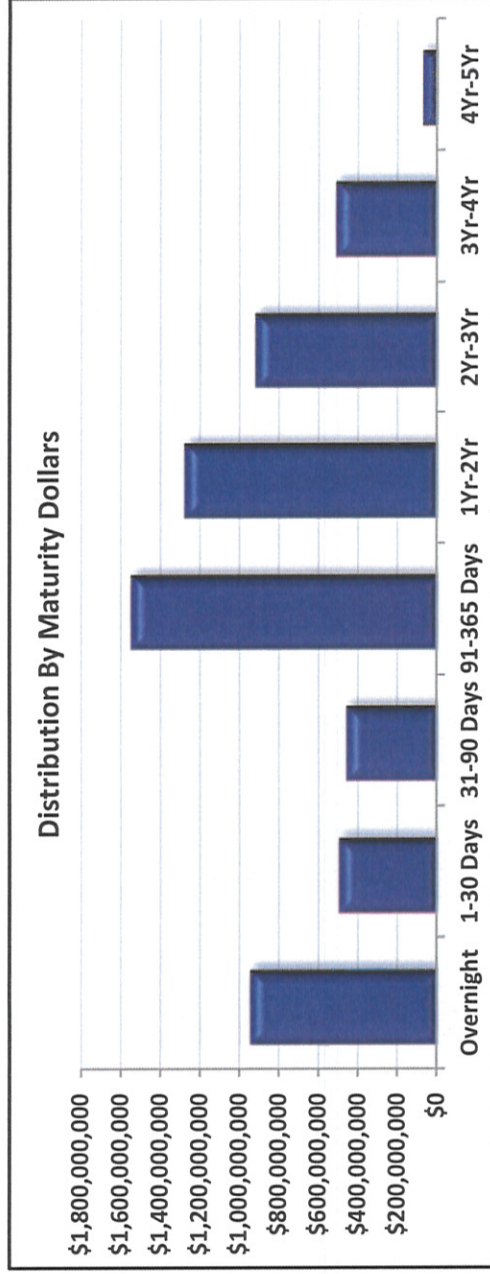


Santa Clara County Commingled Pool

Distribution by Maturity

June 30, 2016

Maturity	Amount*
Overnight	949,324,688
1-30 Days	499,962,135
31-90 Days	464,859,277
91-365 Days	1,550,361,753
1Yr-2Yr	1,281,263,490
2Yr-3Yr	923,809,318
3Yr-4Yr	516,770,711
4Yr-5Yr	76,271,158
	6,262,622,531



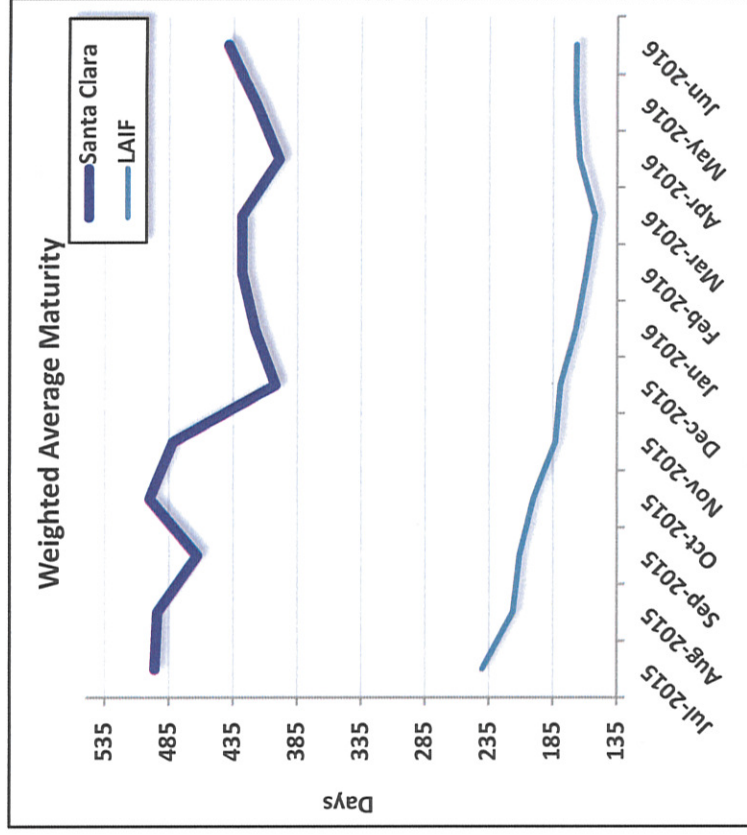
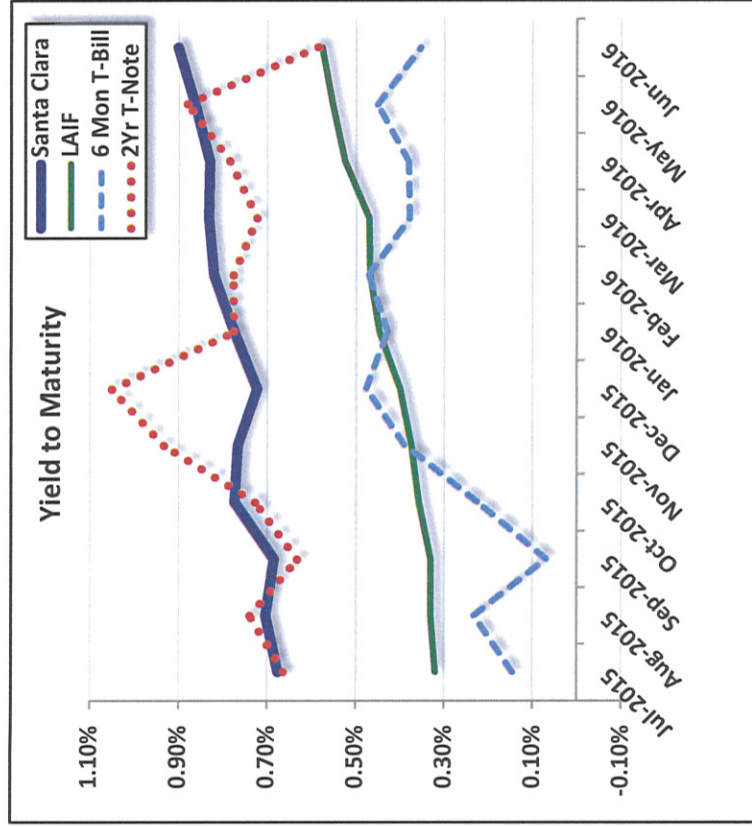
*Amounts are based on book value



Santa Clara County Commingled Pool

Yield to Maturity and Weighted Average Maturity

June 30, 2016



Item	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
SCC YTM	0.68%	0.70%	0.68%	0.77%	0.77%	0.72%	0.77%	0.82%	0.83%	0.83%	0.86%	0.90%
LAIF YTM	0.32%	0.33%	0.33%	0.36%	0.37%	0.40%	0.45%	0.47%	0.47%	0.53%	0.55%	0.58%
6 Mon T-Bill	0.15%	0.23%	0.07%	0.23%	0.39%	0.48%	0.43%	0.47%	0.38%	0.38%	0.45%	0.35%
2Yr T-Note	0.66%	0.74%	0.63%	0.73%	0.93%	1.05%	0.78%	0.78%	0.72%	0.78%	0.88%	0.58%
SCC WAM	496	494	463	500	482	402	418	428	428	399	417	439
LAIF WAM	240	216	211	200	183	179	167	159	152	164	167	167