

**Milpitas Unified School District**  
MONTHLY VALUATION FOR THE MONTH ENDING 7/31/2016

September 09, 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 7/31/2016 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 7/31/2016**

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
05/31/2016	110	0.00	4,703.97	N/A	4,703.97	N/A	9,407.94
06/30/2016	62	0.00	1,268.29	N/A	1,268.29	N/A	2,536.58
TOTALS		0.00	5,972.26		5,972.26		11,944.52

# Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 07/31/2016

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 1)</u>
Beginning Balance	743,316.89	743,316.89
Contributions		
Employer	5,972.26	5,972.26
Employee	5,972.26	5,972.26
TOTAL	<u>11,944.52</u>	<u>11,944.52</u>
Transfers In	0.00	0.00
Earnings	468.64	468.64
Expenses	896.35	896.35
Distributions	9,748.21	9,748.21
Transfers Out	0.00	0.00
BALANCE AS OF 07/31/2016	<u><u>745,085.49</u></u>	<u><u>745,085.49</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.

PARS is not licensed to provide and does not offer financial, tax, accounting, legal or actuarial advice.

Milpitas Unified School District

MONTHLY VALUATION FOR THE MONTH ENDING 8/31/2016

October 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 8/31/2016 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 8/31/2016

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
6/30/2016	18	0.00	0.00	N/A	857.76	N/A	857.76
7/22/2016	3	0.00	185.91	N/A	185.91	N/A	371.82
7/31/2016	1	0.00	24.38	N/A	24.38	N/A	48.76
TOTALS		0.00	210.29		1,068.05		1,278.34

# Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 08/31/2016

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 2)</u>
Beginning Balance	745,085.49	743,316.89
Contributions		
Employer	210.29	6,182.55
Employee	1,068.05	7,040.31
TOTAL	<u>1,278.34</u>	<u>13,222.86</u>
Transfers In	0.00	0.00
Earnings	348.22	816.86
Expenses	776.13	1,672.48
Distributions	0.00	9,748.21
Transfers Out	0.00	0.00
BALANCE AS OF 08/31/2016	<u><u>745,935.92</u></u>	<u><u>745,935.92</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.

PARS is not licensed to provide and does not offer financial, tax, accounting, legal or actuarial advice.

## Milpitas Unified School District

MONTHLY VALUATION FOR THE MONTH ENDING 9/30/2016

November 04, 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 9/30/2016 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 9/30/2016

Pay Period End	#	Wages	Employer Contributions	%	Employee Contributions	%	Total Contributions
1/31/2016	1	0.00	116.45	N/A	116.45	N/A	232.90
6/30/2016	18	0.00	0.00	N/A	857.76	N/A	857.76
7/31/2016	24	0.00	1,294.24	N/A	1,294.24	N/A	2,588.48
8/31/2016	38	0.00	1,718.43	N/A	1,718.43	N/A	3,436.86
TOTALS		0.00	3,129.12		3,986.88		7,116.00

# Milpitas Unified School District

PARS Agency Monthly Account Statement (Page 2)

MONTHLY VALUATION FOR THE MONTH ENDING 09/30/2016

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 3)</u>
Beginning Balance	745,935.92	743,316.89
Contributions		
Employer	3,129.12	9,311.67
Employee	3,986.88	11,027.19
TOTAL	<u>7,116.00</u>	<u>20,338.86</u>
Transfers In	0.00	0.00
Earnings	724.68	1,541.54
Expenses	874.16	2,546.64
Distributions	5,238.30	14,986.51
Transfers Out	0.00	0.00
BALANCE AS OF 09/30/2016	<u><u>747,664.14</u></u>	<u><u>747,664.14</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.

PARS is not licensed to provide and does not offer financial, tax, accounting, legal or actuarial advice.



# Quarterly Investment Report

September 30, 2016



## Quarterly Investment Review Table of Contents

### Quarterly Investment Report

#### Table of Contents

Summary of Cost Values versus Market Values and Yields	1
Portfolio Strategy, Compliance, Review and Monitoring	2
Commingled Pool: Allocation by Security Types	4
Commingled Pool: Allocation by Ratings	5
Commingled Pool: Holdings by Issuer	6
Commingled Pool: Historical Month End Book Values	7
Commingled Pool: Distribution by Maturity	8
Commingled Pool: Yield to Maturity and Weighted Average Maturity	9
Approved Issuers and Broker/Dealers	10
Commingled Pool: Compliance with Investment Policy	11
Holdings Report: Commingled Pool	12
Holdings Report: Worker's Compensation	23
Holdings Report: Mountain View-Los Altos	24
Holdings Report: Palo Alto Unified	25
Holdings Report: Park Charter Fund	26
Holdings Report: San Jose-Evergreen	27
Transaction Activity Report	29

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

County Executive: Jeffrey V. Smith





## Santa Clara County Commingled Pool and Segregated Investments

September 30, 2016

<b>Fund</b>	<b>Cost Value**</b>	<b>Market Value</b>	<b>Variance</b>	<b>% Variance</b>
Commingled Investment Pool	\$5,088,457,982	\$5,097,027,761	\$8,569,778	0.17%
Worker's Compensation	\$27,576,336	\$27,780,180	\$203,844	0.74%
Mountain View-Los Altos	\$2,024,423	\$2,024,423	\$0	0.00%
Palo Alto Unified	\$23	\$23	\$0	0.00%
Park Charter Fund	\$11,461,477	\$11,468,032	\$6,555	0.06%
San Jose-Evergreen	\$20,003,474	\$20,079,199	\$75,725	0.38%
Medical Malpractice Insurance Fund (1)	\$12,967,191	\$13,102,940	\$135,749	1.05%
<b>Total</b>	<b>\$5,162,490,906</b>	<b>\$5,171,482,558</b>	<b>\$8,991,652</b>	<b>0.17%</b>

(1) Managed by Chandler Asset Management, Inc.

### Summary of Yields\* for Select Santa Clara County Investment Funds

<b>Fund</b>	<b>2016</b>		<b>2015</b>
	<b><u>Jul 31</u></b>	<b><u>Aug 31</u></b>	<b><u>Sep 30</u></b>
Commingled Investment Pool	0.96%	0.98%	0.68%
Worker's Compensation	1.20%	1.20%	1.21%
<b>Weighted Yield</b>	<b>0.96%</b>	<b>0.98%</b>	<b>0.69%</b>

\*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**

**September 30, 2016**

Prior to the surprise electoral victory of Republican presidential nominee Donald Trump, expectations had already been strong that Federal Reserve Bank Federal Reserve policy makers would hike interest rates in December. Solid growth in labor markets over the quarter ending September 30, 2016 and rising consumer prices along with improvements in the overall economy were cited as primary motivating factors. U.S. domestic bond markets apparently did not need a change in Federal Reserve policy to ignite a sell-off. Immediately after the election and even before policy makers met in December, the prices of U.S. Treasury bonds and other domestically traded debt dropped sharply, sending bond yields higher.

Markets quickly responded as investors assessed policy implications for growth, inflation and the federal budget deficit resulting from Donald Trump's victory. Even with few, if any policy specifics at this point, the Republican's campaign pledge to cut individual and corporate taxes and spend \$550.0 billion on infrastructure improvements to boost growth concerned investors of debt securities. Both initiatives would sizably increase federal deficits and trigger robust growth in inflation, a major risk factor to fixed income securities. Worries also centered on unintended consequences of a new fiscal stimulus plan. If the new president borrows too much too quickly, it could cause consumer prices to increase without a commensurate increase in wages and which may reduce the financial capacity of consumers to spend.

The current economic expansion began in June 2009 and has continued for 89 months, making it the fourth longest period of growth recorded since 1854. Although this expansion has been relatively long, the U.S. economy has only grown at a 2.1 percent annual pace since 2009. A Wall Street Journal survey of economists in early October 2016 forecast the economy would continue to grow at a sluggish pace for the remainder of this cycle. But now, balancing the risk of sharply rising interest rates and more aggressive use of fiscal stimulus, along with other expected presidential initiatives such as trade protectionism and immigration curbs, greater uncertainty has been introduced along with a stronger probability that a policy mistake could interrupt the economy's current trajectory.

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**

**September 30, 2016**

#### **Yield and Weighted Average Maturity**

The yield of the Commingled Pool is .988 and the weighted average life is 533 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.





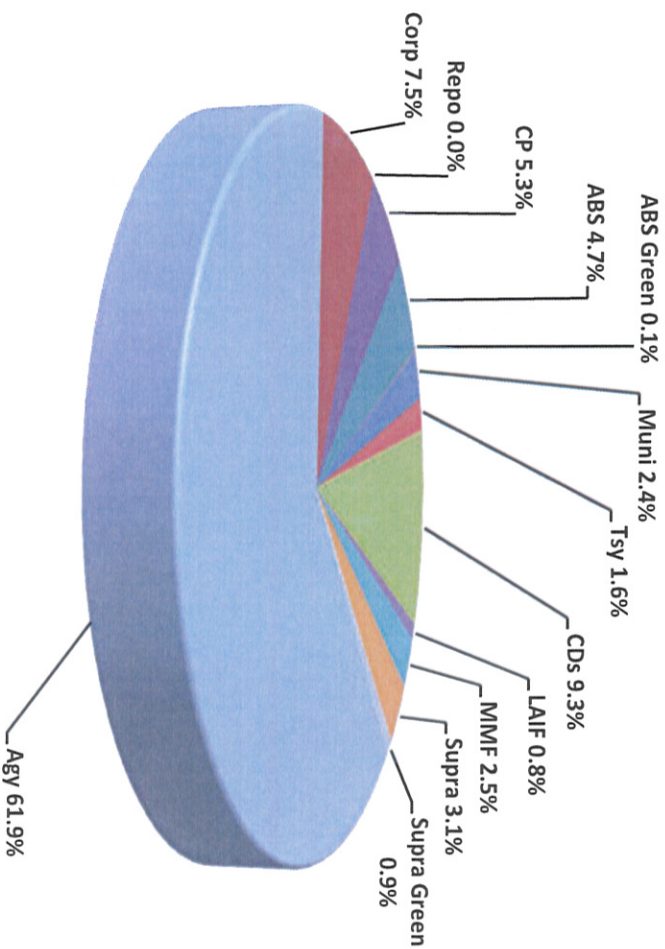
## Santa Clara County Commingled Pool

### Allocation by Security Types

September 30, 2016

Sector	9/30/2016	6/30/2016	% Chng
Federal Agencies	61.90%	54.12%	7.8%
Corporate Bonds	7.49%	5.25%	2.2%
Repurchase Agreements	0.00%	1.60%	-1.6%
Commercial Paper	5.30%	6.45%	-1.2%
ABS	4.70%	3.18%	1.5%
ABS Green Bonds	0.08%	0.06%	0.0%
Municipal Securities	2.36%	1.92%	0.4%
U.S. Treasuries	1.58%	1.84%	-0.3%
Negotiable CDs	9.33%	12.85%	-3.5%
LAIF	0.79%	0.64%	0.1%
Money Market Funds	2.50%	9.49%	-7.0%
Supranationals	3.09%	1.88%	1.2%
Supranationals Green Bonds	0.88%	0.72%	0.2%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	

Sector	9/30/2016	6/30/2016
Federal Agencies	3,149,653,321	3,389,397,286
Corporate Bonds	381,271,844	328,843,317
Repurchase Agreements	-	100,000,000
Commercial Paper	269,530,923	404,074,846
ABS	238,944,274	198,856,945
ABS Green Bonds	3,999,816	3,999,803
Municipal Securities	120,037,197	120,216,490
U.S. Treasuries	80,370,309	115,454,789
Negotiable CDs	475,001,146	805,002,157
LAIF	40,170,096	40,115,520
Money Market Funds	127,035,603	594,209,169
Supranational	157,443,454	117,452,209
Supranationals Green Bonds	45,000,000	45,000,000
<b>Total</b>	<b>5,088,457,982</b>	<b>6,262,622,531</b>



Amounts are based on book value

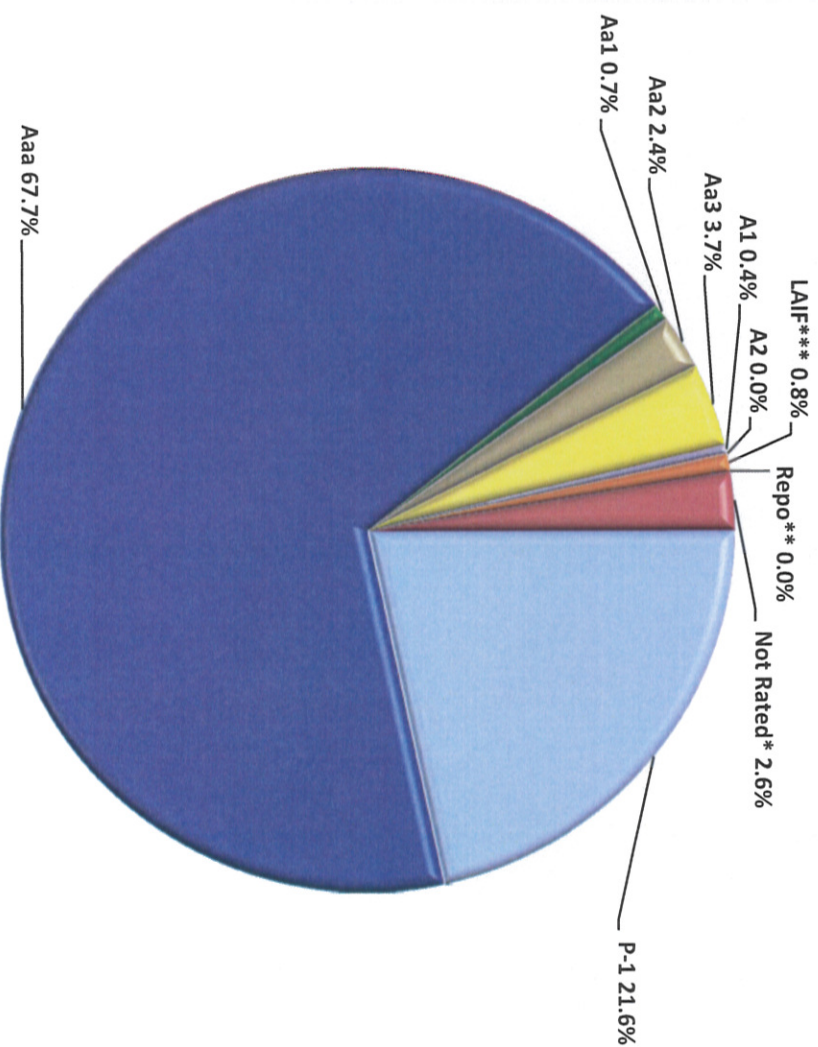


## Santa Clara County Commingled Pool

### Allocation by Ratings

September 30, 2016

Moody's Rating	Portfolio \$	Portfolio %
P-1	1,099,435,970	21.6%
Aaa	3,446,550,276	67.7%
Aa1	37,969,451	0.7%
Aa2	124,222,914	2.4%
Aa3	189,229,083	3.7%
A1	19,922,239	0.4%
A2	-	0.0%
A3	-	0.0%
LAIF***	40,170,096	0.8%
Repo**	-	0.0%
Not Rated*	130,957,953	2.6%
<b>Total</b>	<b>5,088,457,982</b>	<b>100.0%</b>



\*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

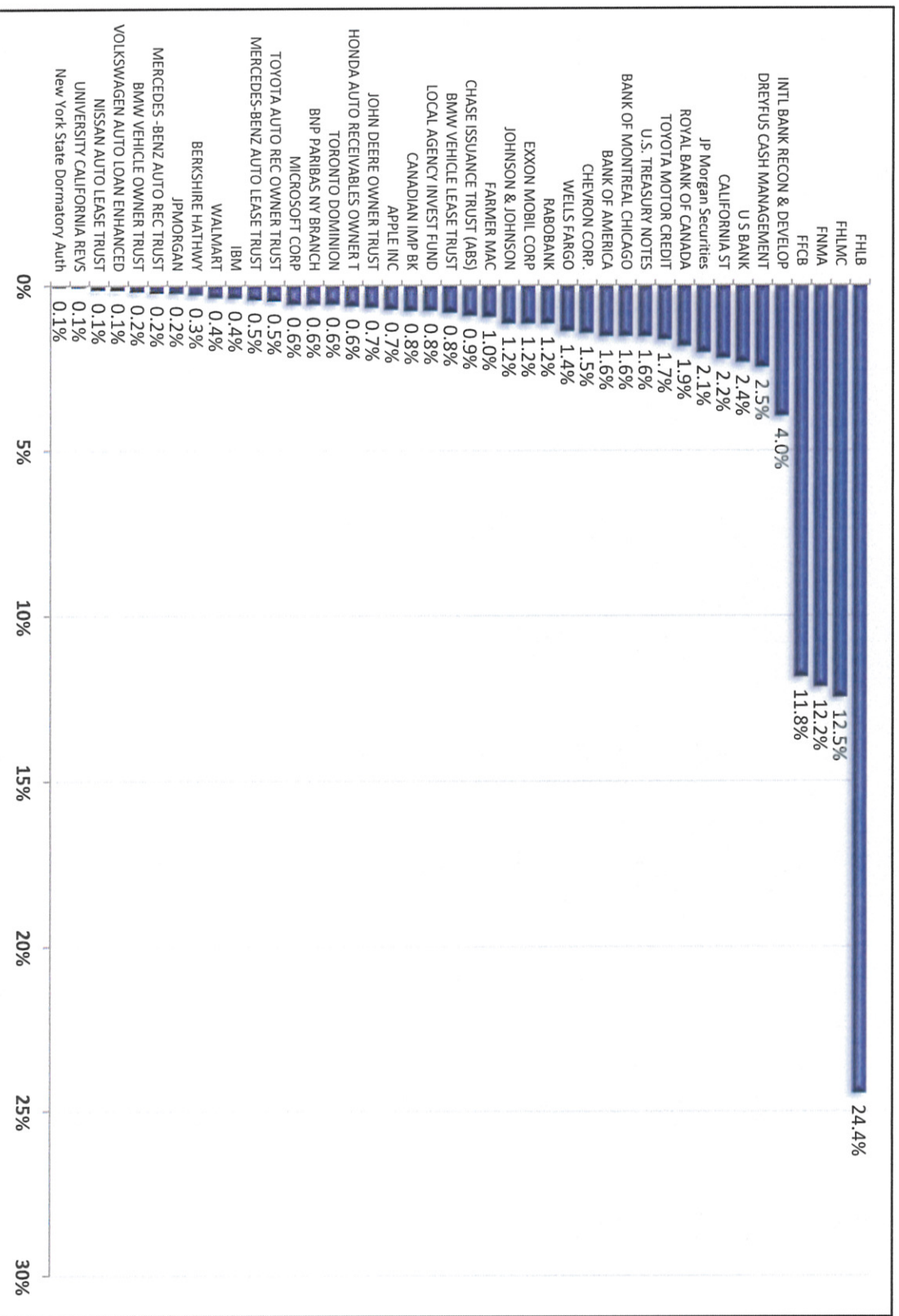
Amounts are based on book values



## Santa Clara County Commingled Pool

### Holdings by Issuer - Percent of Commingled Pool

September 30, 2016



Amounts are based on book values

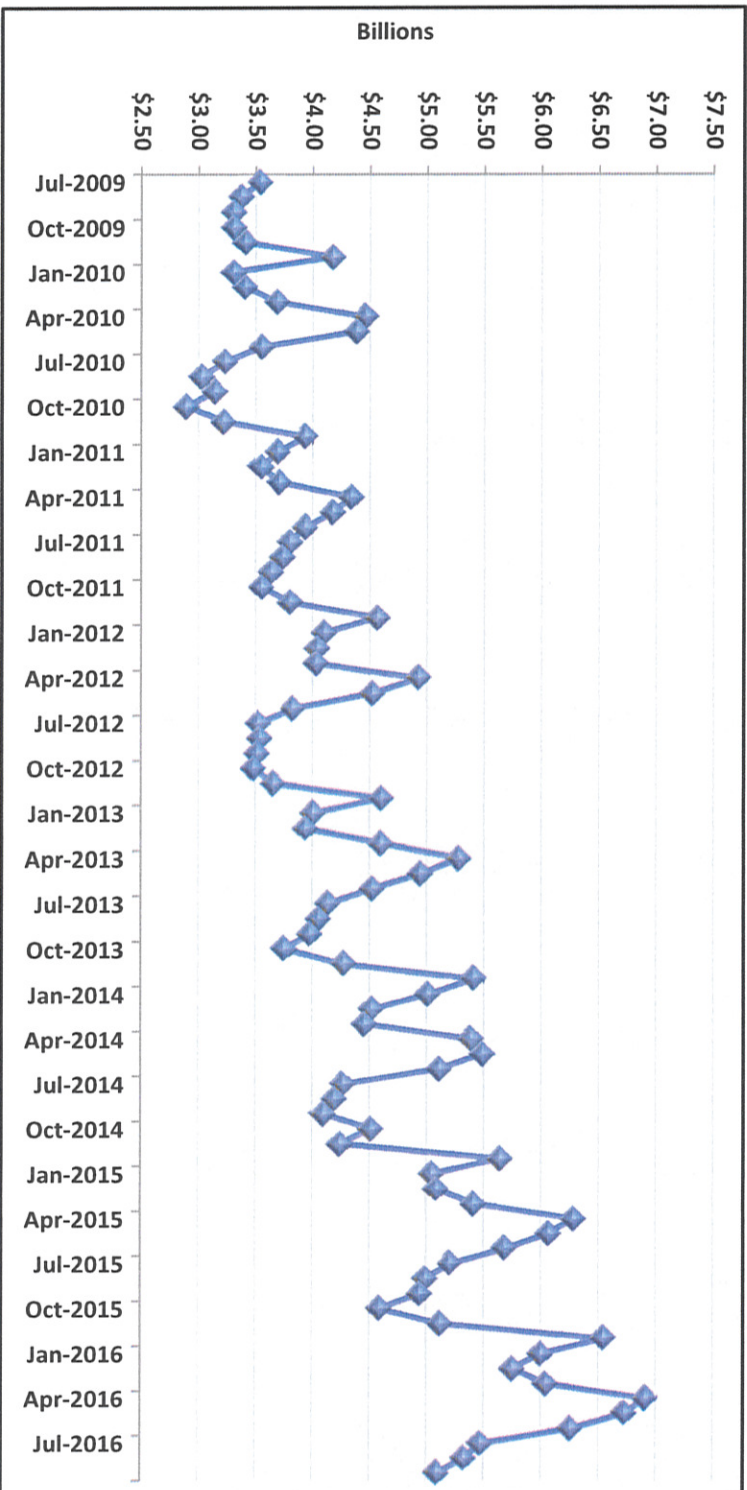




## Santa Clara County Commingled Pool

### Historical Month End Book Values

September 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
FY 2017	\$5.469	\$5.328	\$5.088									

Amounts in billions

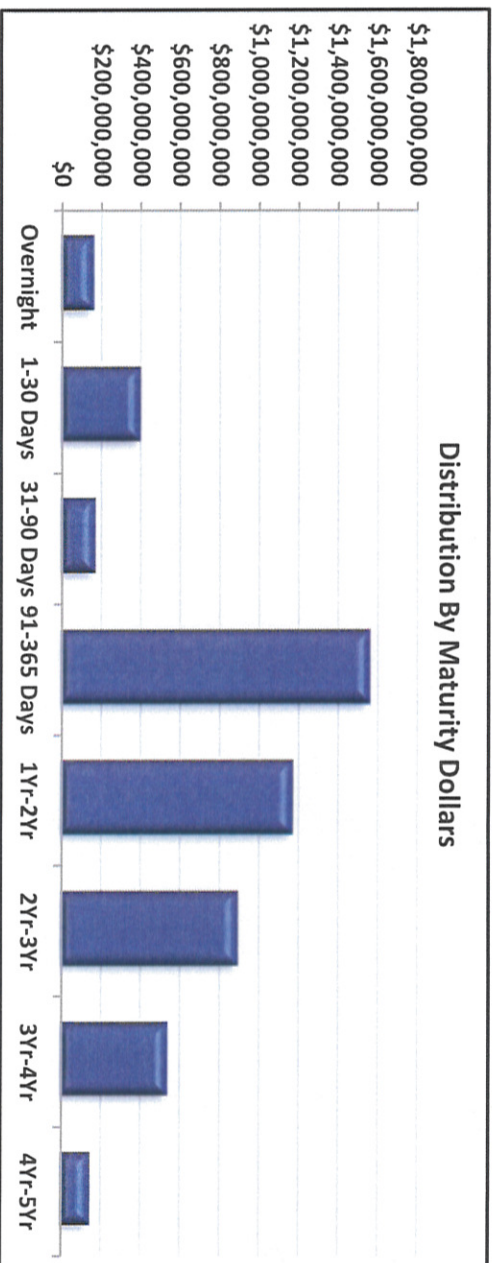


## Santa Clara County Commingled Pool

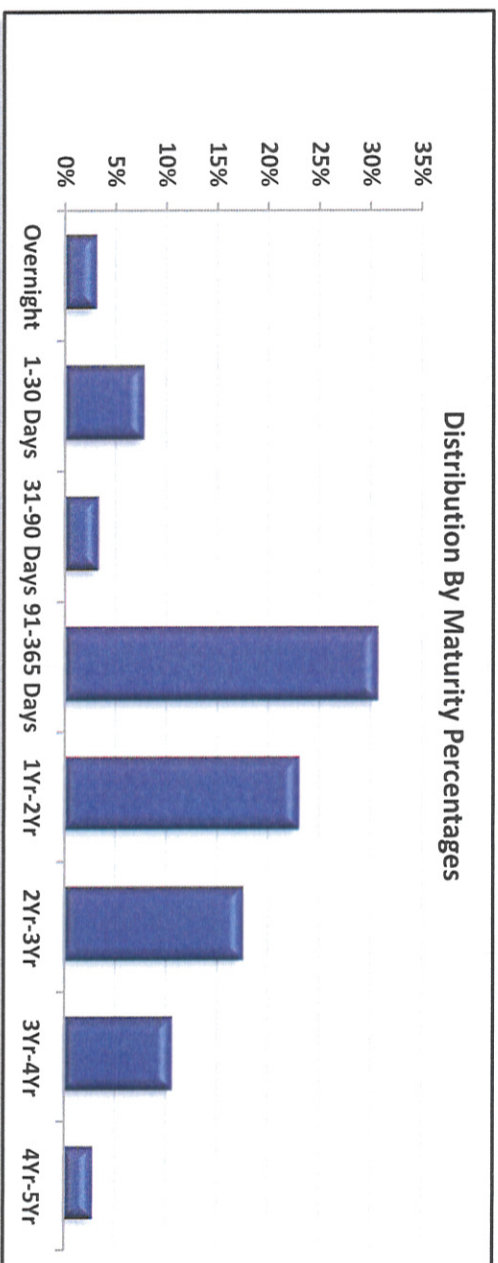
### Distribution by Maturity

September 30, 2016

Maturity	Amount*
Overnight	167,205,699
1-30 Days	404,996,742
31-90 Days	177,502,347
91-365 Days	1,566,545,961
1Yr-2Yr	1,175,602,725
2Yr-3Yr	897,693,941
3Yr-4Yr	548,242,486
4Yr-5Yr	150,668,081
	5,088,457,982



Maturity	Amount*
Overnight	3.29%
1-30 Days	7.96%
31-90 Days	3.49%
91-365 Days	30.79%
1Yr-2Yr	23.10%
2Yr-3Yr	17.64%
3Yr-4Yr	10.77%
4Yr-5Yr	2.96%
	100.00%



\* Amounts are based on book value





## Santa Clara County Commingled Pool

### Yield to Maturity and Weighted Average Maturity

September 30, 2016

