County Connection
2477 Arnold Industrial Way Concord, CA 94520-5326 (925) 676-7500 countyconnection.com

ADMINISTRATION & FINANCE COMMITTEE
MEETING AGENDA

Wednesday, July 1, 2015
9:00 a.m.
Hanson Bridgett
1676 North California Blvd., Suite 620
Walnut Creek, California

The committee may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of June 3, 2015*
4. PARS OPEB Trust-Verbal Report*
5. CCCTA Investment Policy-Quarterly Reporting Requirement*
6. Adjustment to Non-Represented Employees Compensation*
7. Performance Based Compensation Pool*
8. Financial Statements for the Nine Months Ended March 31, 2015*
9. Adoption of Gann Appropriations Spending Limitation for FY2016*
10. Alternative Funding Methods for CalPERS Retirement*
11. Review of Vendor Bills, June 2015**
12. Legal Services Statement, April 2015-General, April 2015 Labor**
13. Adjournment

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*Enclosure
**Enclosure for Committee Members
***To be mailed under separate cover

FY2014/2015 A&F Committee
Bob Simmons – Walnut Creek, Don Tatzin – Lafayette, Gregg Manning - Clayton

General Information

Public Comment: Each person wishing to address the committee is requested to complete a Speakers Card for submittal to the Committee Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Committee Chair. Persons who wish to speak on matters set for Public Hearings will be heard when the Chair calls for comments from the public. After individuals have spoken, the Public Hearing is closed and the matter is subject to discussion and action by the Committee.

A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

Consent Items: All matters listed under the Consent Calendar are considered by the committee to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a committee member or a member of the public prior to when the committee votes on the motion to adopt.

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available for public inspection at 2477 Arnold Industrial Way, Concord, California, at the same time that the public records are distributed or made available to the legislative body. The agenda and enclosures for this meeting are posted also on our website at www.countyconnection.com.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by County Connection at least 48 hours before the meeting convenes. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@countyconnection.com.

Shuttle Service: With 24-hour notice, a County Connection LINK shuttle can be available at the BART station nearest the meeting location for individuals who want to attend the meeting. To arrange for the shuttle service, please call Robert Greenwood – 925/680 2072, no later than 24 hours prior to the start of the meeting.

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, July 16, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, August 5, 9:00 .am., 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Thursday, July 2, 8:30 a.m., Pleasant Hill City Hall Small Community Room
Operations & Scheduling:	Thursday, July 9, 8:00 a.m. Supervisor Andersen's Office 309 Diablo Road, Danville, CA

The above meeting schedules are subject to change. Please check the County Connection Website (www.countyconnection.com) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting.

This agenda is posted on County Connection's Website (www.countyconnection.com) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California

Administration and Finance Committee
Summary Minutes
June 3, 2015

The meeting was called to order at 9:00 a.m. at the Walnut Creek offices of Hanson Bridgett. Those in attendance were:

Committee Members:	Director Don Tatzin Director Gregg Manning Director Bob Simmons
Staff:	General Manager Rick Ramacier Director of Maintenance Scott Mitchell Director of Finance Kathy Casenave Director of Planning and Marketing Anne Muzzini
Legal Counsel	Pat Glenn
Public:	Ralph Hoffmann

1. Approval of Agenda- Approved.
2. Public Communication- Mr. Hoffmann spoke on various transit related issues in the County Connection service area.
3. Approval of Minutes of May 6, 2015- Approved.
4. Closed Session- Conference with Labor Negotiator (pursuant to Government Code Section 54957.6) Machinists Automotive Trades District Lodge No. 1173- Committee members met with legal counsel and management staff and reported back in open session that no decisions had been made but direction was given to counsel.
5. On-Call Engineering Services Contract Award- Director Muzzini reported that many government entities retain engineering services on an on-call basis. Rates are agreed upon up front then specific work orders are developed for each project. County Connection issued an RFP for these services and the proposals have been reviewed by staff. A recommendation will be presented at the Board of Directors meeting in June.
6. Comparison of July 2013-March 2014 to July 2014-March 2015 Passengers- Director Casenave prepared a report showing the differences in various categories of passengers when using the FTA certified factor for both time periods. There was a slight increase in passengers, but a decrease in paying passengers and an increase in free passengers. Information only.
7. FY 2016 Final Budget- Director Casenave discussed the final proposed budget for FY 2016 operating and capital budget. There were some minor changes from the May draft. STA revenue was reduced based on a new estimate from MTC, but Lifeline grant revenue was increased. Staff requested that this budget be put on the Board agenda with a recommendation for approval. Approved.
8. Review of Vendor Bills, May 2015- Reviewed.
9. Legal Services Statement, March 2015- General and Labor- Approved.
10. Adjournment- The meeting was adjourned. The next meetings are scheduled for Wednesday, July 1 and August 5 at 9:00 a.m.

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Kathy Casenave, Director of Finance

OPEB Prefunding Trust Program
Client Review

Central Contra Costa Transit Authority

July 1, 2015

PUBLIC AGENCY RETIREMENT SERVICES | PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

Contacts

PARS

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RACHAEL SANDERS, Supervisor, Client Services Coordinator
rsanders@pars.org; 800.540.6369 ext. 121

HighMark Capital Management

ANDREW BROWN, CFA, Vice President, Senior Portfolio Manager
Andrew.brown@highmarkcapital.com; 415.705.7605

OPEB TRUST TEAM DETAILS

	PARS (Public Agency Retirement Services)	us bank	HighMark Capital Management
ROLE	**TRUST ADMINISTRATOR AND CONSULTANT** • Recordkeeping/Sub-trust Accounting • Actuarial Coordination •Monitor Contributions/ Process Disbursements •Monitor Plan Compliance • Ongoing Client Liaison **•Pre-fund Pension Option –NEW!**	**TRUSTEE** • Safeguard Plan Assets • Oversight Protection • Plan Fiduciary • Custodian of Assets	**INVESTMENT MANAGER** • An investment sub-advisor to U.S. Bank • Open Architecture • Investment Policy Assistance
CORPORATE EXPERIENCE	31 years (1984 – 2015)	152 years (1863 – 2015)	96 years (1919 – 2015)
OPEB EXPERIENCE	19 years	10 years	19 years
NUMBER OF PLANS UNDER ADMINISTRATION	1,113 Plans For 600 Public Agencies		
DOLLARS UNDER ADMINISTRATION	More than $1.6 billion	More than $4 trillion	More than $15.3 billion under management

Plan Overview

Type of Plan: IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach: Discretionary

Plan Effective Date: March 18, 2010

Plan Administrator: Rick Ramacier, General Manager

Current Investment Strategy: Moderately Conservative: Index Plus (Individual Account)
- Selected 6/17/2010

As of 04/30/2015:

Initial Contribution: June, 2010- $450,000

Additional Contributions: $1,369,000

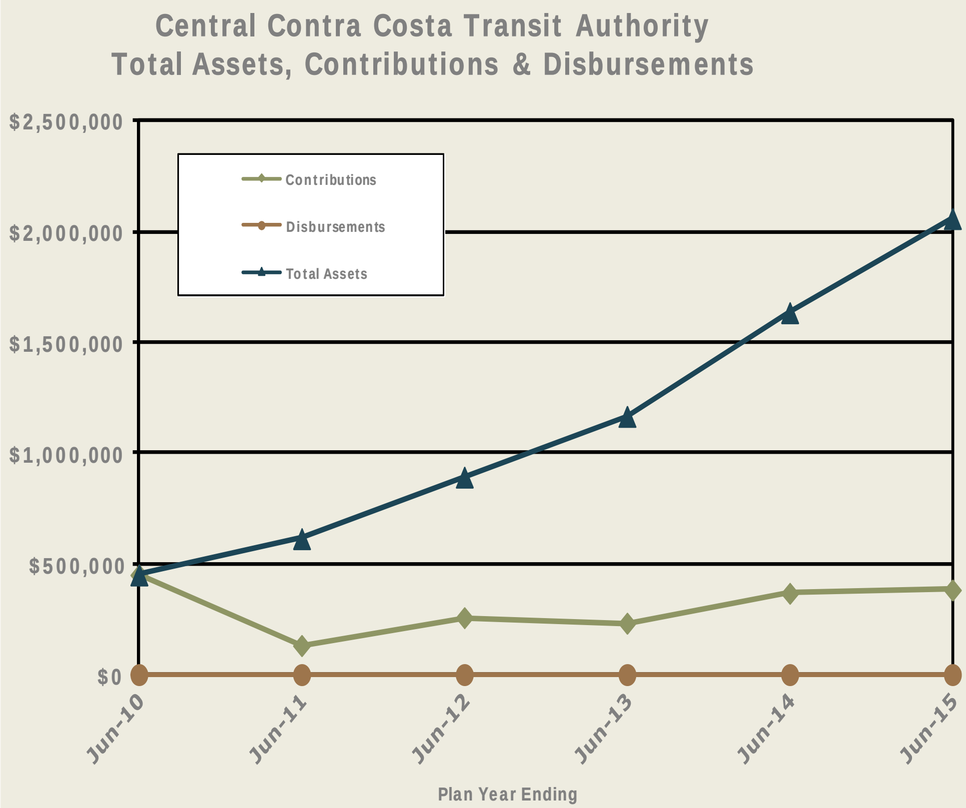
Total Contributions: $1,819,000

Disbursements: $0

Total Investment Earnings: $276,59

Account Balance: $2,059,255

Summary of the Plan Activity



Plan Y/E	Contributions	Disbursements	Total Assets
Jun –10	$450,000	$0	$450,004
Jun –11	$131,000	$0	$613,708
Jun –12	$257,000	$0	$891,590
Jun –13	$232,000	$0	$1,165,830
Jun –14	$367,000	$0	$1,634,255
Jun –15†	$382,000	$0	$2,059,299

†Plan Year Ending June 2015 is based on 10 months of activity through 4/30/2015

Actuarial Results

We have received the actuarial reports prepared by Bickmore on April 3, 2014 with a valuation date of July 1, 2013. In the tables below, we have summarized the results.

Demographic Study

	July 1, 2009 Valuation	July 1, 2013 Valuation
Active Employees	261	233
Retirees	24	38
Total	285	271
Average Active Employee Age	50.30	52.1
Average Active Employee City Service	12.8	14.5

Actuarial Results (continued)

	July 1, 2009 5.00% Discount Rate Assumption (Pay-as-you-go Scenario)	July 1, 2013 5.50% Discount Rate Assumption (Pre-Funding Scenario)
Actuarial Present Value of Projected Benefits (APVPB)	Not Provided	$7,339,213
Actuarial Accrued Liability (AAL)	$6,552,083	$5,875,942
Actuarial Value of Assets	$0	$1,165,830
Unfunded Actuarial Accrued Liability (UAAL)	$6,354,532	$4,710,112
Normal Cost	$154,458	$227,211
Amortization of UAAL	$211,818	$234,113
Annual Required Contribution (ARC)	$366,276	$486,697

PARS: CCCTA

July 1, 2015

Presented by
Andrew Brown, CFA

DISCUSSION HIGHLIGHTS – CCCTA

Investment objective – Moderately Conservative HighMark Index Plus

Asset Allocation: PARS/PRHCP Moderately Conservative HighMark Index Plus (As of 6-22-2015)

- Allocation Target – 28.5% stocks (20-40% range), 68.25% bonds (50-80% range), 3.25% cash (0-20% range)
- Large cap 14.5%, mid-cap 2%, small cap 4%, international 8%

Performance: CCCTA

(as of 5-31-2015) gross of investment management fees, net of fund fees

- Year to date: 1.90%
- 1-Year: 3.83%
- Inception to date (7/1/2010) 6.26%
- Bonds – Short duration a negative, High Yield slight positive
- Stocks – small cap, mid-cap, large cap strength
  - Overweight to international

Outlook 2015

- Oil and the Fed
- International – Central banks supporting Japan and Europe
- GDP est. 2.25% in 2015
- Unemployment 5.3%
- S&P 500 Target 2140
- 10-yr yield 2.50%, Fed Funds 0.5%

Plan Goals and Objectives

Selected Period Performance

PARS/CCCTA PRHCP

Account 6746035400

Period Ending: 05/31/2015

Sector	3 Months	Year to Date (5 Months)	1 Year	3 Years	Inception to Date (59 Months)
Cash Equivalents	.00	.01	.02	.02	.03
iMoneyNet, Inc. Taxable (All)	*.00*	*.01*	*.01*	*.02*	*.02*
Total Fixed Income	-.22	.87	2.29	2.19	3.20
BC US Aggregate Bd Index (USD)	*-.14*	*1.00*	*3.03*	*2.21*	*3.64*
Total Equities	.81	4.41	7.68	17.47	15.95
Large Cap Funds	.55	3.10	10.92	19.53	18.10
S&P 500 Composite Index	*.64*	*3.23*	*11.81*	*19.67*	*18.13*
Mid Cap Funds	.51	4.37	12.10	20.95	18.98
Russell Midcap Index	*.60*	*4.52*	*12.47*	*21.21*	*19.07*
Small Cap Funds	.97	3.26	11.07	20.40	18.91
Russell 2000 Index (USD)	*1.41*	*3.98*	*11.32*	*19.45*	*17.22*
International Equities	1.37	7.69	-.72	10.34	7.19
MSCI EAFE Index (Net)	*1.98*	*8.60*	*-.48*	*15.63*	*10.35*
MSCI EM Free Index (Net USD)	*1.91*	*5.69*	*-.01*	*5.96*	*4.30*
Total Managed Portfolio	.05	1.90	3.83	6.50	6.26

Account Inception: 07/01/2010

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

ASSET ALLOCATION
As of May 31, 2015

Current Asset Allocation			Investment Vehicle	
Equity	**28.95%**		***Range: 20%-40%***	**595,779**
Large Cap Core	3.71%	IVV	iShares S&P 500 Index Fund	76,316
Large Cap Value	5.39%	IVE	iShares S&P 500 Value Fund	111,002
Large Cap Growth	5.41%	IVW	iShares S&P 500 Growth Fund	111,296
Mid Cap Value	1.11%	IWS	iShares Russell MidCap Value Fund	22,786
Mid Cap Growth	1.10%	IWP	iShares Russell MidCap Growth Fund	22,634
Small Cap Value	2.06%	IWN	iShares Russel 2000 Value	42,328
Small Cap Growth	2.06%	IWO	iShares Russell 2000 Growth	42,367
International Core	4.67%	EFA	iShares MSCI EAFE Index Fund	96,162
Tactical - Europe	1.69%	FEZ	SPDR EURO STOXX 50 ETF	34,815
Emerging Markets	1.75%	VWO	Vanguard MSCI Emerging Markets Fund	36,074
Fixed Income	**67.84%**		***Range: 50%-80%***	**1,396,277**
Short-Term	8.67%	VFSUX	Vanguard Short-Term Corp Adm Fund	178,381
Intermediate-Term	55.76%	AGG	iShares Barclays Aggregate Bond Fund	1,147,531
High Yield	3.42%	JNK	SPDR Barclays Capital High Yield Bond	70,365
Cash	**3.21%**		***Range: 0%-20%***	**66,022**
	3.21%	FPZXX	First American Prime Obligations Fund	66,022
TOTAL	**100.00%**			**$2,058,078**

CCCTA

As of May 31, 2015

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
LARGE CAP EQUITY FUNDS							
iShares S&P 500 Growth Index	1.76	0.52	4.72	14.33	19.73	17.73	8.92
iShares S&P 500 Index Fnd	1.28	0.63	3.20	11.74	19.60	16.45	8.06
iShares S&P 500 Value Index	0.72	0.69	1.49	8.68	19.20	14.89	6.90
MID CAP EQUITY FUNDS							
iShares Russell Midcap Growth	1.17	0.71	5.80	14.51	20.40	17.30	9.85
iShares Russell Midcap Value	1.76	0.39	2.98	9.88	21.34	16.61	9.36
SMALL CAP EQUITY FUNDS							
iShares S&P Smallcap 600 Growth Fd	2.20	1.46	5.79	13.75	19.73	17.46	10.04
iShares S&P Smallcap 600 Value Fd	0.82	-0.06	0.26	7.11	19.94	15.17	8.67
INTERNATIONAL EQUITY FUNDS							
iShares MSCI EAFE Index	-0.49	2.01	8.60	-0.60	15.50	9.77	5.46
Vanguard FTSE Emerging Markets ETF	-3.37	2.03	6.36	2.98	6.63	4.63	8.57
DJ EURO STOXX 50 ETF	-2.10	-1.25	4.85	-9.00	17.96	7.65	3.72
BOND FUNDS							
iShares Barclays Aggregate Bond	-0.27	-0.13	1.00	3.06	2.15	3.78	4.45
Vanguard Short-Term Investment-Grade Adm	-0.02	0.58	1.27	1.50	2.26	2.75	3.73
SPDR Barclays High Yield Bond ETF	-0.75	0.13	3.15	-0.39	7.36	8.44	--

Source: SEI Investments, Morningstar Investments

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

Administrative Review

- ✓ Future Anticipated Contributions
- ✓ Future Anticipated Disbursement Requests - Options
- ✓ Agency’s future actuarial valuation for GASB 45 compliance- July 1, 2015
- ✓ Investment Guidelines Document- Needed
- ✓ Prefunding Policy
- ✓ Use of 115 Trust for Pension Obligations – New!
- ✓ Client Feedback – Questions?

HIGHMARK® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
CONSERVATIVE
AS OF MARCH 31, 2015

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

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

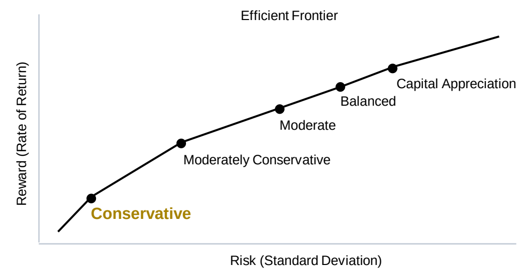
Rigorous Manager Due Diligence
Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results.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

Flexible Investment Options
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

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

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	80%
Cash	0 – 20%	5%	5%

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

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	1.85%	Current Quarter*	1.45%
*Blended Benchmark***	*1.47%*	*Blended Benchmark***	*1.47%*
Year To Date*	1.85%	Year To Date*	1.45%
*Blended Benchmark**	*1.47%*	*Blended Benchmark**	*1.47%*
1 Year	4.45%	1 Year	4.40%
Blended Benchmark	*4.84%*	*Blended Benchmark*	*4.84%*
3 Year	4.64%	3 Year	4.23%
Blended Benchmark	*4.07%*	*Blended Benchmark*	*4.07%*
5 Year	5.18%	5 Year	4.89%
Blended Benchmark	*4.49%*	*Blended Benchmark*	*4.49%*
10 Year	5.14%	10 Year	4.70%
Blended Benchmark	*4.53%*	*Blended Benchmark*	*4.53%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	07/2004	Inception Data	07/2004
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HIGHMARK®
CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER
HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore “Tory” Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

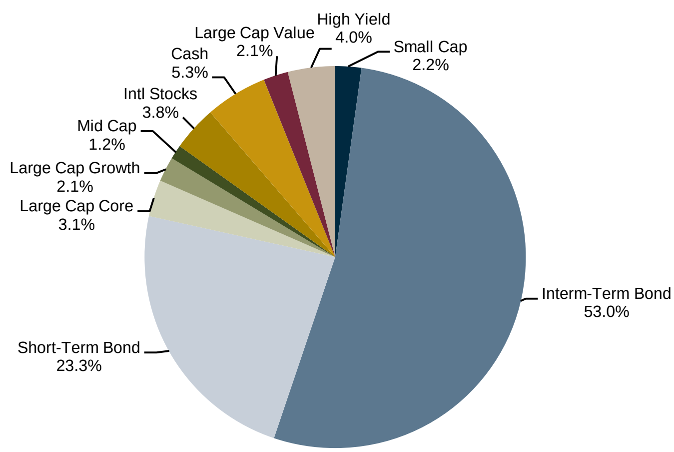
Manager Review Committee
Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
Columbia Small Cap Value II Z	iShares S&P 500/Growth
T. Rowe Price New Horizons	iShares S&P Small Cap 600 Value
Nationwide Bailard International Equities	iShares S&P Small Cap 600 Growth
Nationwide HighMark Bond	iShares MSCI EAFE
Vanguard Short-Term Invest-Grade Adm	iShares Russell Midcap Value
Loomis Sayles Value Y	iShares Russell Midcap Growth
PIMCO Total Return	iShares Barclays Aggregate Bond
Dodge & Cox International Stock	Vanguard Short-Term Invest-Grade Adm
MFS International Growth I	First American Prime Obligation Z
Sentinel Common Stock I	SPDR Euro Stoxx 50 ETF
First American Prime Obligation Z	SPDR Barclays High Yield Bond ETF
TIAA-CREF Mid Cap Value	Vanguard FTSE Emerging Markets ETF
Ivy Mid Cap Growth	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
SPDR Euro Stoxx 50 ETF	
PIMCO High Yield	

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

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

HighMark®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE
AS OF MARCH 31, 2015

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

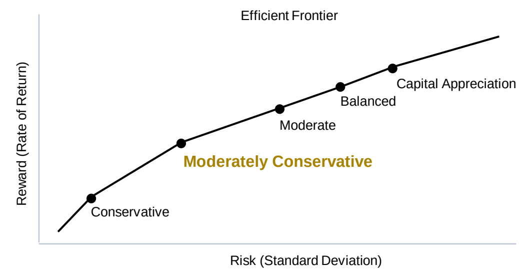
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

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

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	68%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)

Current Quarter*	2.10%
*Blended Benchmark***	*1.73%*
Year To Date*	2.10%
*Blended Benchmark**	*1.73%*
1 Year	5.14%
Blended Benchmark	*6.07%*
3 Year	6.17%
Blended Benchmark	*6.05%*
5 Year	6.74%
Blended Benchmark	*6.28%*
10 Year	5.74%
Blended Benchmark	*5.27%*

Index Plus (Active)

Current Quarter*	1.75%
*Blended Benchmark***	*1.73%*
Year To Date*	1.75%
*Blended Benchmark**	*1.73%*
1 Year	5.60%
Blended Benchmark	*6.07%*
3 Year	5.92%
Blended Benchmark	*6.05%*
5 Year	6.45%
Blended Benchmark	*6.28%*
Inception To Date (119-Mos.)	5.38%
Blended Benchmark	*5.30%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-15.37%
2009	18.71%
2010	10.46%
2011	1.75%
2012	10.88%
2013	7.30%
2014	4.41%

Index Plus (Passive)

2008	-12.40%
2009	11.92%
2010	9.72%
2011	3.24%
2012	8.24%
2013	6.78%
2014	5.40%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	08/2004
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Data	05/2005
No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HighMark® CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than $15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®
Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee
Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

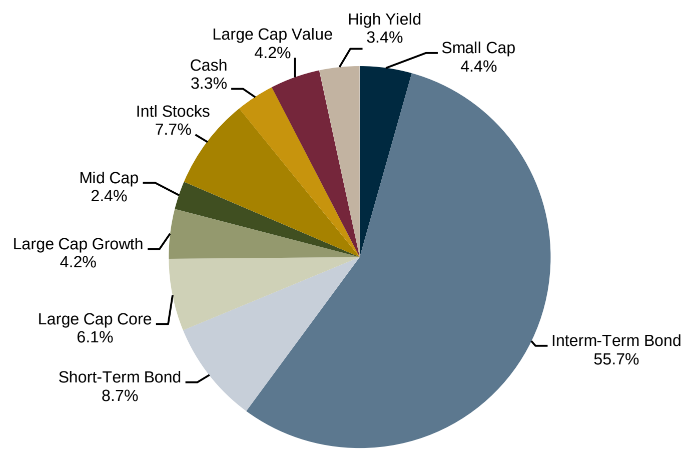
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares S&P Small Cap 600 Value
iShares S&P Small Cap 600 Growth
iShares MSCI EAFE
iShares Russell Midcap Value
iShares Russell Midcap Growth
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF

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

STYLE



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Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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HighMark® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

MODERATE

AS OF MARCH 31, 2015

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

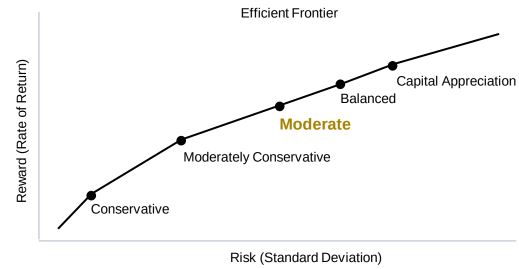
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark’s active asset allocation approach.

Risk Management

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

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.39%	Current Quarter*	2.00%
*Blended Benchmark***	*1.93%*	*Blended Benchmark***	*1.93%*
Year To Date*	2.39%	Year To Date*	2.00%
*Blended Benchmark**	*1.93%*	*Blended Benchmark**	*1.93%*
1 Year	5.92%	1 Year	6.37%
Blended Benchmark	*7.22%*	*Blended Benchmark*	*7.22%*
3 Year	7.99%	3 Year	8.13%
Blended Benchmark	*8.55%*	*Blended Benchmark*	*8.55%*
5 Year	8.21%	5 Year	8.31%
Blended Benchmark	*8.37%*	*Blended Benchmark*	*8.37%*
10 Year	5.94%	Inception To Date (107-Mos.)	5.69%
Blended Benchmark	*6.00%*	*Blended Benchmark*	*5.86%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov’t, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2004	Inception Data	05/2006
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

HighMark®
CAPITAL MANAGEMENT

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ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®
Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California;
BA, University of Southern California

Kevin Churchill, CFA®, CFP®
Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University;
BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®
Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA
Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

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Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®
Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

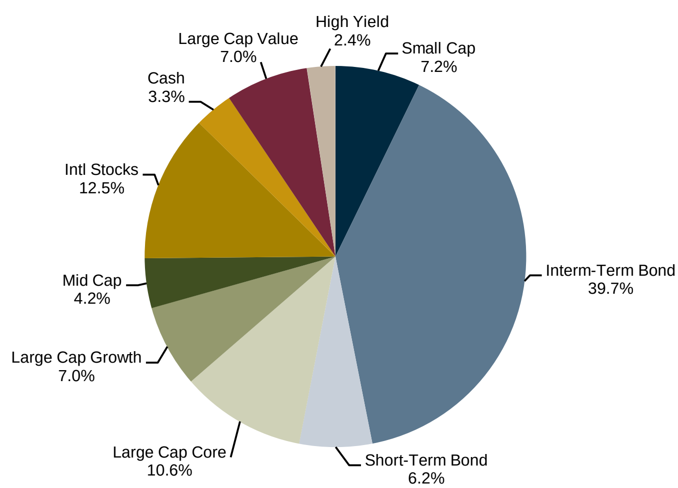
Manager Review Committee
Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
Columbia Small Cap Value II Z	iShares S&P 500/Growth
T. Rowe Price New Horizons	iShares S&P Small Cap 600 Value
Nationwide Bailard International Equities	iShares S&P Small Cap 600 Growth
Nationwide HighMark Bond	iShares MSCI EAFE
Vanguard Short-Term Invest-Grade Adm	iShares Russell Midcap Value
Loomis Sayles Value Y	iShares Russell Midcap Growth
PIMCO Total Return	iShares Barclays Aggregate Bond
Dodge & Cox International Stock	Vanguard Short-Term Invest-Grade Adm
MFS International Growth I	First American Prime Obligation Z
Sentinel Common Stock I	SPDR Euro Stoxx 50 ETF
First American Prime Obligation Z	SPDR Barclays High Yield Bond ETF
TIAA-CREF Mid Cap Value	Vanguard FTSE Emerging Markets ETF
Ivy Mid Cap Growth	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
SPDR Euro Stoxx 50 ETF	
PIMCO High Yield	

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

STYLE



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Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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HIGHMARK® CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

BALANCED

AS OF MARCH 31, 2015

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

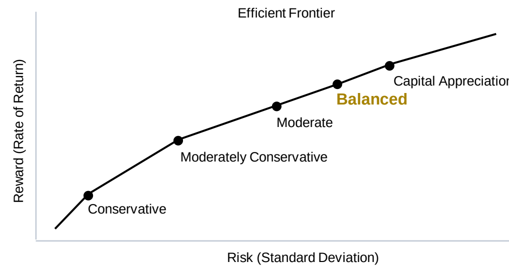
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

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

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	39%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS

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

HighMark Plus (Active)

Current Quarter*	2.62%
*Blended Benchmark***	*2.04%*
Year To Date*	2.62%
*Blended Benchmark**	*2.04%*
1 Year	6.12%
Blended Benchmark	*7.84%*
3 Year	9.16%
Blended Benchmark	*9.85%*
5 Year	9.10%
Blended Benchmark	*9.52%*
Inception to Date (102-Mos.)	5.50%
Blended Benchmark	*6.13%*

Index Plus (Active)

Current Quarter*	2.06%
*Blended Benchmark***	*2.04%*
Year To Date*	2.06%
*Blended Benchmark**	*2.04%*
1 Year	6.66%
Blended Benchmark	*7.84%*
3 Year	9.16%
Blended Benchmark	*9.85%*
5 Year	9.13%
Blended Benchmark	*9.52%*
Inception to Date (90-Mos.)	4.85%
Blended Benchmark	*5.41%*

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-25.72%
2009	21.36%
2010	14.11%
2011	-0.46%
2012	13.25%
2013	16.61%
2014	4.70%

Index Plus (Passive)

2008	-23.22%
2009	17.62%
2010	12.76%
2011	1.60%
2012	11.93%
2013	15.63%
2014	6.08%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	10/2006
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Data	10/2007
No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

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CAPITAL MANAGEMENT

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Education: BA, Stetson University

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Education: BA, University of California, Santa Barbara

Asset Allocation Committee
Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

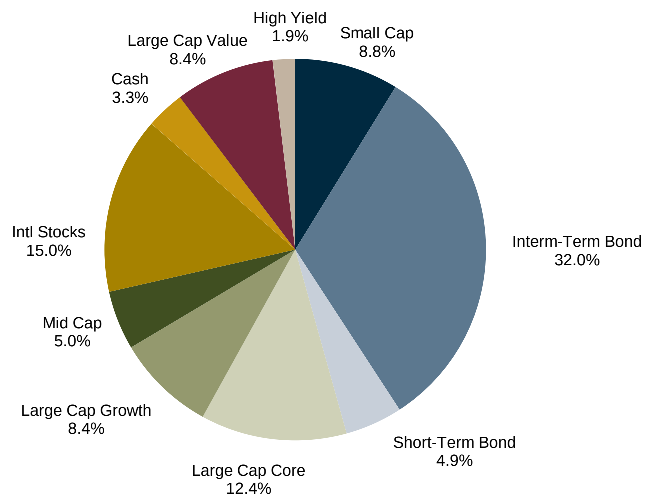
Manager Review Committee
Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)	Index Plus (Passive)
Columbia Contrarian Core Z	iShares S&P 500
T. Rowe Price Growth Stock	iShares S&P 500/Value
Columbia Small Cap Value II Z	iShares S&P 500/Growth
T. Rowe Price New Horizons	iShares S&P Small Cap 600 Value
Nationwide Bailard International Equities	iShares S&P Small Cap 600 Growth
Nationwide HighMark Bond	iShares MSCI EAFE
Vanguard Short-Term Invest-Grade Adm	iShares Russell Midcap Value
Loomis Sayles Value Y	iShares Russell Midcap Growth
PIMCO Total Return	iShares Barclays Aggregate Bond
Dodge & Cox International Stock	Vanguard Short-Term Invest-Grade Adm
MFS International Growth I	First American Prime Obligation Z
Sentinel Common Stock I	SPDR Euro Stoxx 50 ETF
First American Prime Obligation Z	SPDR Barclays High Yield Bond ETF
TIAA-CREF Mid Cap Value	Vanguard FTSE Emerging Markets ETF
Ivy Mid Cap Growth	
Harbor Capital Appreciation	
Schroder Emerging Market Equity	
Dodge & Cox Stock	
SPDR Euro Stoxx 50 ETF	
PIMCO High Yield	

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

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to $12.54 million after fees (Net-of-Fees) and $12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from $750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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HIGHMARK®
CAPITAL MANAGEMENT

PARS DIVERSIFIED PORTFOLIOS

CAPITAL APPRECIATION

AS OF MARCH 31, 2015

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

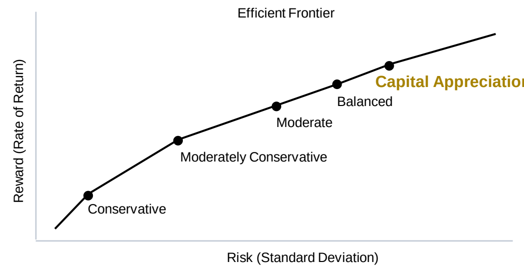
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

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

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	73%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

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

Current Quarter*	2.48%
*Blended Benchmark***	*2.19%*
Year To Date*	2.48%
*Blended Benchmark**	*2.19%*
1 Year	7.24%
Blended Benchmark	*8.39%*
3 Year	10.58%
Blended Benchmark	*11.30%*
5 Year	9.83%
Blended Benchmark	*10.53%*
Inception To Date (75-Mos.)	12.20%
Blended Benchmark	*13.19%*

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

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

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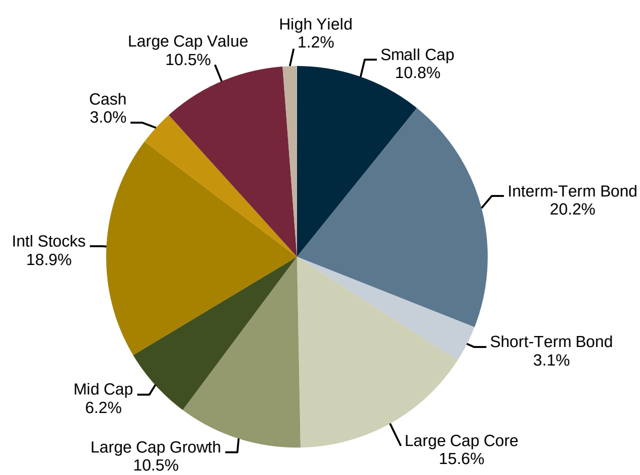
STYLE



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County Connection

INTER OFFICE MEMO

TO: A & F Committee

DATE: June 23, 2015

FROM: Rick Ramacier
General Manager

SUBJECT: CCCTA Investment Policy – Quarterly Reporting Requirement

Attached please find CCCTA's Quarterly Investment Policy Reporting Statement for the quarter ending March 31, 2015.

This certifies that the portfolio complies with the CCCTA Investment Policy and that CCCTA has the ability to meet the pool's expenditure requirements (cash flow) for the next six (6) months.

CCCTA

BANK CASH AND INVESTMENT ACCOUNTS

(ROUNDED OFF TO NEAREST $)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER BANK	PER GL
				SEPT 2014	DECEMBER 2014	MARCH 2015	MARCH 2015
FIXED ROUTE							
First Republic Bank	1106171	***CHECKING***	A/P General Account-Fixed Route	$ 609,764	$ 1,588,840	$ 565,535	$ 570,669
First Republic Bank	1106198	***CHECKING***	PAYROLL	$ 53,386	$ 29,078	$ 48,693	$ 48,391
First Republic Bank	1015001	***CHECKING***	CAPITAL PURCHASES	$ 1,891,567	$ 143,604	$ -	
First Republic Bank	1402595	***CHECKING***	WORKER'S COMP-CORVEL	$ 43,400	$ 50,364	$ 60,089	$ 65,310
First Republic Bank	1106228	***CHECKING***	PASS SALES	$ 75,617	$ 947	$ -	
First Republic Bank	800-0097-1896	***Money Market***	OnBoardCam-TSGP 2012	$ 131	$ 131	$ -	
First Republic Bank	80001361790	***Money Market***	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV	$ -	$ 116,931	$ -	
UNION BANK	274-00-26650	***CHECKING***	AP GENERAL			$ 1,381,623	$ 1,268,979
UNION BANK	274-00-26693	***CHECKING***	PAYROLL			$ 113,210	$ 115,558
UNION BANK	274-00-26723	***CHECKING***	CAPITAL PURCHASES			$ 27,876	$ 27,876
UNION BANK	274-00-26715	***CHECKING***	WORKER'S COMP-CORVEL			$ 31,847	$ 19,260
UNION BANK	274-00-26685	***CHECKING***	PASS SALES			$ 141,016	$ 141,016
UNION BANK	274-00-26707	***Money Market***	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV			$ 116,932	$ 116,932
PAYPAL	27SAXUUFL9732	***CHECKING***	PAYPAL-PASS SALES	$ 8,789	$ 3,789	$ 14,015	$ 14,015
			TOTAL	**$ 2,682,653**	**$ 1,933,683**	**$ 2,500,836**	**$ 2,388,006**
PARATRANSIT							
First Republic Bank	1049584	***CHECKING***	CAPITAL PURCHASES	$ 3,520	$ 3,520	$ -	$ -
First Republic Bank	1106244	***CHECKING***	A/P General Account-Paratransit	$ 1,432,989	$ 246,951	$ 50,270	$ 50,270
UNION BANK	274-00-26669	***CHECKING***	AP GENERAL			$ 385,306	$ 394,635
			TOTAL	**$ 1,436,509**	**$ 250,471**	**$ 435,577**	**$ 444,905**
LAIF FUND							
LAIF ACCOUNT	4007001	***INT-INVEST***	OPERATING FUNDS	$ 5,543,238	$ 5,010,066	$ 5,013,131	$ 5,013,131
LAIF ACCOUNT		***INT-INVEST***	Pacheco Transit Center	$ 285,105	$ 285,355	$ 285,538	$ 285,538
LAIF ACCOUNT		***INT-INVEST***	Rrolling stock-2012	$ 1,471,347	$ -	$ -	$ -
LAIF ACCOUNT		***INT-INVEST***	Rolling Stock-1011 VANS	$ 1,107,502	$ -	$ -	$ -
LAIF ACCOUNT		***INT-INVEST***	Rolling Stock-2013	$ 485,701	$ -	$ -	$ -
LAIF ACCOUNT		***INT-INVEST***	2014-15 ROLLING STOCK	$ -	$ 3,066,417	$ 5,648,692	$ 5,648,692
LAIF ACCOUNT		***INT-INVEST***	Martinez Stop Project	$ 67,827	$ 41	$ -	$ -
LAIF ACCOUNT		***INT-INVEST***	Facility Rehab	$ 3,399,783	$ 3,401,855	$ 3,404,035	$ 3,404,035
LAIF ACCOUNT		***INT-INVEST***	SAFE HARBOR LEASE RESERVE	$ 1,441,061	$ 1,441,939	$ 1,442,863	$ 1,442,863
			TOTAL	**$ 13,801,564**	**$ 13,205,673**	**$ 15,794,259**	**$ 15,794,259**
CCCTA EMPLOYEE							
First Republic Bank	1402153	***CHECKING***	EMPLOYEE FITNESS FUND	$ 10,779	$ 12,705	$ -	
First Republic Bank	800-0136-0834	***CHECKING***	EMPLOYEE FUNCTION	$ 647	$ 325	$ -	
UNION BANK	274-00-26677	***CHECKING***	EMPLOYEE FITNESS FUND			$ 11,695	$ 11,695
UNION BANK	274-00-26502	***CHECKING***	EMPLOYEE FUNCTION			$ 355	$ 355
			TOTAL	**$ 11,426**	**$ 13,030**	**$ 12,050**	**$ 12,050**
6/15/2015 9:10			**GRAND TOTAL**	**$ 17,932,152**	**$ 15,402,858**	**$ 18,742,722**	**$ 18,639,220**

jc

This is to certify that the portfolio above complies with the CCCTA Investment Policy and that CCCTA has the ability to meet its expeditures(cash flow) for the next six months.

Rick Ramacier

Rick Ramacier
General Manager

County Connection

INTER OFFICE MEMO

To: A&F Committee

Date: June 17, 2015

From: Rick Ramacier
General Manager

Subject: Adjustment to Non-Represented Administrative Employees Compensation

SUMMARY OF ISSUES:

The non-represented employees consist of County Connection's administrative employees.

It looks reasonably certain that for FY16 the Authority can prudently afford an increase for these non-represented employees.

The General Manager requests a 4% increase for all administrative employees.

FINANCIAL IMPLICATIONS:

The cost for a 4% increase is $152,709 this amount is included in the FY16 Budget.

ACTION REQUESTED:

Recommend approval and forward Resolution the Board of Directors

County Connection

INTER OFFICE MEMO

To: A&F Committee

Date: June 17, 2015

From: Rick Ramacier
General Manager

Subject: Performance Based
Compensation Pool

SUMMARY OF ISSUES:

The General Manager requests a Performance Based Compensation Poll of $40,000 for select senior management employees.

This pool would be distributed to high performing senior managers at the discretion of the General Manager. The General Manager will report to the A & F Committee after distributing the pool.

FINANCIAL IMPLICATIONS:

The budgeted amount for the Performance Based compensation Poll is $40,000. This amount is included in the FY16 Budget.

COMMITTEE RECOMMEDATIONS:

The recommend approval and forward resolution to the Board of Directors for adoption.

County Connection

INTER OFFICE MEMO

To: **Administration &Finance Committee** **Date: June 23, 2015**
From: **Kathy Casenave**
Director of Finance

SUBJECT: Income Statements for the Nine Months Ended March 31, 2015

The attached unaudited Income Statements for the nine months of FY 2015 are presented for your review. The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), **are 8.8% under the year to date budget ($2,324,087). The expense categories with the most significant variances are:**

Fringe benefits	$(224,256)	(3.4)%	Fringe benefits are lower mainly due to the timing of payment to OPEB trust.
Services	$(211,411)	(13.8)%	Services are under budget mainly because of outside service repairs, promotion, emission control expense.
Materials & Supplies	$(892,572)	(30.1)%	Materials and supplies are lower mainly due to diesel fuel ($636K) and repair parts ($148K).
Special trip services	$(244,485)	(6.2)%	Purchased transportation expense for Paratransit is lower due to less service hours and less cost per hour.

Fixed route and Paratransit revenues and expenses are presented on **Schedules 2 and 3.** Actual expenses are compared to the year-to-date approved budget. Fixed route expenses are 9.3% under budget and Paratransit expenses are 5.9% under budget.

The combined revenues are also under budget. The most significant variances:

Passenger fares/special fares	$(178,402)	(4.5%)	Passenger fares are lower than projected, largely due to an increase in mid-day free passengers.
TDA revenue earned	$(2,234,492)	(16.6)%	TDA revenue earned is lower due to lower than expected expenses.

<u>Fixed Route Operator Wages (Schedule 4)</u>

Schedule 4 compares various components of operator wages with the budget.

- Platform (work time) is .5% over budget.
- Overtime is 15% over budget
- Protection is 15.8% under budget.
- Training is 50.6% over budget.
- Overall wages for operators are .6% over budget.

<u>Statistics (Schedule 6)- A Comparison of selected statistical information for the current year compared to the last two years:</u>

Fixed route:

- Passenger fares/special fares are 1.2% more than FY 2014 and .4% less compared to FY 2013.
- The farebox recovery ratio is less compared to FY 2014 and FY 2013. The ratio is 16.6% in FY 2015; 17.7% in FY 2014 and 17.7% in FY 2013.
- Operating expenses are 1% more than FY 2014 and 6.3% more than FY 2013.
- Fixed route revenue hours are .1% less than FY 2014 and 3.9% more than FY 2013.
- The cost per revenue hour is 1.2% more than FY 2014 and 2.4% more than FY 2013.
- Passengers have increase 8.2% compared to FY 2014 and 10% compared to FY 2013. Some of this is attributable to a change in the factor applied to raw data produced from the Ridecheck software. The factor decreases the passenger count from that produced by Ridecheck. However, the FY 2015 factor is less of a decrease, thus resulting in a higher passenger total for FY 2015.
- The cost per passenger has decreased 6.7% compared to FY 2014 and decreased 3.4% compared to FY 2013.
- Passengers per revenue hour have increased 8.4% compared to FY 2014 and 5.9% compared to FY 2013.

Paratransit:

- Passenger fares have decreased 12.1% compared to FY 2014 but increased 18.4% compared to FY 2013.
- The farebox ratio is less than FY 2014 but more than FY 2013. The ratio is 11.1% in FY 2015; 12.1% in FY 2014; and 9.1% in FY 2013.
- Expenses have decreased 4.8% compared to the prior year and decreased 3.5% compared to FY 2013.
- Revenue hours are .3% less than FY 2014 and 1.6% less than FY 2013.
- Passengers have decreased 1.5% compared to FY 2014 and increased 2.6% compared to FY 2013.
- The cost per passenger has decreased 3.4% since FY 2014 and decreased 5.9% compared to FY 2013.
- Paratransit passengers per revenue hour have decreased 1.2% compared to FY 2014 and increased 4.2% compared to FY 2013.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget

For the Nine Months Ended March 31, 2015

Combined Fixed Route and Paratransit Income Statement

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	$ 2,790,195	$ 3,057,925	$ (267,730)	-8.8%
Special fares	$ 1,028,768	$ 939,440	$ 89,328	9.5%
	$ 3,818,963	$ 3,997,365	$ (178,402)	-4.5%
Advertising	$ 443,018	$ 444,159	$ (1,141)	-0.3%
Safe Harbor lease	$ 2,727	$ 3,750	$ (1,023)	-27.3%
Other revenue	$ 125,629	$ 86,325	$ 39,304	45.5%
Federal operating	$ 966,749	$ 966,749	$ 1	0.0%
TDA earned revenue	$ 11,234,531	$ 13,469,022	$ (2,234,492)	-16.6%
STA revenue	$ 2,387,122	$ 2,387,122	$ 0	0.0%
Measure J	$ 4,220,590	$ 4,220,590	$ -	0.0%
Other operating assistance	$ 1,023,917	$ 972,252	$ 51,666	5.3%
	$ 20,404,283	$ 22,549,968	$ (2,145,685)	-9.5%
Total Revenue	**$ 24,223,246**	**$ 26,547,333**	**$ (2,324,087)**	**-8.8%**
Expenses				
Wages- Operators	$ 5,744,022	$ 5,779,604	$ (35,582)	-0.6%
Wages-Other	$ 4,074,087	$ 4,132,925	$ (58,838)	-1.4%
	$ 9,818,109	$ 9,912,529	$ (94,420)	-1.0%
Fringe Benefits	$ 6,345,163	$ 6,569,419	$ (224,256)	-3.4%
Services	$ 1,315,975	$ 1,527,386	$ (211,411)	-13.8%
Materials & Supplies	$ 2,069,840	$ 2,962,412	$ (892,572)	-30.1%
Utilities	$ 173,766	$ 257,100	$ (83,334)	-32.4%
Insurance	$ 465,437	$ 351,380	$ 114,057	32.5%
Taxes	$ 173,594	$ 244,200	$ (70,606)	-28.9%
Interest	$ -	$ -	$ -	0.0%
Leases and Rentals	$ 30,433	$ 30,525	$ (92)	-0.3%
Miscellaneous	$ 143,351	$ 97,973	$ 45,378	46.3%
Special Trip Services	$ 3,687,578	$ 3,932,063	$ (244,485)	-6.2%
Operations	**$ 24,223,246**	**$ 25,884,988**	**$ (1,661,743)**	**-6.4%**
Contingency Reserve	$ -	$ 662,345	$ (662,345)	-100.0%
Total Expenses	**$ 24,223,246**	**$ 26,547,333**	**$ (2,324,087)**	**-8.8%**
Net Income (Loss)	**$ -**	**$ -**	**$ -**	

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget
For the Nine Months Ended March 31, 2015
Fixed Route Income Statement

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	$ 2,377,363	$ 2,644,531	$ (267,168)	-10.1%
Special fares	$ 1,028,768	$ 939,440	$ 89,328	9.5%
	$ 3,406,131	$ 3,583,971	$ (177,840)	-5.0%
Advertising	$ 443,018	$ 444,159	$ (1,141)	-0.3%
Safe Harbor lease	$ 2,727	$ 3,750	$ (1,023)	-27.3%
Other revenue	$ 125,582	$ 86,250	$ 39,332	45.6%
Federal operating	$ -		$ -	
TDA earned revenue	$ 10,875,096	$ 12,894,411	$ (2,019,316)	-15.7%
STA revenue	$ 1,551,410	$ 1,551,410	$ (0)	0.0%
Measure J	$ 3,207,432	$ 3,207,432	$ -	0.0%
Other operating assistance	$ 907,556	$ 839,141	$ 68,416	8.2%
	$ 17,112,821	$ 19,026,553	$ (1,913,732)	-10.1%
Total Revenue	**$ 20,518,952**	**$ 22,610,524**	**$ (2,091,572)**	**-9.3%**
Wages- Operators	$ 5,744,022	$ 5,779,604	$ (35,582)	-0.6%
Wages-Other	$ 4,001,864	$ 4,062,938	$ (61,074)	-1.5%
	$ 9,745,886	$ 9,842,542	$ (96,656)	-1.0%
Fringe Benefits	$ 6,302,646	$ 6,529,553	$ (226,907)	-3.5%
Services	$ 1,307,082	$ 1,511,246	$ (204,164)	-13.5%
Materials & Supplies	$ 2,068,292	$ 2,959,562	$ (891,270)	-30.1%
Utilities	$ 158,380	$ 241,500	$ (83,120)	-34.4%
Insurance	$ 465,437	$ 351,380	$ 114,057	32.5%
Taxes	$ 173,447	$ 243,750	$ (70,303)	-28.8%
Leases and Rentals	$ 30,433	$ 30,525	$ (92)	-0.3%
Miscellaneous	$ 143,351	$ 97,275	$ 46,076	47.4%
Special Trip Services	$ 123,998	$ 140,846	$ (16,848)	-12.0%
Operations	**$ 20,518,952**	**$ 21,948,179**	**$ (1,429,227)**	**-6.5%**
Contingency Reserve		$ 662,345	**$ (662,345)**	-100.0%
Total Expenses	**$ 20,518,952**	**$ 22,610,524**	**$ (2,091,572)**	**-9.3%**
Net Income (Loss)	**$ -**	**$ -**	**$ -**	
Revenue Hours	***165,565***	***165,507***	***58***	***0.0%***
Cost per Rev Hr	***$ 123.75***	***$ 136.43***	**$ (12.68)**	**-9.3%**
Passengers	***2,694,588***	***2,563,067***	***131,521***	***5.1%***
Cost per Passenger	***$ 7.60***	***$ 8.81***	**$ (1.21)**	**-13.7%**
Passengers per Rev Hr	***16.28***	***15.49***	***0.79***	**5.1%**
Farebox recovery ratio	***16.6%***	***15.9%***	***0.8%***	***4.7%***

(fares,spec fares/Oper exp-w/o contingency-leases)

Schedule 2-Fixed Route

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget
For the Nine Months Ended March 31, 2015
Paratransit Income Statement

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	$ 412,832	$ 413,394	$ (562)	-0.1%
	$ 412,832	413,394	(562)	-0.1%
Advertising		-	-	
Other revenue	$ 47	75	(28)	-37.3%
Federal operating	$ 966,749	966,749	1	0.0%
TDA earned revenue	$ 359,435	574,611	(215,176)	-37.4%
STA revenue	$ 835,712	835,712	1	0.0%
Measure J	$ 1,013,158	1,013,158	-	0.0%
Other operating assistance	$ 116,361	133,111	(16,750)	-12.6%
	$ 3,291,462	3,523,415	(231,953)	-6.6%
Total Revenue	**$ 3,704,294**	**3,936,809**	**(232,515)**	**-5.9%**
Expenses				
Wages- Operators			-	0.0%
Wages-Other	$ 72,223	69,988	2,235	3.2%
	$ 72,223	69,988	2,235	3.2%
Fringe Benefits	$ 42,517	39,866	2,651	6.6%
Services	$ 8,893	16,140	(7,247)	-44.9%
Materials & Supplies	$ 1,548	2,850	(1,302)	-45.7%
Utilities	$ 15,386	15,600	(214)	-1.4%
Taxes	$ 147	450	(303)	-67.3%
Miscellaneous		698	(698)	-100.0%
Special Trip Services	$ 3,563,580	3,791,217	(227,637)	-6.0%
Total Expenses	**$ 3,704,294**	**3,936,809**	**(232,515)**	**-5.9%**
Net Income (Loss)	**$ -**	**$ -**	**$ -**	
Revenue Hours	***55,084***	***55,850***	***(766)***	***-1.4%***
Cost per Rev Hr	***$ 67.25***	***$ 70.49***	***$ (3.24)***	***-4.6%***
Passengers	***109,638***	***112,927***	***(3,289)***	***-2.9%***
Cost per Passenger	***$ 33.79***	***$ 34.86***	***$ (1.07)***	***-3.1%***
Passengers per Rev Hr	***1.99***	***2.02***	***(0.03)***	**-1.6%**
Farebox ratio	***11.1%***	***10.5%***	***0.6%***	***6.1%***
(fares,spec fares/Oper exp-leases)				

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Nine Months Ended March 31, 2015

	Year to Date			
	Actual	**Budget**	**Variance**	**% Variance**
Platform/report/turn in	$ 4,519,279	$ 4,498,581	$ 20,698	0.5%
Guarantees	281,137	$ 274,111	7,026	2.6%
Overtime	233,124	$ 202,692	30,432	15.0%
Spread	120,481	$ 128,111	(7,630)	-6.0%
Protection	218,957	$ 260,019	(41,062)	-15.8%
Travel	166,782	$ 175,857	(9,075)	-5.2%
Training	173,870	$ 115,488	58,382	50.6%
Other Misc	30,392	$ 54,796	(24,404)	-44.5%
	$ 5,744,022	**$ 5,709,654**	**$ 34,368**	**0.6%**

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Other Revenue; Other Operating Assistance; Miscellaneous Expenses

For the Nine Months Ended March 31, 2015

Other Revenue		
Investment income (interest)	$	9,596
ADA Database Management revenue		75,000
Sale of Assets		27,000
Paypal Shipping revenue		1,701
RTC Card revenue		988
Warranty repairs reimbursement		5,080
Recycling		4,515
Vending machine commission		320
Credit card rebate		386
Various		995
	$	125,581
Other Operating Assistance		
RM2	$	48,444
Caltrans planning grant		44,453
BART feeder revenue		697,596
ADA BART		116,361
Homeland security grant		117,063
	$	1,023,917
Miscellaneous Expenses		
Board Travel Expense	$	13,632
Staff Travel Expense	$	38,747
CTA Dues	$	12,325
APTA Dues	$	25,882
Employee functions	$	41,775
Employee Awards/pins	$	1,547
Paypal fees	$	2,821
Training	$	5,145
Various other	$	1,477
	$	143,351

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2015 Year to Date Comparison of FY 2014 Actual & FY 2013 Actual
Statistics
For the Nine Months Ended March 31, 2015

	Actual FY2015	Actual FY2014	Variance Actual 2015 to Actual 2014	Actual FY2013	Variance Actual 2015 to Actual 2013
Fixed Route					
Fares	$ 2,377,363	$ 2,503,257	-5.0%	$ 2,651,756	-10.3%
Special Fares	1,028,768	$ 863,250	19.2%	$ 766,783	34.2%
Total Fares	**$ 3,406,131**	**$ 3,366,507**	1.2%	**$ 3,418,539**	-0.4%
Fares box recovery ratio	***16.6%***	***17.7%***	-6.3%	***17.7%***	-6.3%
Operating Exp (Less leases)	**$ 20,488,519**	**$ 20,279,321**	1.0%	**$ 19,270,864**	6.3%
Revenue Hours	***165,565***	***165,767***	-0.1%	***159,406***	3.9%
Cost per Rev Hour	***$ 123.75***	***$ 122.34***	1.2%	***$ 120.89***	2.4%
Passengers	***2,694,588***	***2,489,706***	8.2%	***2,449,418***	10.0%
Cost per Passenger	***$ 7.60***	***$ 8.15***	-6.7%	***$ 7.87***	-3.4%
Passengers per Rev Hr	***16.28***	***15.02***	8.4%	***15.37***	5.9%
Paratransit					
Fares	$ 412,832	$ 469,527	-12.1%	$ 348,781	18.4%
Fares box recovery ratio	***11.1%***	***12.1%***	-7.6%	***9.1%***	22.6%
Operating Exp (Less leases)	**$ 3,704,294**	**$ 3,892,959**	-4.8%	**$ 3,836,975**	-3.5%
Revenue Hours	***55,084***	***55,254***	-0.3%	***55,986***	-1.6%
Cost per Rev Hour	***$ 67.25***	***$ 70.46***	-4.6%	***$ 68.53***	-1.9%
Passengers	***109,638***	***111,297***	-1.5%	***106,910***	2.6%
Cost per Passenger	***$ 33.79***	***$ 34.98***	-3.4%	***$ 35.89***	-5.9%
Passengers per Rev Hr	***1.99***	***2.01***	-1.2%	***1.91***	4.2%

County Connection

INTER OFFICE MEMO

To: Administration and Finance Committee

Date: June 23, 2015

From: Kathy Casenave, Director of Finance

Reviewed by:

SUBJECT: Adoption of Gann Appropriations Spending Limitation for FY 2016

Summary of Issues:

Pursuant to California Constitution Article XIII (B) (Proposition 4), public entities are required to conform to budgetary guidelines set forth in the Gann Initiative. The purpose of Article XIII (B) is to constrain fiscal growth in government by limiting the proceeds of taxes that may be appropriated each year. Each year's limit may be adjusted for increase in cost of living *(California per capita income*) and population. For special districts, if the district is located entirely within one county, the *county's population* change factor is to be used. That is the case with CCCTA. The limit may also be changed in the event of a transfer of fiscal responsibility.

The California Revenue and Taxation code, section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population to local governments and also the change in the cost of living, or price factor.

The formula for calculating the appropriations spending limit is:

1. Population percentage change x price increase/decrease factor=ratio of change
2. Ratio of change x 2014-15 spending limit = 2015-16 spending limit.

Based on the above formula, the spending limit for CCCTA is:

1. Population percentage change x price increase/decrease factor=ratio of change

   1.0128 x 1.0382= 1.0515

2. Ratio of change x 2014-2015 spending limit =2015-2016 spending limit:

   1.0515 x $60,949,339 = $64,088,230

Based on the above calculations, **the Gann appropriations spending limit for FY 2015-2016 is $64,088,230** (Exhibit A). The actual CCCTA non-federal appropriations budget for FY 2015-2016 is $36,552,638, which is $27,535,592 below the spending limitation.

Recommendation:

By State law, the CCCTA Board of Directors must adopt an appropriations limitation.

The staff requests that the Board of Directors approve the Gann appropriations spending limitation of $64,088,230 for FY 2015-16.

COMPUTATION OF GANN APPROPRIATIONS SPENDING LIMIT for FY 2016

Contra Costa County change in population			1.28
Converted to a ratio	1.0128		
Percentage change in per capita personal income			3.82
Converted to a ratio	1.0382		

Source: California Department of Finance

Ratio of change:

1.0128 x 1.0382 = 1.0515

FY 2015 spending limit		$60,949,339
FY 2016 spending limit		$64,088,230
FY 2016 operating budget	$36,741,165	
Less expenses paid by federal monies	-$1,492,527	
	$35,248,638	
FY 2016 capital budget	$ 1,304,000	
Less expenses paid by federal monies	-0	
	$ 1,304,000	
Operating and capital appropriation		$36,552,638
Underlimit		$27,535,592

County Connection

INTER OFFICE MEMO

To: ADMINISTRATION AND FINANCE COMMITTEE Date: June 23, 2015

From: Kathy Casenave, Director of Finance Reviewed by:

SUBJECT: Alternate Funding Methods for CalPERS retirement

Committee members have expressed an interest in exploring alternative funding options that could result in long term savings.

One method is paying the estimated annual employer contribution as a lump sum at the start of each year. On Page 2, CalPERS estimates that the employer contribution for FY 2016, paid bi-weekly with payroll, is $1,293,628. If the employer rate is paid as a lump sum, the amount would be $1,247,686- a savings of $45,942. Since most of CCCTA's funding is received quarterly, this would significantly impact cash flow.

Another option is amortizing the unfunded liability over a shorter time span (Page 3). CCCTA's unfunded liability is $3,931,573 which is amortized over a 30 year period. The total amount of payments over a 30 year period is $11,232,227.

Shortening the period to 25 years would require an additional $259,855 payment in FY 2016 with a 3% increase each year. The savings in interest would be $1,758,101.

Shortening the period to 20 years would require an additional $296,855 payment in FY 2016 with a 3% increase each year. The savings in interest would be $3,255,619.

Page 4 illustrates the impact on the TDA reserve if one of these shorter amortization schedules is implemented.

ACTION REQUESTED:

None. This is for discussion and possible inclusion in the FY 2017 budget. In November a new actuarial valuation report will be received which will update the unfunded liability.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Required Employer Contribution

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Employer Contributions		
1. Contribution in Projected Dollars		
a) Total Normal Cost	$ 1,881,500	$ 2,063,739
b) Employee Contribution[1]	933,747	1,006,204
c) Employer Normal Cost [(1a) – (1b)]	947,753	1,057,535
d) Unfunded Liability Contribution	(324,895)	236,093
e) Required Employer Contribution [(1c) + (1d)]	$ 622,858	$ 1,293,628 (1)
Projected Annual Payroll for Contribution Year	$ 13,339,240	$ 14,378,455
2. Contribution as a Percentage of Payroll		
a) Total Normal Cost	14.105%	14.353%
b) Employee Contribution[1]	7.000%	6.998%
c) Employer Normal Cost [(2a) – (2b)]	7.105%	7.355%
d) Unfunded Liability Rate	(2.436%)	1.642%
e) Required Employer Rate [(2c) + (2d)]	4.669%	8.997%
Minimum Employer Contribution Rate[2]	**7.105%**	**8.997%**
* Annual Lump Sum Prepayment Option[3]	$ 914,094	$ 1,247,686 (1)

Difference $45,942

[1]For classic members this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members the member contribution rate is based on 50 percent of the normal cost. A development of PEPRA member contribution rates can be found in Appendix D. Employee cost sharing is not shown in this report.

[2]The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the employer normal cost.

[3]Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. If there is contractual cost sharing or other change, this amount will change.

Plan's Funded Status

	June 30, 2012	June 30, 2013
1. Present Value of Projected Benefits	$ 76,945,025	$ 81,999,152
2. Entry Age Normal Accrued Liability	65,329,327	69,119,201
3. Market Value of Assets (MVA)	$ 58,524,861	$ 65,752,326
4. Unfunded Liability [(2) – (3)]	$ 6,804,466	$ 3,366,875
5. Funded Ratio [(3) / (2)]	89.6%	95.1%
Superfunded Status	No	No

Alternate Amortization Schedules

The amortization schedule shown on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the passible savings in doing so. Therefore, we have provided alternate amortization schedules to help analyze your current amortization schedule and illustrate the advantages of accelerating payments towards your plan's unfunded liability of $3,931,573 as of June 30, 2015, which under the minimum schedule, will require total payments of $11,232,227. Shown below are the level rate payments required to amortize your plan's unfunded liability assuming a fresh start over the various periods noted. Note that the payments under each scenario would increase by 3 percent for each year into the future.

Level Rate of Payroll Amortization

Period	2015-16 Rate	2015-16 Payment	Total Payments	Total Interest	Difference from Current Schedule
25	1.807%	$ 259,855	$ 9,474,126	$ 5,542,553	$ 1,758,101
20	2.065%	$ 296,855	$ 7,976,608	$ 4,045,035	$ 3,255,619

If you are interested in changing your plan's amortization schedule please contact your plan actuary to discuss further.

CalPERS Alternate Amortization Schedules for Unfunded Liability

	FY2016	FY2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
TDA Reserve per 10 yr Forecast	7,942,117	6,679,860	5,715,088	5,322,187	5,261,882	5,378,113	2,375,626	2,974,811	3,219,531
Addl Cost-25yr Amortization	259,855	267,651	275,680	283,951	292,469	301,243	310,280	319,589	329,177
Revised TDA Reserve	**7,682,262**	**6,152,354**	**4,911,902**	**4,235,051**	**3,882,277**	**3,697,265**	**384,497**	**664,093**	**579,636**
	7,942,117	6,679,860	5,715,088	5,322,187	5,261,882	5,378,113	2,375,626	2,974,811	3,219,531
Addl Cost-20yr Amortization	296,855	305,761	314,933	324,381	334,113	344,136	354,460	365,094	376,047
Revised TDA Reserve	**7,645,262**	**6,077,244**	**4,797,539**	**4,080,257**	**3,685,839**	**3,457,934**	**100,986**	**335,077**	**203,749**