

PUBLIC
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TRUSTED SOLUTIONS. LASTING RESULTS.



CITY OF PIEDMONT

PARS 115 Trust – Pension Rate Stabilization Program (PRSP) Review
April 28, 2021

CONTACTS



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PARS 115 TRUST TEAM

Trust Administrator & Consultant



- Recordkeeping
- Sub-trust accounting
- Monitors plan compliance
- Processes contributions/disbursements
- Hands-on, dedicated support teams
- Coordinates all agency services

37 Years of Experience (1984-2021)	2,000+ Plans under Administration	1,000+ Public Agency Clients	400+ 115 Trust Clients	500K+ Plan Participants	\$5.1B Assets under Administration
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Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

158 Years of Experience (1863-2021)	\$5.0T Assets under Administration
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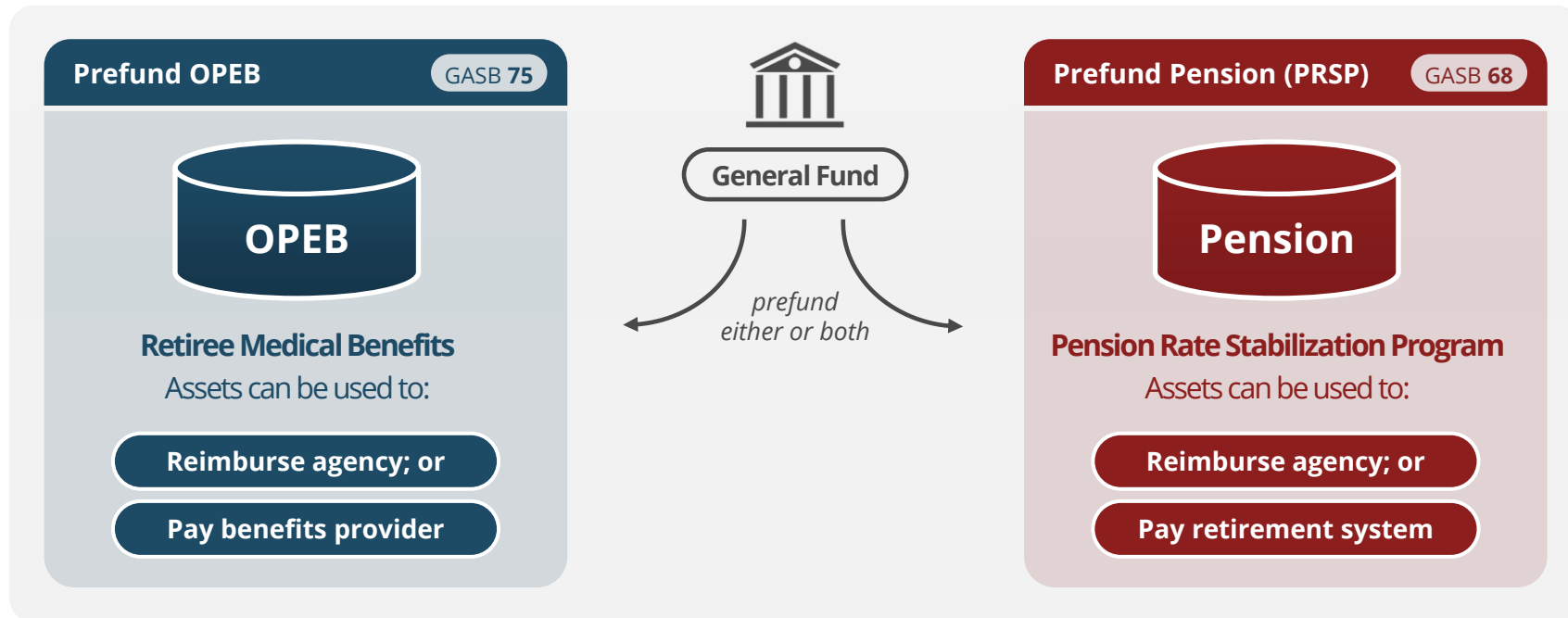
Investment Manager



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

102 Years of Experience (1919-2021)	\$18.2B Assets under Management & Advisement
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PARS IRS-APPROVED SECTION 115 TRUST



Subaccounts
 OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center.

Financial Stability
 Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.

Flexible Investing
 Allows separate investment strategies for OPEB and pension subaccounts.

Anytime Access
 Trust funds are available anytime; OPEB for OPEB and pension for pension.

Economies-of-Scale
 OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!

No Set Up Cost or Minimums
 No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

SUMMARY OF AGENCY'S PENSION PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	May 1, 2018
Plan Administrator:	City Administrator
Current Investment Strategy:	Moderate HighMark Plus (Active) Strategy; Pooled Account

AS OF MARCH 31, 2021:

Initial Contribution:	May 2018: \$2,000,000
Additional Contributions:	\$750,000
Total Contributions:	\$2,750,000
Disbursements:	\$0
Total Investment Earnings:	\$791,719
Account Balance:	\$3,505,217



PENSION FUNDING STATUS

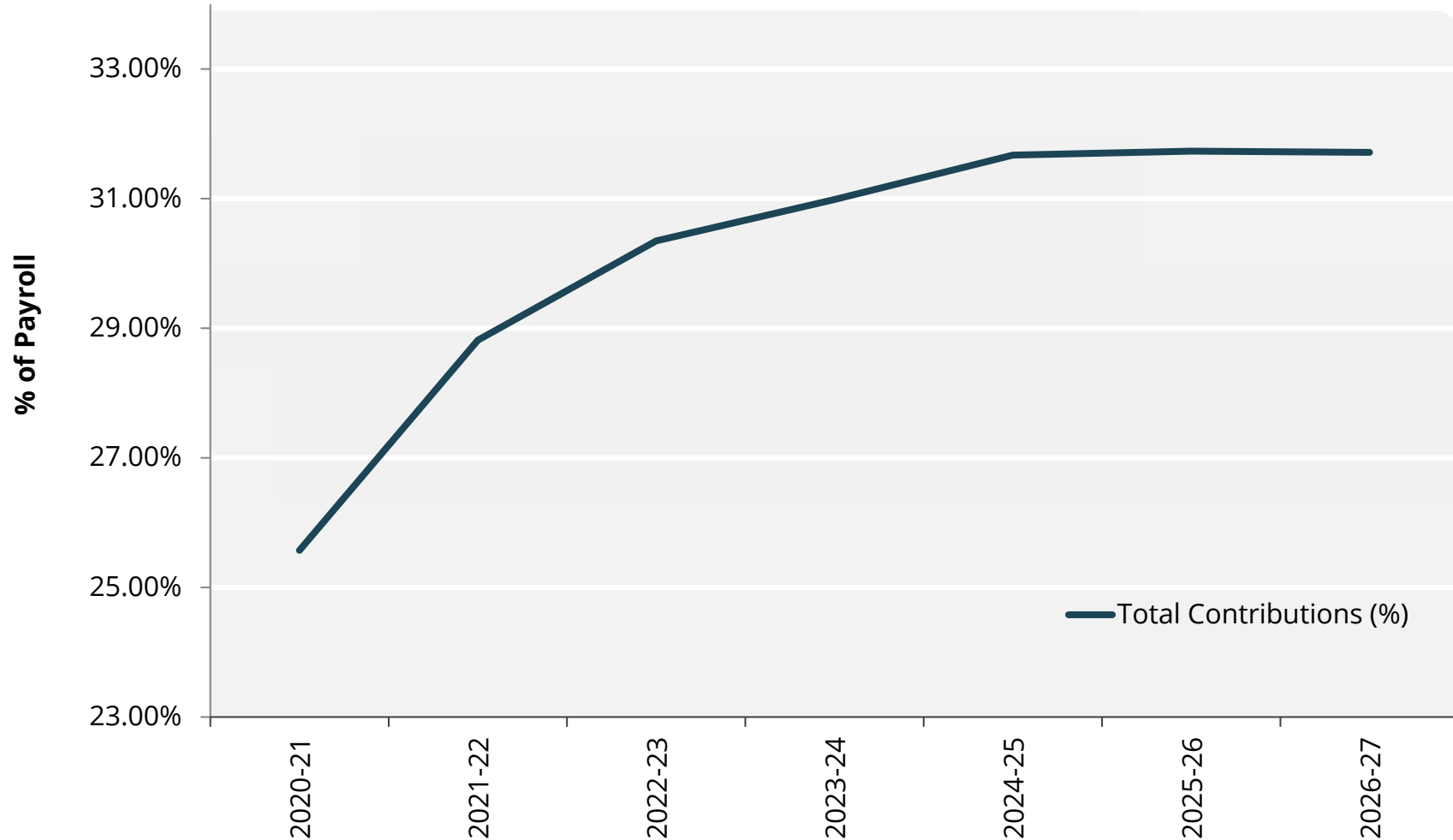
As of June 30, 2019, City of Piedmont’s CalPERS pension plan is funded as follows*:

Combined Miscellaneous & Safety Groups	Valuation as of June 30, 2018	Valuation as of June 30, 2019	Change
Actuarial Liability	\$116.4 M	\$122.6 M	5.30% ↑
Assets	\$86.7 M	\$91.0 M	5.02% ↑
Unfunded Liability	\$29.7 M	\$31.6 M	6.12% ↑
Funded Ratio	74.4%	74.2%	0.27% ↓
Employer Contribution Amount	\$3.5 M (FY 19-20)	\$4.0 M (FY 20-21)	13.50% ↑
Employer Contribution Amount – Projected*	---	\$5.3 M (FY 26-27)	34.3% ↑

* Data through 2026-27 from Agency’s latest CalPERS actuarial valuation.

PROJECTED EMPLOYER CONTRIBUTIONS (MISC.)

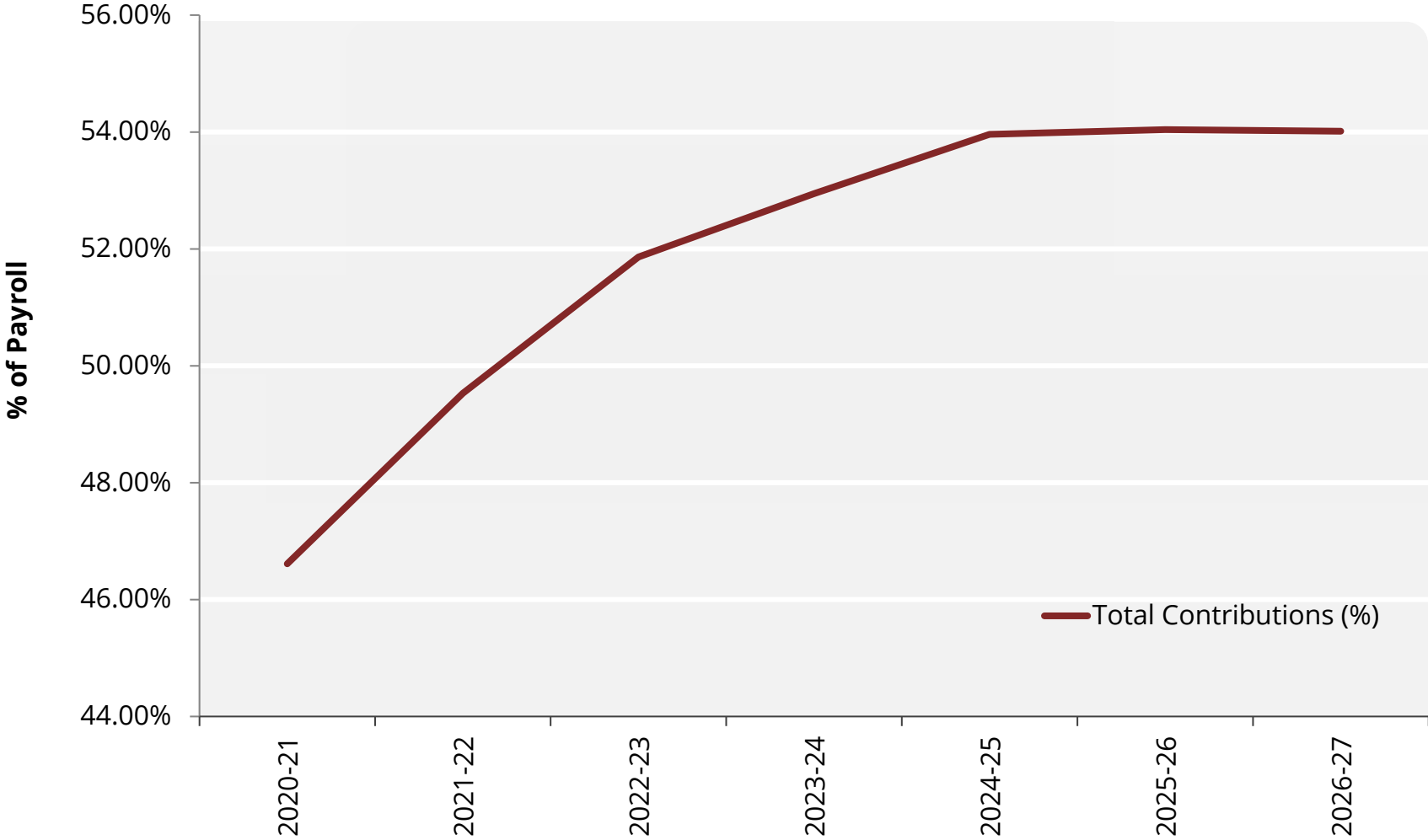
Projected misc. contributions increase from \$1.2M to \$1.6M* (31.8% ↑)



* Data through 2026-27 from Agency's latest CalPERS actuarial valuation.

PROJECTED EMPLOYER CONTRIBUTIONS (SAFETY)

Projected safety contributions increase from \$2.8M to \$3.7M* (35.4% ↑)



* Data through 2026-27 from Agency's latest CalPERS actuarial valuation.

City of Piedmont

March 31, 2021

**Presented by
Randall Yurchak, CFA**

DISCUSSION HIGHLIGHTS – City of Piedmont

Investment objective – Moderate HighMark Plus

Asset Allocation

- Allocation: 52.0% stocks (40-60% range), 46.0% bonds (40-60% range), 1.0% cash (0-20% range)
- Breakdown: Large cap 28.2%, Mid-cap 3.8%, Small cap 7.6%, International 10.7%, REIT's 1.8%

Performance Moderate HighMark Plus *(as of 03-31-2021; net fund fees, gross investment management fees)*

- 3-month: 2.30%
- 1-year: 31.71%
- Inception (6/2018): 9.61%

- Bonds: Bond yields have risen as projected re-opening of economy and government stimulus drive inflation and growth expectations
- Stocks: Equities higher given easy monetary policies and expected economic improvement in 2021
 - Domestic markets: Small Cap stocks beginning to outperform Large Cap given economic recovery expectations
 - International: More economically-sensitive Emerging markets outperformed Developed

12-Month Changes

- Stocks: underweight to slightly overweight
- Bonds: neutral to overweight
- Cash: neutral to underweight

Outlook 2021

- Uneven economic recovery, vaccine uncertainty, and interest rates may cause ongoing market volatility
- New administration and Congress: Democratic majority and policy changes
- FY21 est. S&P 500 earnings +22%
- Geopolitical uncertainty: China, Middle East, Russia

Selected Period Performance
PARS/PRSP MODERATE HIGHMARK PLUS
Account 6746050106
Period Ending: 3/31/2021

	3 Months	1 Year	Inception to Date (34 Months)
Cash Equivalents	.01	.06	1.26
<i>Lipper Money Market Funds Index</i>	<i>.00</i>	<i>.08</i>	<i>1.22</i>
Total Fixed Income	-2.61	5.73	4.87
<i>BBG Barclays US Aggregate Bd Index</i>	<i>-3.37</i>	<i>.71</i>	<i>4.95</i>
Total Equities	6.94	65.19	14.12
Large Cap Funds	7.02	62.84	16.62
<i>S&P 500 Composite Index</i>	<i>6.17</i>	<i>56.35</i>	<i>16.71</i>
Mid Cap Funds	8.11	73.30	14.48
<i>Russell Midcap Index</i>	<i>8.14</i>	<i>73.64</i>	<i>14.81</i>
Small Cap Funds	9.85	97.44	15.24
<i>Russell 2000 Index</i>	<i>12.70</i>	<i>94.85</i>	<i>12.97</i>
International Equities	3.78	56.41	8.73
<i>MSCI EAFE Index</i>	<i>3.48</i>	<i>44.57</i>	<i>6.39</i>
<i>MSCI EM Free Index</i>	<i>2.29</i>	<i>58.39</i>	<i>8.41</i>
REIT Funds	8.67	34.28	9.28
<i>Wilshire REIT Index</i>	<i>8.81</i>	<i>34.74</i>	<i>7.70</i>
Total Managed Portfolio	2.30	31.71	9.61

Preliminary Performance

Performance Inception: 06/01/2018

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 – City of Piedmont

As of March 31, 2021

Current Asset Allocation		Investment Vehicle	
Equity		Range: 40%-60%	
Large Cap Core	COFYX	Columbia Contrarian Core Inst3	5.56%
	VGIAX	Vanguard Growth & Income Adm	10.64%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	4.24%
	IVE	iShares S&P 500 Value ETF	1.70%
Large Cap Growth	HNACX	Harbor Capital Appreciation Retirement	3.03%
	PRUFX	T. Rowe Price Growth Stock Fund I	3.01%
Mid Cap Core	IWR	iShares Russell Mid-Cap ETF	3.75%
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Val R6	3.78%
Small Cap Growth	RSEJX	Victory RS Small Cap Growth R6	3.82%
International Core	DFALX	DFA Large Cap International I	2.63%
International Value	DODFX	Dodge & Cox International Stock Fund	1.69%
International Growth	MGRDX	MFS® International Growth R6	1.71%
Emerging Markets	HHHFX	Hartford Schroders Emerging Mkts Eq F	4.70%
Real Estate	VNQ	Vanguard Real Estate ETF	1.77%
Fixed Income		Range: 40%-60%	
Short-Term	VFSUX	Vanguard Short-Term Investment-Grade Adm	8.40%
Intermediate-Term	DBLFX	DoubleLine Core Fixed Income I	12.13%
	PTRX	PIMCO Total Return Instl Fund	12.16%
	PTRQX	Prudential Total Return Bond Q	12.15%
High Yield	PHIYX	PIMCO High Yield Instl	2.13%
Cash		Range: 0%-20%	
	FGZXX	First American Government Oblig Z	0.99%
TOTAL			100.00%

CITY OF PIEDMONT

For Period Ending March 31, 2021

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	4.18	7.13	7.13	60.34	17.73	15.97	14.15
Dodge & Cox Stock	6.02	15.86	15.86	75.26	13.59	15.86	12.96
iShares S&P 500 Value ETF	6.23	10.69	10.69	50.10	11.65	12.13	10.96
Harbor Capital Appreciation Retirement	-3.14	-3.37	-3.37	69.33	23.66	23.08	17.43
Vanguard Growth & Income Adm	5.07	6.92	6.92	58.55	16.31	15.86	13.97
T. Rowe Price Growth Stock I	0.08	2.58	2.58	64.71	20.68	21.26	16.66
S&P 500 TR USD	4.38	6.17	6.17	56.35	16.78	16.29	13.91
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	2.69	8.12	8.12	73.38	14.58	14.50	12.30
Russell Mid Cap TR USD	2.71	8.14	8.14	73.64	14.73	14.67	12.47
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	6.19	22.72	22.72	114.88	11.16	11.85	11.90
Victory RS Small Cap Growth R6	-6.89	-2.56	-2.56	77.40	17.24	21.60	14.69
Russell 2000 TR USD	1.00	12.70	12.70	94.85	14.76	16.35	11.68
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock	2.34	7.16	7.16	57.43	4.03	8.96	5.09
DFA Large Cap International I	3.16	4.60	4.60	49.66	6.17	9.30	5.41
MFS International Growth R6	1.90	0.63	0.63	43.28	11.05	12.67	7.80
MSCI EAFE NR USD	2.30	3.48	3.48	44.57	6.02	8.85	5.52
Hartford Schroders Emerging Mkts Eq F	-0.80	3.54	3.54	66.93	8.97	14.90	5.14
MSCI EM NR USD	-1.51	2.29	2.29	58.39	6.48	12.07	3.65

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.

CITY OF PIEDMONT

For Period Ending March 31, 2021

REAL ESTATE FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	5.13	8.69	8.69	36.47	10.97	6.11	8.89
BOND FUNDS							
DoubleLine Core Fixed Income I	-1.08	-2.08	-2.08	6.94	4.00	3.46	4.30
PIMCO Total Return Instl	-1.27	-3.09	-3.09	3.25	4.89	3.84	3.75
PGIM Total Return Bond R6	-1.60	-4.44	-4.44	6.33	4.96	4.33	4.69
PIMCO High Yield Instl	0.04	0.06	0.06	18.49	6.21	6.76	5.82
Vanguard Short-Term Investment-Grade Adm	-0.31	-0.47	-0.47	6.36	4.01	2.93	2.64
BBgBarc US Agg Bond TR USD	-1.25	-3.37	-3.37	0.71	4.65	3.10	3.44

Source: SEI Investments, Morningstar Investments

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