

AGENDA
Investment Committee Meeting
Of the El Camino Hospital Board

Monday, May 8, 2017, **5:30 p.m.**
Conference Room A, Ground Floor
2500 Grant Road, Mountain View, California

MISSION: The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital Board of Directors the organization's investment policies, maintain current knowledge of the management and investment of the invested funds of the hospital and its pension plan(s), provide guidance to management in its investment management role, and provide oversight of the allocation of the investment assets.

AGENDA ITEM	PRESENTED BY		
1. CALL TO ORDER/ROLL CALL	John Zoglin, Chair		5:30 – 5:31
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		5:31 – 5:32
3. PUBLIC COMMUNICATION	John Zoglin, Chair		5:32 – 5:33
4. CONSENT CALENDAR: <i>Any committee member may remove an item for discussion before a motion is made.</i>	John Zoglin, Chair	<i>public comment</i>	Motion 5:33 – 5:38
Approval: a. Minutes of Investment Committee March 6, 2017 Minutes b. Proposed FY18 Meeting Dates Information: c. CFO Report Out – Finance Committee Open Session Materials d. Updated 2016 Pacing Plan e. Article of Interest			
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	John Zoglin, Chair		Information 5:38 – 5:43
6. EL CAMINO FINANCIAL PERFORMANCE ATTACHMENT 6	Iftikhar Hussain, Chief Financial Officer		Information 5:43 – 5:53
7. INVESTMENT COMMITTEE SCORECARD and PERFORMANCE REVIEW ATTACHMENT 7	Antonio DiCosola, Pavilion Advisory Group	<i>public comment</i>	Motion 5:53 – 6:40
8. 403(b) REVIEW a. 403(b) report b. Investment Committee Charter	Brian Montanez, Multnomah Group Julie Johnston, Director of Total Rewards		Information 6:40 – 7:10
9. FY18 GOALS AND PACING PLAN a. Proposed IC FY18 Goals b. Proposed IC FY18 Pacing Plan	Iftikhar Hussain, Chief Financial Officer	<i>public comment</i>	Motion 7:10 – 7:25

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

AGENDA ITEM	PRESENTED BY		
10. ADJOURN TO CLOSED SESSION			7:25
11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	John Zoglin, Chair		7:25- 7:26
12. CONSENT CALENDAR: <i>Any committee member may remove an item for discussion before a motion is made.</i> Approval: Meeting Minutes of the Closed Session Gov't Code Section 54957.2. - March 6, 2017	John Zoglin, Chair		Motion 7:26 – 7:29
13. RECONVENE OPEN SESSION			7:29 – 7:30
To report any required disclosures regarding permissible actions taken during Closed Session.	John Zoglin, Chair		
14. ADJOURNMENT	John Zoglin, Chair		7:30 p.m.

Important Dates:

FY 2018 Investment Committee Meetings

Tentative (upon Committee and Board approval):

- August 14, 2017
- November 13, 2017
- January 29, 2017 – Joint meeting of Financial/Investment Committee
- February 12, 2018
- May 14, 2018

**Minutes of the Open Session of the
 Investment Committee Meeting of the
 El Camino Hospital Board
 Monday, March 6, 2017
 El Camino Hospital, Conference Room A
 2500 Grant Road, Mountain View, California**

Members Present

John Zoglin, Nicki Boone,
 Gary Kalbach, John Conover,
 Brooks Nelson, and
 Jeffrey Davis, MD.

Members Absent
Members Excused

A quorum was present at the El Camino Hospital Investment Committee on the 6th day of March, 2017 meeting.

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER/ ROLL CALL	The meeting of the Investment Committee of El Camino Hospital (the “Committee”) was called to order by Committee Chair John Zoglin at 5:30 p.m. Silent roll call was taken.	<i>None</i>
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Zoglin asked if any Committee member or anyone in the audience believes that a Committee member may have a conflict of interest on any of the items on the agenda. No conflict of interest was reported.	<i>None</i>
3. PUBLIC COMMUNICATION	Chair Zoglin asked if there was any public communication to present. None were noted.	<i>None</i>
4. CONSENT CALENDAR ITEMS	<p>Chair Zoglin asked if any Committee member wished to remove any items from the consent calendar for discussion.</p> <p><u>Motion:</u> To approve the consent calendar (Open Minutes of the November 14, 2016 Investment Committee Meeting and Open Minutes of the January 30, 2017 Joint Finance and Investment Committee).</p> <p><u>Movant:</u> Kalbach</p> <p><u>Second:</u> Davis</p> <p><u>Ayes:</u> Boone, Conover, Nelson, Davis, Kalbach, and Zoglin.</p> <p><u>Abstentions:</u> None</p> <p><u>Absent:</u> None</p> <p><u>Excused:</u> None</p> <p><u>Recused:</u> None</p>	<i>The Open Minutes of the November 14, 2016 Investment Committee Meeting and the Open Minutes of the January 30, 2017 Joint Finance and Investment Committee were approved.</i>
5. REPORT ON BOARD ACTIONS	Chair Zoglin briefly reviewed the Board Report as further detailed in the packet and briefly reported on the current CEO search with the 1 st round of interviews to	<i>None</i>

Agenda Item	Comments/Discussion	Approvals/Action
	<p>occur at the beginning of April with hopes to secure a candidate by June. Chair Zoglin further reviewed the upcoming Strategic Planning Process asked the Committee if there were any questions or concerns. None were noted.</p>	
<p>6. EL CAMINO HOSPITAL FINANCIAL PERFORMANCE</p>	<p>Iftikhar Hussain, Chief Financial Officer, reviewed the Hospital’s current financial performance with the Committee. Mr. Hussain detailed the inpatient volume, outpatient volume, operating income, and budget variance to include:</p> <ul style="list-style-type: none"> • January inpatient discharges exceed budget and PY same period; YTD discharge budget gap is narrowed to 1.4%. • The late flu season is the main reason for jump in General Medicine discharges. • Other services show a modest increase in case volume including Orthopedics and Urology cases. • Overall YTD outpatient volume is 2.6% below budget but higher than PY. • Operating Income was ahead of budget by \$5.0M for the month and \$33.4M YTD. The main contributing factors to a strong financial in January include: \$3.8M lower operating expense due to better productivity helped by high volume, and better mix of surgical and outpatient cases. • LG posted a net loss of \$1.1M for January due to higher Medicare mix in both IP and OP and lower in PPO cases. • January’s revenue included a \$2.2M loss for BPSI program. This loss covers 3 years. • This partially offset by the \$814K Medi-Cal managed care supplemental payment. • Net AR increase in January due to slowdown in cash payments during the holidays. • Total cash on hand is at all-time high of 408 days in Jan. <p>Mr. Hussain asked the Committee for feedback and a brief discussion ensued.</p> <p><i>*Item of discussion: Are we prepared for continued decreased reimbursement due to Medicare, Payor mix, etc.? Pavilion will partner with our efforts and provide modeling capabilities by stress testing our financial metrics and analysis of how different asset allocation will influence those metrics.</i></p>	<p><i>None</i></p>

Agenda Item	Comments/Discussion	Approvals/Action
<p>7. INVESTMENT COMMITTEE SCORECARD AND PERFORMANCE REVIEW</p>	<p>Antonio DiCosola, Pavilion Advisory Group, reviewed the Investment Committee Score, Fourth Quarter Performance, and Manager Performance as further detailed in the submitted materials to include the following:</p> <p>a. Scorecard: Mr. DiCosola reported that the Investment performance for the Surplus Cash portfolio lagged the benchmark by 30 bps for the quarter with a flat return. The portfolio has performed in-line with the benchmark since inception (Nov. 1, 2012) with a return of +4.6% annualized. The assets within the Surplus Cash account ended the quarter at \$801.9 million, significantly higher than the beginning of the quarter due an increase in cash from operations. With significant capital expenditures in the fiscal year 2017 plan the projected balance at fiscal year-end is much lower at \$657.2 million. The Cash Balance Plan's performance lagged its benchmark for the quarter by 80 basis points with a return of -0.2%, but has outperformed its benchmark since inception. The since inception annualized return stands at +7.0%, 40 basis points ahead of its benchmark per year. The assets within the Cash Balance Plan ended the quarter at \$227.9 million. The budgeted amount for fiscal year 2017 is \$220.6 million. The 403(b) balance has risen substantially and now stands at \$362.4 million, an increase of \$5.3 million, or 1.5% over the September 30, 2016 value.</p> <p>b. Surplus Cash: Mr. DiCosola noted that the Surplus Cash portfolio returned +0.0% for the quarter, underperforming the benchmark return of +0.3%. Over the trailing one year period, the portfolio returned +5.2%, lagging the benchmark return by 40 basis points (bps). He further reported that during the quarter, manager results detracted from performance, while the Plan's asset allocation positioning relative to its benchmark had a negligible impact on relative returns. The Large Cap Equity and International Equity composites trailed their respective benchmarks. Notable detractors included Large-Cap Growth manager Sands (-7.4%) and International manager Walter Scott (-5.0%), which trailed their benchmarks by 840 bps and 370 bps, respectively. The Market Duration Fixed Income and Hedge Fund composites positively impacted performance, outperforming</p>	

Agenda Item	Comments/Discussion	Approvals/Action
	<p>their benchmarks by 100 bps and 190 bps, respectively.</p> <ul style="list-style-type: none"> • Pavilion recommended no changes to the traditional asset manager lineup at this time. <p>c. Cash Balance Plan: The Cash Balance Plan returned -0.2% for the quarter, underperforming its benchmark by 90 basis points (bps). Over the trailing one year period, the Plan returned +4.8%, lagging the benchmark by approximately 160 bps. Mr. DiCosola noted that the underperformance during the quarter was driven by poor manager results, as the Large Cap Equity and International Equity composites trailed their respective benchmarks, while the Small Cap Equity and Market Duration Fixed Income composites outperformed. Notable detractors included Large Cap Growth manager Sands (-7.4%) and International manager Walter Scott (-5.0%), which trailed their benchmarks by 840 bps and 370 bps, respectively. The hedge fund-of-funds composite also weighed down results, returning +0.6% versus +0.9 for the benchmark.</p> <ul style="list-style-type: none"> • Pavilion recommended no changes to the traditional asset manager lineup at this time. <p>d. Hedge Fund: The Hedge Fund Portfolio returned +2.8% during the fourth quarter, outperforming the HFRI Fund of Funds Composite Index by 190 basis points. The Portfolio's four strategies delivered positive absolute returns, with two of the four strategies (Credit and Macro) performing substantially better than their underlying benchmarks.</p> <ul style="list-style-type: none"> • Pavilion recommended redeeming from four hedge funds in the Portfolio: Brevan Howard Multi-Strategy Fund Limited, Luxor Capital Partners Offshore, Ltd., Pine River Fund Ltd., and Fir Tree International Value Fund (USTE), L.P. Pavilion also recommended reinvesting the proceeds into higher conviction strategies: Credit and Macro. <p>Mr. DiCosola further discussed an overview of liquidity with the Committee. He noted that our liquidity is very strong and that there is ample liquidity in the portfolio. He highlighted the fixed management fees of 60 basis points for surplus cash with some incentives fees included. Mr. DiCosola noted that due to negative press</p>	

Agenda Item	Comments/Discussion	Approvals/Action
	<p>on hedge funds, managers are coming down on fees. Mr. DiCosola further reported on the fees per fund as further detailed in the packet.</p> <p>Mr. DiCosola asked the Committee for feedback and a brief discussion ensued. The Committee asked that future reporting begin with the scorecard and performance vs. benchmark reports.</p>	
<p>8. 403b REVIEW</p>	<p>Brian Montanez, Multnomah Group, reported to the Committee that on a quarterly basis, Multnomah Group reviews the 403(b) Plan’s investments in accordance with the Plan’s Investment Policy Statement and reports their findings to the Hospital’s Retirement Plan Administration Committee (RPAC). Below is a summary of 2016 Multnomah Group and RPAC actions.</p> <ol style="list-style-type: none"> 1. Fund Actions: As no funds were recommended for removal, nor did the RPAC choose to add any new funds, there were no fund actions for 2016. 2. Watch List/Recommend Removal: Multnomah Group placed the T. Rowe Price Equity Income Fund on Watch List in March of 2015. This decision was based on a pending manager change as well as the fund's recent underperformance. T. Rowe Price announced that longtime Portfolio Manager Brian Rogers would step down in October 2015 and be replaced by John Linehan, another long-tenured T. Rowe Price portfolio manager. The fund’s performance had significantly lagged the peer group and its large cap value benchmark over the course of 2014 and into 2015 largely due to its investment thesis being out of favor with the markets during this period. Over the course of 2015 and 2016, the RPAC kept a close watch on this fund, considered replacing the fund with an alternate fund. After evaluating the effects of the markets and the new portfolio manager, the Committee chose to keep this fund, which finished the 2016 year in the top 13th percentile, outperforming the peer universe by 4.47% and the index by 1.94%. 3. Plan Fee Benchmarking: Annually, Multnomah Group conducts a fee benchmarking study for the administration and recordkeeping services provided to the Plan. Multnomah Group creates a Peer Range for fees for Plans of similar size and demographics. The Peer Range is an estimate of the total cost of plan services available in today's 	<p>None</p>

Agenda Item	Comments/Discussion	Approvals/Action
	<p>market. The range is calculated based on the average account balance of the plan and the number of participants with a plan balance. The Multnomah Group utilized a range of price sources, including existing clients' pricing, vendor responses to recent comparative searches, and discussions with vendors regarding their current pricing structures. As of June 30, 2016, the 403(b) Plan pays \$92.00 per participant which equates to 0.10% for Plan services. This fee is at the bottom of the peer range, determined by Multnomah Group, of 0.10% and 0.15% and is considered reasonable for services received.</p> <p>4. Share Class Fees: Annually, Multnomah Group works with the Plan's record-keeper to review the share class expenses of all investment options currently available to the Plans to ensure the lowest net fees are being utilized. Understanding that the Plans pay for recordkeeping and administrative services through the revenue sharing paid by the investments, all investments are invested in the lowest share class available to the Plans at this time that meets the agreed compensation requirements.</p> <p>5. Recommendation: The RPAC and Multnomah Group are satisfied with the quality and diversity of the investments available in the Plan as well as the fees incurred.</p> <p>Mr. Montanez asked the Committee for questions or feedback and discussion ensued. Discussion included governance of the RPAC committee and Investment Committee oversight. It was determined that the Investment Committee would prefer more detail in the quarterly report, and that the Committee should review the charter in order to address governance and oversight of RPAC.</p> <p><i>*Committee Members requested further detail of this agenda item, and charter review to be presented at the 5/8/17 Investment Committee meeting.</i></p>	
<p>9. FY18 COMMITTEE GOALS</p>	<p>Iftikhar Hussain, Chief Financial Officer, submitted the following proposed FY18 Goals to the Committee for discussion:</p> <ol style="list-style-type: none"> 1. Review performance of consultant recommendations of managers and asset allocations. 	<p>None</p>

Agenda Item	Comments/Discussion	Approvals/Action
	<ol style="list-style-type: none"> 2. Educate Board and Committee: Hedge Fund trends and allocation review 3. Review/revise Executive Dashboard. 4. Meet with the Finance Committee to help align investment philosophy with capital and cash flow needs. <p>Mr. Hussain asked the Committee for questions or feedback and discussion ensued regarding the pacing of the goals.</p> <p>The recommended pacing of goals was as follows:</p> <ol style="list-style-type: none"> 1. Goal 1 – In-depth 5 year review of performance of consultant recommendations of managers and asset allocations (i.e. passive vs. active, performance vs. benchmark, private equity, increase passive allocation); Pace for the February (Q1) Investment meeting. 2. Goal 2 - Education: Pace for Q1 for Committee & Q3 for Board. Chair Zoglin further noted the education opportunities available for the committee members. 3. Goal 3 - Executive dashboard; Pace for reporting at the May meeting <p><i>*The Committee requested that further discussion on the FY18 Committee Goals, Pacing Plan, and 5 Year Review be itemized for the 5/8/17 committee meeting.</i></p>	
10. ADJOURN TO CLOSED SESSION	<p><u>Motion:</u> To adjourn to closed session at 7:18pm. <u>Movant:</u> Kalbach <u>Second:</u> Boone <u>Ayes:</u> Boone, Conover, Nelson, Davis, Kalbach, and Zoglin. <u>Abstentions:</u> None <u>Absent:</u> None <u>Excused:</u> None <u>Recused:</u> None</p>	<p><i>A motion to adjourn to closed session at 7:18 p.m. was approved.</i></p>
11. AGENDA ITEM 13 RECONVENE OPEN SESSION/ REPORT OUT	<p><i>Agenda Items 10 through 12 were conducted in closed session.</i></p> <p>Chair Zoglin reported that the Closed Minutes of the November 14th, 2016 Investment Committee were approved, and updated the Committee on the upcoming meetings.</p> <p><i>*Chair Zoglin requested that we add Benchmark Discussion to agenda.</i></p>	<p><i>None</i></p>
12. AGENDA ITEM 14 ADJOURNMENT	<p><u>Motion:</u> To adjourn the Investment Committee meeting at 7:21pm.</p>	<p><i>A motion to adjourn to the Investment</i></p>

Agenda Item	Comments/Discussion	Approvals/Action
	<p><u>Movant:</u> Boone <u>Second:</u> Davis <u>Ayes:</u> Boone, Conover, Nelson, Davis, Kalbach, and Zoglin. <u>Abstentions:</u> None <u>Absent:</u> None <u>Excused:</u> None <u>Recused:</u> None</p>	<p><i>Committee meeting at 7:21 pm was approved.</i></p>

Attest as to the approval of the Foregoing minutes by the Investment Committee and by the Board of Directors of El Camino Hospital:

John Zoglin, Chairman
ECH Investment Committee of the Board of Directors

DRAFT

Memorandum

Date: May 8, 2017
To: Investment Committee
From: Iftikhar Hussain
Re: Proposed FY 2018 Meeting Dates

Following are proposed meeting dates for fiscal year 2018. The Investment Committee meets quarterly, typically the second Monday every three months, but the Committee should feel free to suggest alternative meeting dates.

- August 14, 2017
- November 13, 2017
- January 29, 2017 – Joint meeting of Financial/Investment Committee
- February 12, 2018
- May 14, 2018

The next Investment Committee meeting is scheduled for August 14, 2017.

Item:	Finance Committee Report El Camino Hospital Investment Committee (IC) May 8, 2017
Responsible party:	Iftikhar Hussain, CFO
Action requested:	For Information
Background: The Finance Committee meets 6 times per year. The Committee last met on Mach 27 and meets next on May 30, 2017.	
<p>Summary and session objectives: To update the Investment Committee on the work of the Finance Committee.</p> <ol style="list-style-type: none"> 1. Progress Against Goals: The Committee is on track to complete its FY17 Goals. 2. Other Key Accomplishments Since Last Report: Reviewed capital projects over \$2.5 million 3. Important Future Activities Review and approval of FY 2018 budget at the May 30, 2017 meeting 	
Suggested discussion questions: None.	
<p>Proposed Board motion, if any:</p> <ol style="list-style-type: none"> 1. Approval of P7 and P8 Financial Statements 2. Approval for incremental funding on MV Women’s Hospital and LG facility projects. 3. Reviewed FY budget Preview 4. Commercial Payor Update 5. Approve the following physician contracts <ol style="list-style-type: none"> a. SVPMG Medical Oncologist b. General Surgery ED Call Panel c. Medical Director Quality 	
<p>LIST OF ATTACHMENTS: The Finance Committee Open Session Materials may be accessed by clicking here.</p>	

**INVESTMENT COMMITTEE
FY 2017 PACING - DRAFT**

FY2017: Q1		
JULY – NO MEETING	AUGUST 8, 2016 Meeting	SEPTEMBER – NO MEETING
N/A	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ Educate Committee on Investment Strategy in low return environments ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY2017: Q2		
OCTOBER – NO MEETING	NOVEMBER 14, 2016 Meeting	DECEMBER – NO MEETING
N/A	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY2017: Q3		
JANUARY 30, 2017	FEBRUARY 13, 2017 Meeting	MARCH – NO MEETING
<ul style="list-style-type: none"> ▪ <i>Joint Finance Committee and Investment Committee meeting.</i> 	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ CFO Report Out – Open Session Finance Committee Materials ▪ Propose FY2018 Goals/ Pacing Plan ▪ 403(b) Investment Performance 	N/A
FY2017: Q4		
APRIL – NO MEETING	MAY 8, 2017 Meeting	JUNE – NO MEETING
N/A	<ul style="list-style-type: none"> ▪ Review investment performance ▪ Review manager selection as needed ▪ Review performance of investment advisor ▪ Review self-assessment results (Every other Year) ▪ CFO Report Out – Open Session Finance Committee Materials ▪ Proposed FY18 Meeting Dates ▪ 403(b) Investment Performance 	N/A

Japan's Pension Fund Plows Into Real-Estate Investing

Fund seeks managers to run portfolio; move is part of expansion into alternative assets

Peter Grant Updated May 2, 2017 9:14 a.m. ET



Norihiro Takahashi, head of the Government Pension Investment Fund, at a news conference in Tokyo in January. Photo: Kiyoshi Ota/Bloomberg News

Japan's government pension fund, the world's largest with \$1.25 trillion in assets, is making its biggest push ever to expand its real-estate portfolio.

The Government Pension Investment Fund in April asked asset managers around the world to submit proposals to run portions of the fund's real-estate investment portfolio. The request was part of a broader move by the fund to expand into so-called alternative assets including infrastructure and private equity.

At the moment, the fund's real-estate holdings are limited to the stock it has purchased in real-estate investment trusts. It is able to invest as much as 5% of its total portfolio in alternative investments, a fund spokeswoman said in an email.

The goal, she said, is to diversify.

“By investing in real estate, which has less correlation with traditional asset classes such as equities and bonds, we expect to reduce the risk of our entire investment portfolio,” she said.

Japan is ramping up its real-estate exposure as other big investors are ramping down. Sales volume has slowed in Europe and the U.S. this year after declining in both markets in 2016.

Fundraising by private-equity firms has been weak. In the first quarter of 2017, closed-end, real-estate funds raised \$19.9 billion, compared with \$26.3 billion in the first quarter of 2016 and \$23.2 billion in 2015, according to data firm Preqin.

Japanese investors have had a spotty record with property purchases over the years. In the U.S., they suffered big losses following the recession of the early 1990s with investments in such high-profile assets as Rockefeller Center in New York.

The pension fund spokeswoman declined to comment on the record of earlier

investors. As for the timing of the new push, she pointed out that the fund “does not have to invest in real estate unreasonably if we judge it is not the proper timing in terms of market cycle.”

The impact from the Japanese fund's planned expansion won't be felt quickly, in part because Japanese law prohibits it from buying property directly, the spokeswoman said.

Initially, the Government Pension Investment fund will concentrate on investing through so-called fund of funds, vehicles that take positions in numerous portfolios.

Later, the Japanese fund plans to invest in single funds “when the regulatory environment becomes more conducive to that and when there is further expansion of our dedicated team,” she said.

Government-backed pension funds and sovereign wealth funds have been playing an increasingly important role in the global capital markets, even as overall investment activity has declined. The Government Pension Fund of Norway, Qatar Investment Authority and the Australian Future Fund all have been more active in recent years.

The Japan pension fund isn't the only big player about to step onto the global stage. Many expect Saudi Arabia to get more active as it tries to become less reliant on oil. Because of its vast holdings, Saudi Arabia has the potential to surpass the impact of players like the Qatar Investment Authority and the Abu Dhabi Investment Authority.

“We've been seeing big waves from the region,” said Yahya Abdulla, the head of Middle East capital markets for Cushman & Wakefield. If Saudi Arabia ramps up its investment activity, “we'll see huge waves,” he said.

Last year, in the U.S. market, foreign investors accounted for more than 14% of the buying volume in dollar terms, a post-crash record, according to data firm Real Capital Analytics.

Foreign investors partly are motivated by higher yield in a global market where interest rates are low or even negative, as is the case in Japan. “There’s a tremendous incentive when bond yields are negative to find investments with a positive sign in front of it,” said Jim Sullivan, president of Green Street Advisors’ advisory group.

The decision by the Japanese fund to start out with a fund-of-funds strategy is unusual. Most new government-backed market entrants launch into real estate by buying property directly either by themselves or through special accounts set up by private-equity firms.

Still, many major real-estate investment managers are likely to be interested in working with the Japanese fund.

“A group like this will be on everybody’s list to approach to see what they’re focused on and whether they’re a fit,” said Michael Stark, co-head of the Park Hill Real Estate Group, a placement service for private-equity funds.

Write to Peter Grant at peter.grant@wsj.com

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

Item:	Report on Board Actions Investment Committee Meeting Date: May 8, 2017
Responsible party:	Cindy Murphy, Board Liaison
Action requested:	For Information
Background:	IN FY16 we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. This written report is intended to supplement the Chair's verbal report.
Other Board Advisory Committees that reviewed the issue and recommendation, if any:	None.
Summary and session objectives :	To inform the Committee about recent Board actions
Suggested discussion questions:	None.
Proposed Committee motion, if any:	None. This is an informational item
LIST OF ATTACHMENTS:	Report on ECH March through April 2017 Board Actions Report on ECHD March 2017 Board Actions

A.05b - ECH Board Actions for IC March April 2017

March and April 2017 ECH Board Actions*

1. March 3, and 4, 2017 – Board Retreat - Closed session study session on strategic priorities held
2. March 8, 2017
 - a. 2017 Plan of Finance (Revenue Bonds)
 - b. FY17 CMO Incentive Plan Goals
 - c. Revised VP, Corporate and Community Health Services, President Concern FY 17 Incentive Goals
 - d. Appointment of ECC Member Jaison Layney
3. April 12, 2017
 - a. Approved FY17 Period 8 Financials
 - b. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
 - c. Approved Revisions to the Board Director Compensation Policy – Approved Annual Board Chair Stipend of \$12,000, payable quarterly and \$100 stipend for Committee Chair (Directors only) participation in agenda planning meeting.
 - d. Appointment of Executive Compensation Committee Member Pat Wadors
 - e. Approved Primary Care Physician Replacement for Silicon Valley Primary Care Clinic
 - f. Approved Finance Committee Recommendations:
 - i. SVPMG Physician Recruitment – Medical Oncologist
 - ii. General Surgery ED Call Panel
 - iii. Medical Directorship renewal – Quality and Physician Services
 - iv. Capital Funding Request – Women’s Hospital Expansion Incremental Funding
 - v. Capital Funding Request – Los Gatos Facility Improvement Project

*This list is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital’s Board Advisory Committees.

A.05c - ECHD Board Actions for IC March 2017

March 2017 ECHD Board Actions*

1. March 8, 2017 –
 - a. Approved the 2017 General Obligation (GO) Bond Refinancing
2. March 14, 2017 –
 - a. Approved the District Financials FY17 YTD
 - b. Asked the staff to bring back proposals for Community Benefit Advisory Council Structure
 - c. Affirmed District Board Officers will be elected through nominations from the floor at its June 20, 2016 meeting
 - d. Received Ad Hoc Committee Report: Working with executive recruiting firm to identify candidates for the El Camino Hospital Board of Directors. Expect to bring forward finalists to the District Board for interview on May 22, 2017.

*This list is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.



El Camino Hospital

THE HOSPITAL OF SILICON VALLEY

Summary of Financial Operations

Fiscal Year 2017 – Period 9
7/1/2016 to 3/31/2017

Dashboard - ECH combined as of March 31, 2017

	Annual				Month			YTD		
	2015	2016	2017 Proj.	2017 Bud/Target	PY	CY	Bud/Target	PY	CY	Bud/Target
Volume										
Licensed Beds	443	443	443	443	443	443	443	443	443	443
ADC	246	242	244	245	248	259	256	242	239	245
Adjusted Discharges	22,342	22,499	23,724	22,992	1,843	2,109	1,933	16,559	17,421	17,278
Total Discharges	19,637	19,367	19,993	19,781	1,639	1,728	1,680	14,446	14,670	14,879
Inpatient Cases										
MS Discharges	13,114	13,344	13,793	13,499	1,096	1,225	1,146	9,813	10,126	10,149
Deliveries	5,067	4,717	4,756	4,810	414	398	408	3,548	3,507	3,617
BHS	901	806	910	901	83	65	77	709	681	684
Rehab	555	500	534	570	46	40	48	376	356	429
Outpatient Cases										
ED	49,106	48,609	49,608	51,258	4,244	4,378	4,337	36,710	36,171	38,414
Procedural Cases										
OP Surg	6,488	6,070	7,113	6,427	524	676	527	4,611	5,042	4,670
Endo	2,520	2,324	2,209	2,479	223	214	202	1,759	1,648	1,788
Interventional	1,998	2,021	2,043	2,323	174	197	194	1,525	1,529	1,715
All Other	67,998	80,911	86,997	84,566	7,536	7,951	6,901	60,385	64,538	61,115
Financial Perf.										
Net Revenues	746,645	772,020	831,501	789,585	67,320	73,587	68,130	566,926	610,114	586,264
Operating Expenses	689,631	743,044	756,093	764,828	63,210	66,465	64,727	554,001	553,994	566,833
Operating Income \$	78,120	52,613	100,742	49,817	6,508	8,704	5,491	31,396	74,932	38,217
Operating Margin	10.2%	6.6%	11.8%	6.1%	9.3%	11.6%	7.8%	5.4%	11.9%	6.3%
EBITDA \$	128,002	108,554	154,663	109,890	11,333	12,910	10,549	71,627	114,792	81,579
EBITDA %	16.7%	13.6%	18.1%	13.5%	16.3%	17.2%	15.0%	12.2%	18.3%	13.5%
IP Margin ¹	-3.9%	-8.7%	-5.8%	-6.1%	-6.9%	-5.1%	-6.1%	-11.1%	-5.8%	-6.1%
OP Margin ¹	26.7%	26.7%	34.1%	26.4%	26.0%	34.7%	26.4%	25.4%	34.1%	26.4%
Payor Mix										
Medicare	46.2%	46.6%	47.7%	46.4%	49.1%	48.9%	46.4%	46.0%	47.7%	46.4%
Medi-Cal	6.6%	7.4%	7.3%	6.5%	6.4%	6.8%	6.5%	7.4%	7.3%	6.5%
Commercial IP	24.2%	23.2%	22.3%	24.0%	24.4%	20.8%	24.0%	24.3%	22.3%	24.0%
Commercial OP	18.7%	18.7%	20.2%	19.0%	18.6%	20.7%	19.0%	19.5%	20.2%	18.6%
Total Commercial	42.9%	41.9%	42.5%	43.0%	43.0%	41.5%	43.0%	43.8%	42.5%	42.6%
Other	4.3%	4.1%	2.5%	4.1%	1.5%	2.8%	4.1%	2.8%	2.5%	4.1%
Cost										
Employees	2,452.4	2,542.8	2,491.7	2,554.9	2,564.6	2,549.6	2,542.8	2,604.7	2,491.7	2,554.9
Hrs/APD	30.45	30.35	29.61	29.48	31.32	28.47	28.28	31.18	29.61	29.48
Balance Sheet										
Net Days in AR	43.6	53.7	47.7	48.0	53.7	47.7	48.0	53.7	47.7	48.0
Days Cash	401	361	418	266	361	418	266	361	418	266
Affiliates - Net Income (\$000s)										
Hosp	94,787	43,043	171,492	67,032	22,161	18,926	6,220	9,965	114,328	44,777
Concern	1,202	1,823	1,581	2,604	(123)	51	221	1,465	1,054	1,918
ECSC	(41)	(282)	(108)	0	(327)	(12)	0	(314)	(72)	0
Foundation	710	982	3,134	(450)	690	43	(4)	371	2,089	(318)
SVMD	106	156	177	0	(23)	(43)	(1)	(36)	118	(2)

Green - Equal to or better than budget; Yellow - Unfav by up to 5%; Red - Greater than 5% unfav
 FY2017 budget presented excludes 2016 and 2017 bonds cost of issuance and interest expense

Inpatient Volume:

- March inpatient discharges exceed budget by 2.9% and 5.4% from PY; YTD discharge is lower than budget by 1.4%. With strong OP revenue, YTD adj. discharges are now ahead of budget.
- Delivery, BHS and Rehab volume all lagging from budget but we see a volume increase in HVI (5%, particularly cardiac surgery cases), Spine surgeries (9%), and GYN cases (11%).

Outpatient Volume:

- OP volume posted a strong month in March with a 10.3% higher than budget. YTD overall OP volume ahead of budget by 1.1%
- We observed a significant increase in OP surgery at both campus in March (28%) as well as YTD (7.9%).
- Endo cases (5.9%), Cancer Center, Infusion Center case volume also posted an all time high volume in March which result a significant increase in gross charges.

Payor Mix:

- Commercial mix improved from from February from 40.4% to 41.5% as respiratory cases eased with the warm weather. YTD PM is still under budget due to higher Medicare.

Balance Sheet:

- Net days in AR are ahead of target and improved further in March. Total cash on hand is still at an all time high of 418 days in March.

Budget Variances

(in thousands)	Month to Date (MTD)			Year to Date (YTD)		
	Detail	Net Income Impact	% Net Revenue	Detail	Net Income Impact	% Net Revenue
Budgeted Hospital Operations FY2017		5,491	7.8%		38,217	6.3%
Net Revenue		4,951	6.6%		23,876	3.8%
* Volume and service mix	3,868			2,019		
* Rev cycle improvements	500			7,500		
* IGT				6,535		
* BPCI Settlement				(2,169)		
* Medi-Cal managed care supplemental				1,366		
* Insurance (Payment Variance)	544			1,120		
* Mcare Settlement	27			1,291		
* Various Adjustments under \$250k	12			480		
Labor and Benefit Expense Change		955	1.3%		9,856	1.6%
* Productivity, volume and service mix	(1,731)			10,438		
* WC Reserve Update based on Favorable Exp	1,824			2,524		
* Vacancies filled with purchased services	862			2,498		
* Pay for performance bonus				(3,204)		
* Ratification bonus				(2,400)		
Professional Fees & Purchased Services		(2,376)	-3.2%		(1,959)	-0.3%
* Physician Fees	299			1,356		
* Consulting Fee - Includes \$2M in 2017A Bond Issuance Cost	(2,245)			(3,728)		
* Purchased Services due to Clinical Informatics and IT backfill for vacant IT positions	(1,149)			(3,330)		
* Repairs and Maintenance Fees	719			3,743		
Supplies		(1,264)	-1.7%		1,676	0.3%
* Drug Exp (due to higher Infusion Center volume; but offset by higher revenue)	(624)			(2,099)		
* Medical Supplies	(611)			2,284		
* Non Med Supplies - Misc (Food/Volumes)	(29)			1,491		
Other Expenses		96	0.1%		(236)	0.0%
* Leases & Rental Fees (Rental Lease Costs)	45			(220)		
* Utilities & Telephone	(346)			97		
* Other G&A	398			(113)		
Depreciation & Interest		850	1.1%		3,503	0.6%
* Depreciation (Ongoing depreciation on the Old 2nd & 3rd Fl & GL improvement projects)	668			3,156		
* Interest Expense - 2017 bonds	183			346		
Actual Hospital Operations FY2017		8,704	11.6%		74,933	11.9%

El Camino Hospital (\$000s)

9 month ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
243,528	289,052	252,666	36,386	14.4%	Gross Revenue	2,049,455	2,246,502	2,174,065	72,437	3.3%
(176,208)	(215,465)	(184,536)	(30,929)	1.0%	Deductions	(1,482,529)	(1,636,389)	(1,587,801)	(48,587)	3.1%
67,320	73,587	68,130	5,456	8.0%	Net Patient Revenue	566,926	610,114	586,264	23,850	4.1%
2,398	1,582	2,088	(506)	-24.2%	Other Operating Revenue	18,471	18,813	18,786	27	0.1%
69,718	75,169	70,218	4,951	7.1%	Total Operating Revenue	585,397	628,926	605,050	23,876	3.9%
OPERATING EXPENSE										
34,781	37,957	38,911	955	2.5%	Salaries & Wages	322,603	334,058	343,914	9,856	2.9%
11,371	11,651	10,387	(1,264)	-12.2%	Supplies	87,126	86,784	88,460	1,676	1.9%
9,851	10,395	8,019	(2,376)	-29.6%	Fees & Purchased Services	75,266	72,539	70,580	(1,959)	-2.8%
2,383	2,256	2,352	96	4.1%	Other Operating Expense	28,776	20,753	20,517	(236)	-1.1%
602	265	448	183	40.9%	Interest	4,348	3,688	4,034	346	8.6%
4,222	3,941	4,610	668	14.5%	Depreciation	35,882	36,172	39,328	3,156	8.0%
63,210	66,465	64,727	(1,737)	-2.7%	Total Operating Expense	554,001	553,994	566,833	12,840	2.3%
6,508	8,704	5,491	3,213	58.5%	Net Operating Income/(Loss)	31,396	74,932	38,217	36,716	96.1%
15,652	10,223	729	9,494	1302.4%	Non Operating Income	(21,431)	39,395	6,560	32,835	500.5%
22,161	18,926	6,220	12,707	204.3%	Net Income(Loss)	9,965	114,328	44,777	69,551	155.3%
16.3%	17.2%	15.0%	2.2%		EBITDA	12.2%	18.3%	13.5%	4.8%	
9.3%	11.6%	7.8%	3.8%		Operating Margin	5.4%	11.9%	6.3%	5.6%	
31.8%	25.2%	8.9%	16.3%		Net Margin	1.7%	18.2%	7.4%	10.8%	

Non Operating Items and Net Income by Affiliate

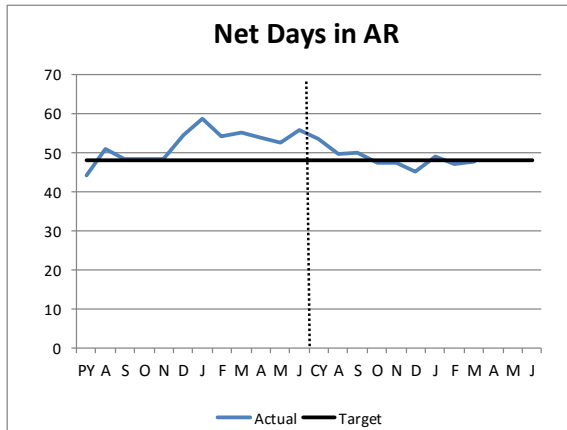
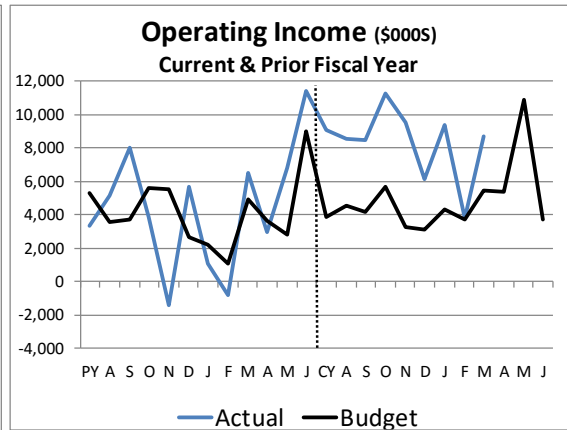
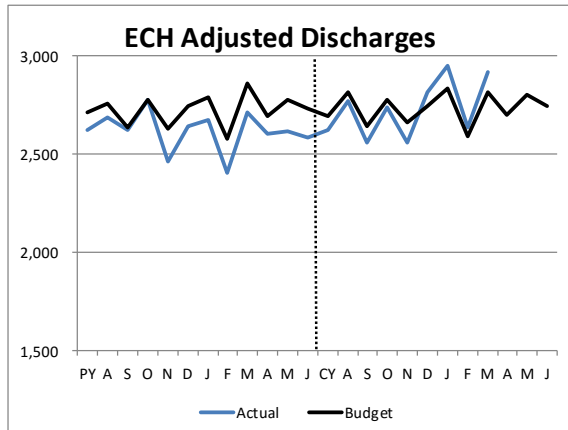
\$ in thousands

	Period 9 - Month			Period 9 - FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Income (Loss) from Operations						
Mountain View	8,012	4,159	3,853	69,942	29,411	40,531
Los Gatos	692	1,332	(640)	4,991	8,806	(3,815)
Sub Total - El Camino Hospital, excl. Affiliates	8,704	5,491	3,213	74,932	38,217	36,716
Operating Margin %	11.6%	7.8%		11.9%	6.3%	
El Camino Hospital Non Operating Income						
Investments	10,339	1,512	8,828	41,839	13,605	28,234
Swap Adjustments	184	0	184	3,526	0	3,526
Community Benefit	(182)	(283)	101	(2,951)	(2,550)	(401)
Other	(118)	(499)	381	(3,019)	(4,495)	1,476
Sub Total - Non Operating Income	10,223	729	9,494	39,395	6,560	32,835
El Camino Hospital Net Income (Loss)	18,926	6,220	12,707	114,328	44,777	69,551
ECH Net Margin %	25.2%	8.9%		18.2%	7.4%	
Concern	51	221	(170)	1,054	1,918	(864)
ECSC	(12)	0	(12)	(72)	0	(72)
Foundation	43	(4)	48	2,089	(318)	2,407
Silicon Valley Medical Development	(43)	(1)	(42)	118	(2)	119
Net Income Hospital Affiliates	40	215	(175)	3,189	1,598	1,591
Total Net Income Hospital & Affiliates	18,966	6,435	12,531	117,517	46,375	71,142

- Swap gain due to rise in interest rates
- Favorable variance in Other due to lower losses at SVMD

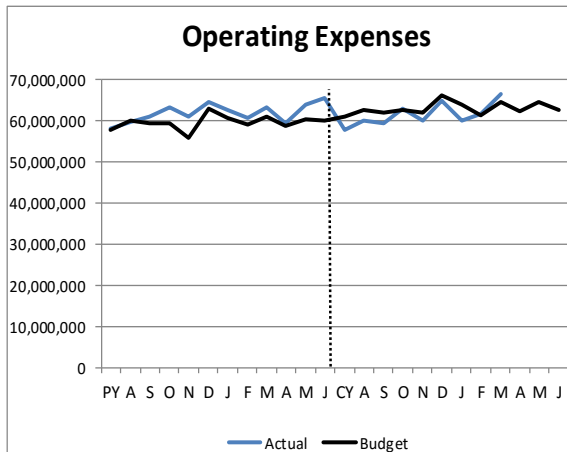
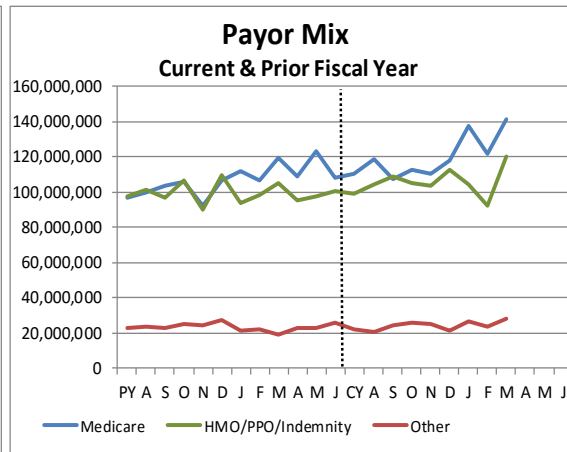
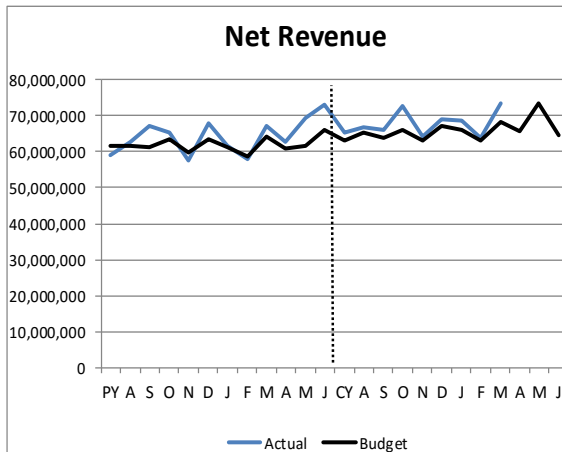
- Concern unfavorable to unrealized loss on fixed income investments
- Foundation favorable due to investment income

Monthly Financial Trends

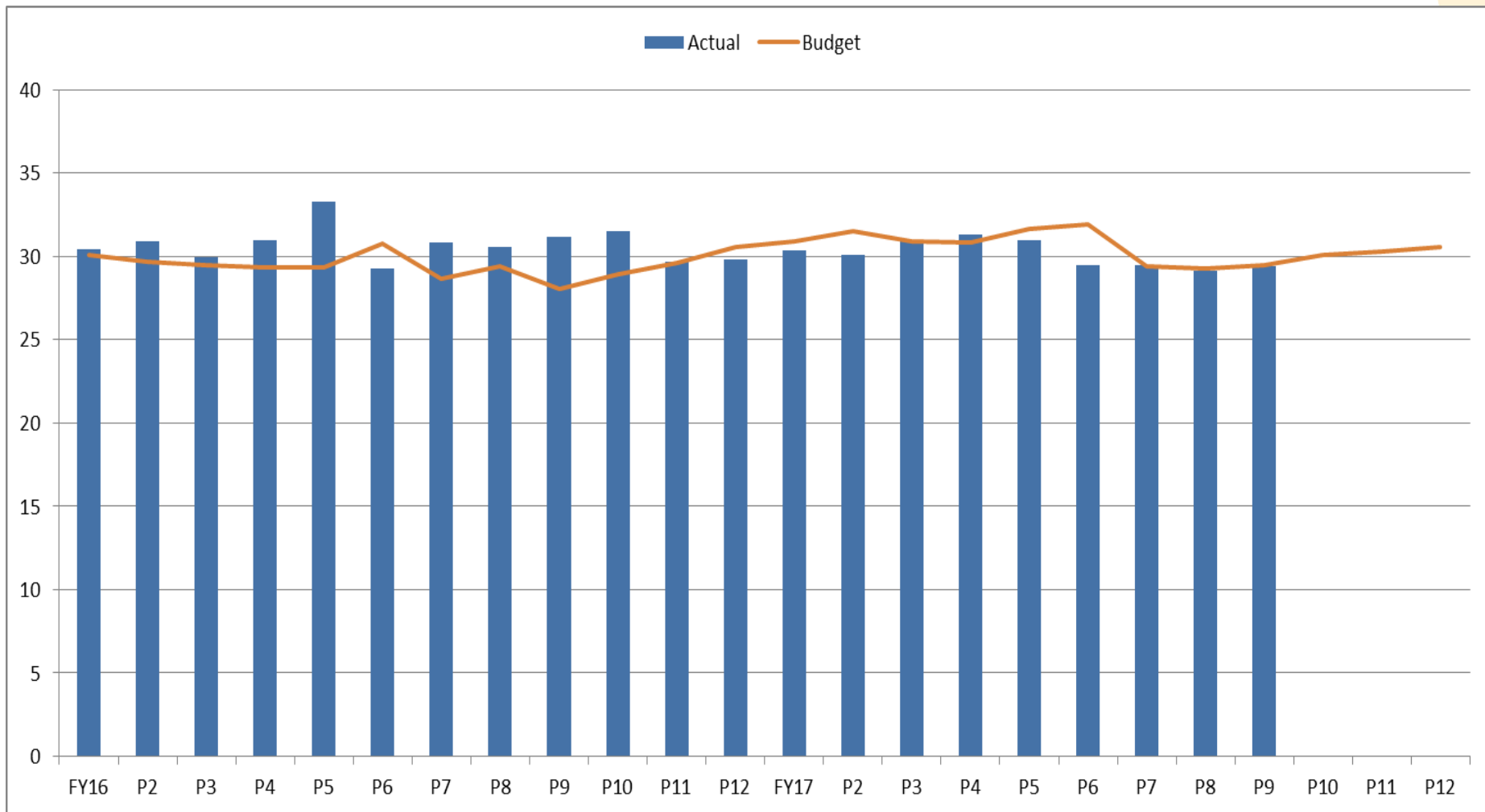


Budget is represented by solid lines; Bars represent actual results

March volume is higher than previous month with an increase in Surgery, Laboratory Services and Oncology. Operating expenses slightly higher than budgeted in March due to higher volume, but is \$12.85M favorable for budget YTD

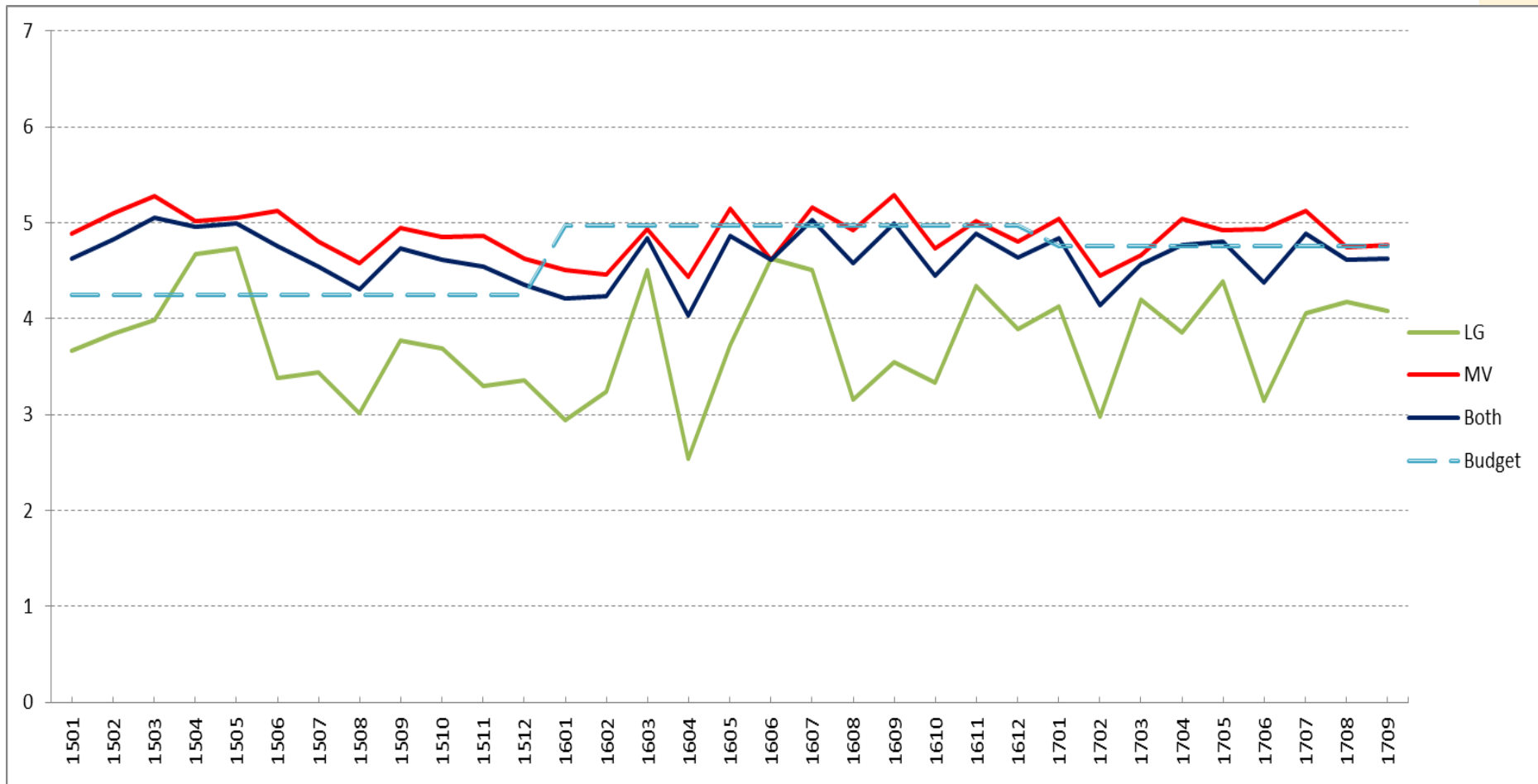


Worked Hours per Adjusted Patient Day



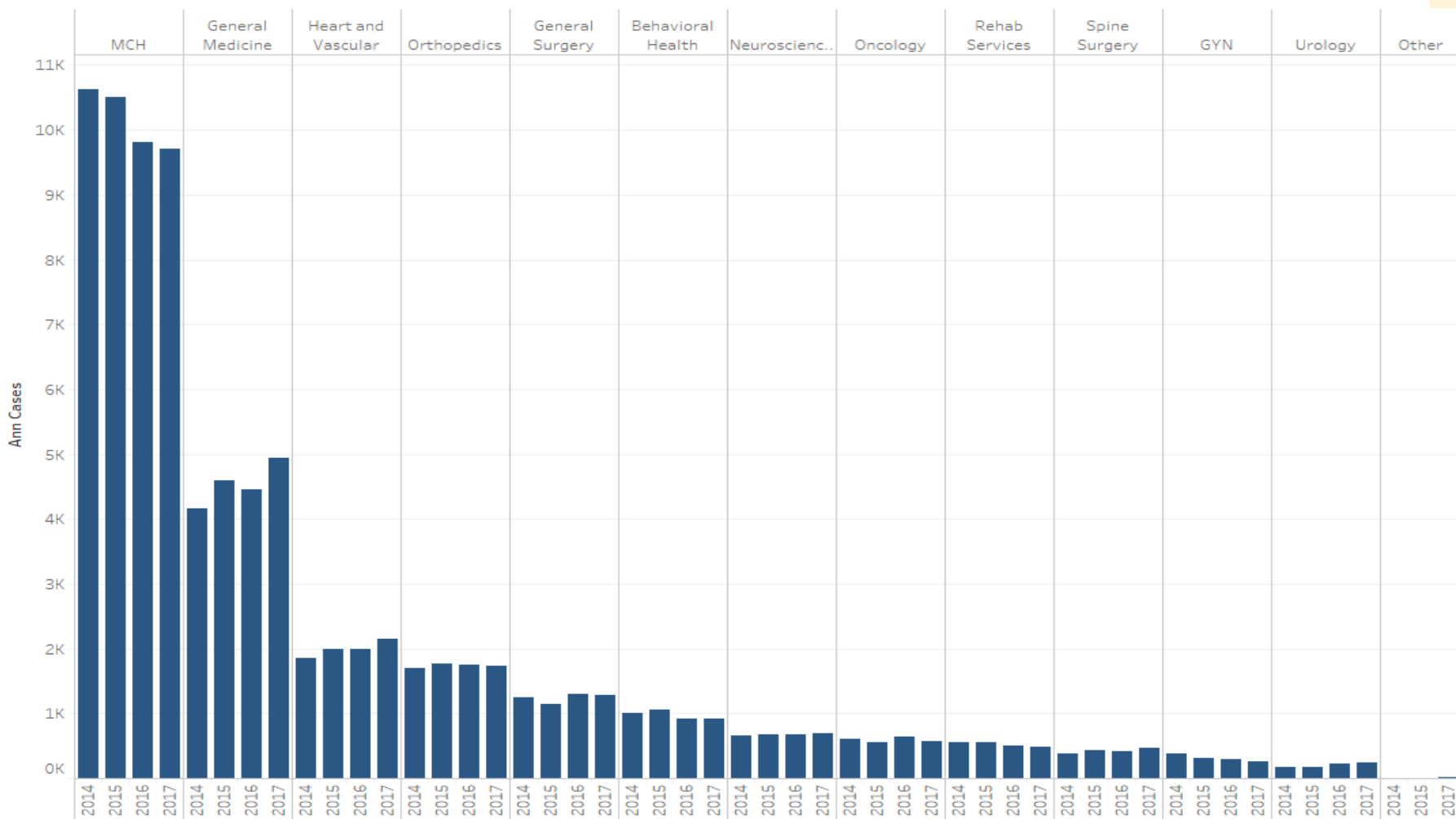
Productivity has improved after EPIC go-live and is favorable compared to budget, work hours per adjusted patient day remains flat for the last four Months and shows a decreasing trend for FY17.

Medicare ALOS



•ALOS remained ahead of target.

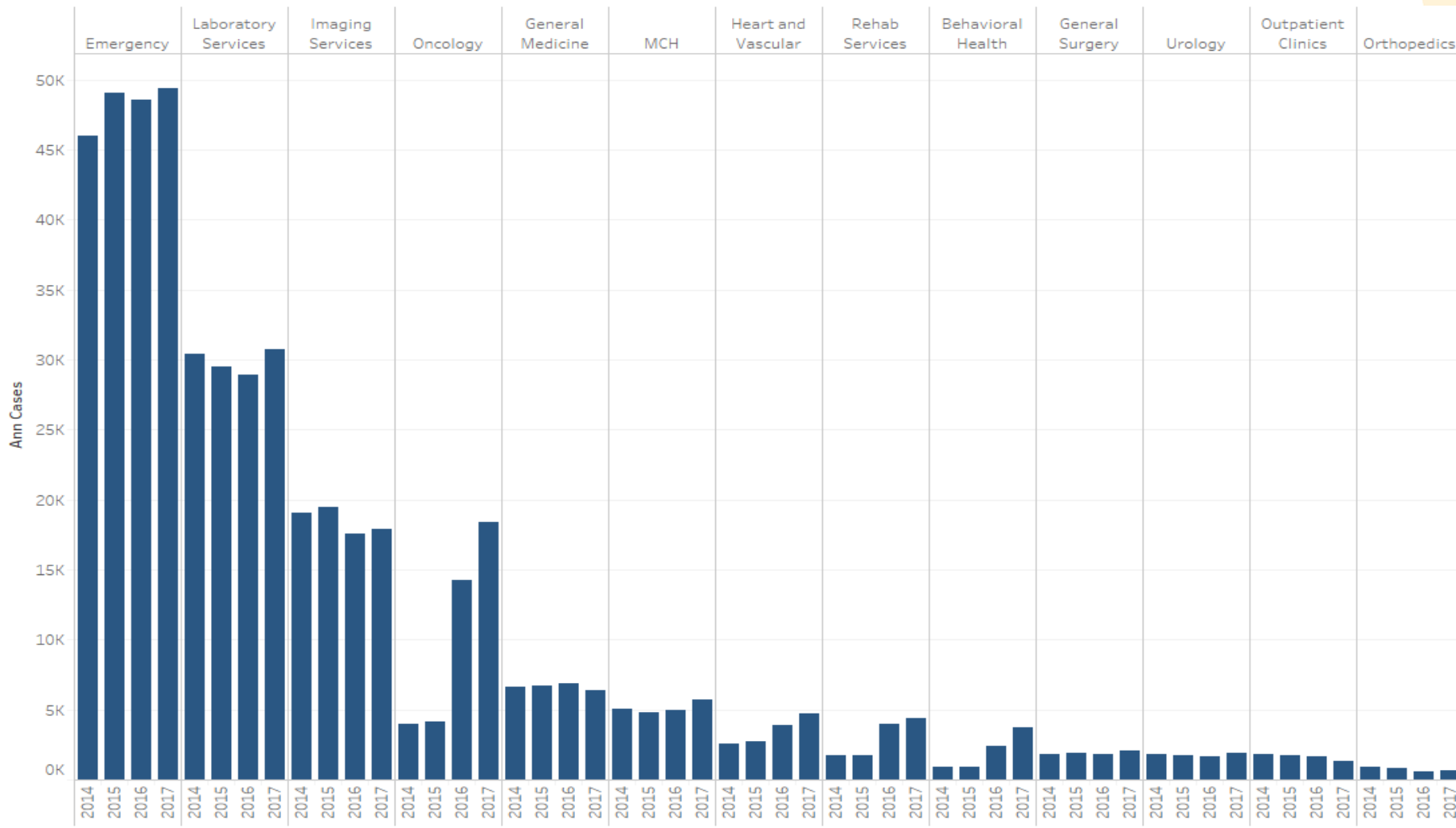
El Camino Hospital Volume Annual Trends – Inpatient FY 2017 is annualized



- General Medicine volume increased in March, currently at 92% of budget YTD.
- MCH volume increased in March at line with budget YTD AT 99%

El Camino Hospital Volume Annual Trends – Outpatient

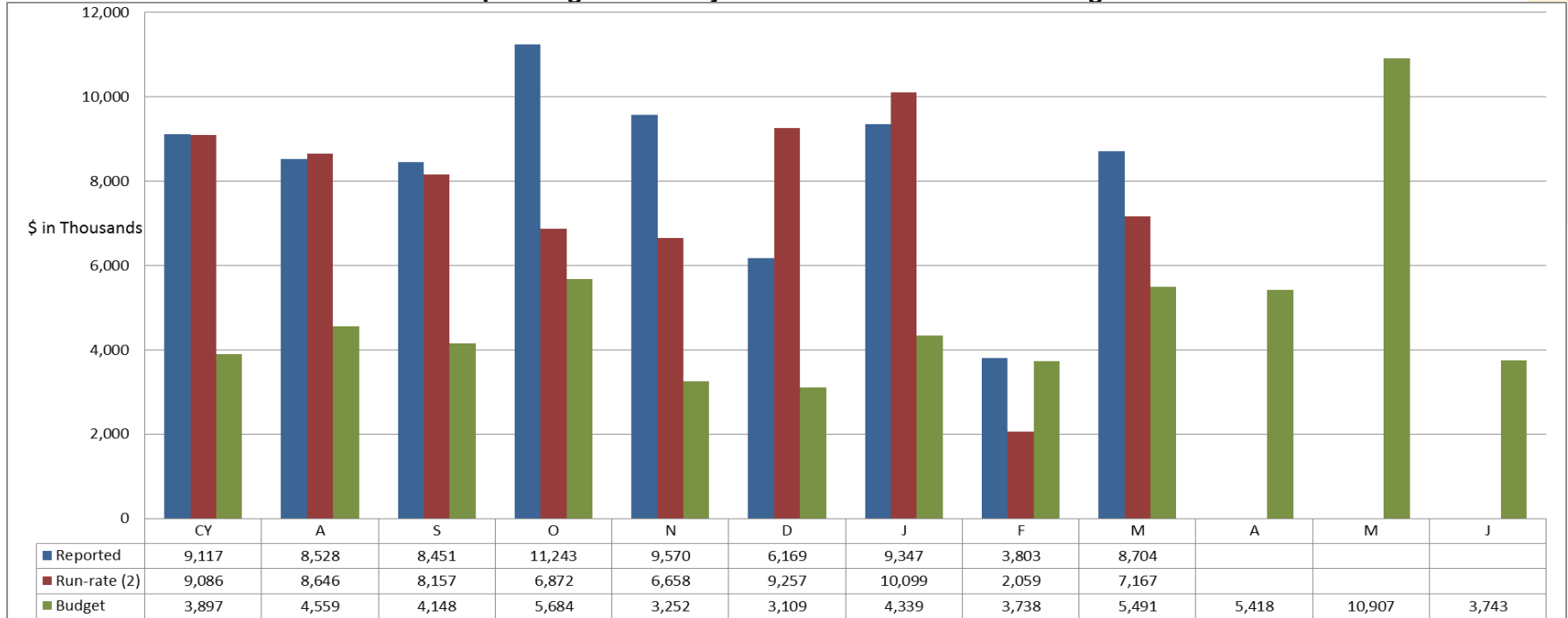
FY 2017 is annualized



- General Surgery, Heart and Vascular, Oncology and Laboratory Services are ahead of budget for the month and YTD.

ECH Operating Margin

Run rate is booked operating income adjusted for material non-recurring transactions



FY 2017 Actual Run Rate Adjustments (in thousands) - FAV / <UNFAV>

Revenue Adjustments	J	A	S	O	N	D	J	F	M	A	M	J	YTD
Insurance (Payment Variance)	335	-	61	145	36	-	-	-	544	-	-	-	1,120
Mcare Settlmt/Appeal/Tent Settlmt/PIP	100	(158)	74	67	67	100	67	947	27	-	-	-	1,291
BPCI Settlement	-	-	-	-	-	-	(2,167)	-	-	-	-	-	(2,167)
Medi-Cal Supplemental	-	-	-	-	-	312	814	240	-	-	-	-	1,366
IGT Supplemental	-	-	-	6,535	-	-	-	-	-	-	-	-	6,535
Various Adjustments under \$250k	(69)	40	164	25	12	9	131	157	12	-	-	-	480
Total	366	(118)	299	6,771	115	421	(1,155)	1,344	582	-	-	-	9,105
Expense Adjustments													
Pay-For-Performance Bonus	-	-	-	-	-	(2,400)	(403)	(401)	-	-	-	-	(3,204)
Ratification Bonus	-	-	-	(2,400)	-	-	-	-	-	-	-	-	(2,400)
Purchases Below Capital Threshold	-	-	-	-	(598)	-	-	-	-	-	-	-	(598)
WC Reserve Updates Based on Fav. Experience	-	-	-	-	-	700	-	-	1,824	-	-	-	2,524
Other Purchased Services	-	-	-	-	-	(500)	-	-	-	-	-	-	(500)
Total	-	-	-	(2,400)	(598)	(2,200)	(403)	(401)	1,824	-	-	-	7,402

*Represents various adjustments under \$250k

El Camino Hospital Investment Committee Scorecard

March 31, 2017

Key Performance Indicator	Status	1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)		FY17	Expectation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	Year-end Budget	Per Asset Allocation
Investment Performance		1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)			May 2016
Surplus cash balance & op. cash (millions)		\$854.8	--	--	--	--	--	\$657.2	--
Surplus cash return	Green	3.3%	3.1%	6.4%	6.4%	5.1%	5.1%	4.0%	5.2%
Cash balance plan balance (millions)		\$238.0	--	--	--	--	--	\$220.6	--
Cash balance plan return	Green	4.1%	3.6%	7.7%	7.6%	7.6%	7.0%	6.0%	5.8%
403(b) plan balance (millions)		\$394.4	--	--	--	--	--	--	--
Risk vs. Return		3-year				4y 5m Since Inception (annualized)			May 2016
Surplus cash Sharpe ratio	Green	0.82	0.90	--	--	1.19	1.17	--	0.55
Net of fee return	Green	3.8%	4.2%	--	--	5.1%	5.1%	--	5.2%
Standard deviation	Green	4.5%	4.6%	--	--	4.2%	4.2%	--	8.6%
Cash balance Sharpe ratio	Green	0.82	0.84	--	--	1.29	1.26	--	0.49
Net of fee return	Green	4.8%	4.8%	--	--	7.6%	7.0%	--	5.8%
Standard deviation	Green	5.8%	5.6%	--	--	5.7%	5.5%	--	10.7%
Asset Allocation		1Q 2017							
Surplus cash absolute variances to target	Green	7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target	Green	6.8%	< 10%	--	--	--	--	--	--
Manager Compliance		1Q 2017							
Surplus cash manager flags	Green	16	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags	Green	19	< 20 Green < 25 Yellow	--	--	--	--	--	--

El Camino Hospital

Capital Spending (in millions)

CIP	Category	Detail	Total Estimated Cost of Project	Total		FY 17 Proj Spend	FY 17 YTD Spent
				Authorized Active			
	EPIC Upgrade		6.1	6.1		6.1	2.0
	IT Hardware, Software, Equipment*		5.4	5.4		5.4	0.3
	Medical & Non Medical Equipment FY 17		9.7	9.7		9.7	1.1
	Imaging		0.5	0.5		0.5	
	Facility Projects						
		1245 BHS Replacement	91.5	91.5		24.8	6.8
		1413 North Dr Parking Structure Expansion	24.5	24.5		21.1	12.2
		1414 Integrated Medical Office Building	275.0	275.0		70.1	24.3
		1422 CUP Upgrades	9.0	9.0		5.0	1.0
		1430 Women Hosp Expansion	91.0	1.0		0.8	0.1
		1501 Womens Hosp NPC Closeout	0.6	0.6		0.6	0.2
		1425 IMOB Preparation Project - Old Main	3.0	3.0		3.0	1.8
		1502 Cabling and Wireless upgrades	2.8	2.8		2.8	0.3
		1525 New Main Lab Upgrades	3.1	3.1		2.6	0.3
		1515 ED Remodel Triage / Psych Observation	1.6	-		0.6	
		1415 Signage & Wayfinding	0.4	0.4		0.5	0.0
		1416 Digital Directories	0.1	0.1		0.1	0.0
		1503 Breast Imaging Tomography (Excludes \$	1.3	1.3		1.3	0.2
		1316 Willow Pavilion FA Sys and Equip Upgra	0.8	-		0.1	
		1423 MV MOB TI Allowance	0.8	0.8		0.8	0.4
		Facilities Planning Allowance	0.6	-		-	
		1523 MV Melchor Suite 309 TI's	0.5	0.5		0.5	0.1
		Furniture Systems Inventory (17)	0.2	0.2		0.5	
		Site Signage & Other Improvements	1.0	-		0.1	
		MV Equipment & Infrastructure Upgrade	0.6	-		-	
		IR Room #6 Development	2.6	-		0.2	
		1602 JW House (Patient Family Residence)	2.5	-		-	
		1219 LG Spine Room Expansion - OR 4	4.1	4.1		4.1	1.9
		1313 LG Rehab HVAC Upgrades	3.7	3.7		3.7	1.8
		1248 LG Imaging Phase II (CT & Gen Rad) & Ste	8.8	8.8		8.1	5.0
		1307 LG Upgrades - Major	19.3	17.3		14.1	1.9
		1327 LG Rehab Building Upgrades	0.7	0.1		0.2	
		1346 LG Surgical Lights OR's 5,6 & 7	0.5	0.5		0.5	
		1421 LG MOB Improvements	0.9	0.9		0.9	0.5
		1507 LG IR Upgrades	1.1	-		-	
		1508 LG NICU 4 Bed Expansion	-	0.5		0.2	0.2
		1600 LG 825 Pollard - Aspire Phase 2	0.5	0.5		0.5	0.3
		LG Building Infrastructure Improvement:	-	-		-	
		LG Facilities Planning	0.8	-		-	
		1603 LG MOB Improvements (17)	5.0	5.0		1.5	1.4
		Primary Care Clinic (TI's Only) FY 17 (828	3.4	-		1.4	
		Urgent Care Clinics (TI's Only)	2.4	-		-	
			564.7	455.2		170.7	60.6

GRAND TOTAL

586.4

477.0

192.4

64.0

2016 projected spend includes items to be presented for approval during the fiscal year

El Camino Hospital

Capital Spending – Facility Projects (in millions)

FACILITY	PROJ	CAPITAL PROJECT DESCRIPTION	TOTAL BUDGET FY17	FY17 PROJECTED SPEND	Variance from Budget
Mountain View Campus Master Plan Projects					
1 - Mountain View	1245	BHS Replacement	30,000,000	24,762,757	5,237,243
1 - Mountain View	1413	North Dr Parking Structure Expansion	20,500,000	21,145,944	(645,944)
1 - Mountain View	1414	Integrated Medical Office Building	101,500,000	70,087,267	31,412,733
1 - Mountain View	1422	CUP Upgrades	5,000,000	4,967,592	32,408
1 - Mountain View	1430	Women Hosp Expansion	5,500,000	800,000	4,700,000
Sub-total Mountain View Campus Master Plan			162,500,000	121,763,560	40,736,440
Mountain View Capital Projects					
1 - Mountain View	1501	Womens Hosp NPC Closeout	327,000	609,234	(282,234)
1 - Mountain View	1425	IMOB Preparation Project - Old Main	1,000,000	3,000,000	(2,000,000)
1 - Mountain View	1502	Cabling and Wireless upgrades	400,000	2,800,000	(2,400,000)
1 - Mountain View	1525	New Main Lab Upgrades	1,200,000	2,640,000	(1,440,000)
1 - Mountain View	1515	ED Remodel Triage / Psych Observation	1,400,000	600,000	800,000
1 - Mountain View	1415	Signage & Wayfinding	300,000	541,500	(241,500)
1 - Mountain View	1416	Digital Directories		125,000	(125,000)
1 - Mountain View	1503	Breast Imaging Tomography (Excludes \$1M Equip)	300,000	1,300,000	(1,000,000)
1 - Mountain View	1316	Willow Pavilion FA Sys and Equip Upgrades	800,000	100,000	700,000
1 - Mountain View	1423	MV MOB TI Allowance		784,000	(784,000)
1 - Mountain View		Facilities Planning Allowance	300,000	-	300,000
1 - Mountain View	1523	MV Melchor Suite 309 TI's		464,000	(464,000)
1 - Mountain View		Furniture Systems Inventory (17)	250,000	496,000	(246,000)
1 - Mountain View		Site Signage & Other Improvements	200,000	100,000	100,000
1 - Mountain View		MV Equipment & Infrastructure Upgrades (17)	300,000	-	300,000
1 - Mountain View		IR Room #6 Development	500,000	200,000	300,000
1 - Mountain View	1602	JW House (Patient Family Residence)	500,000	-	500,000
Sub-total Mountain View Capital Projects			7,777,000	13,759,734	(5,982,734)
Los Gatos Capital Projects					
11 - Los Gatos	1219	LG Spine Room Expansion - OR 4	3,100,000	4,100,000	(1,000,000)
11 - Los Gatos	1313	LG Rehab HVAC Upgrades	400,000	3,675,000	(3,275,000)
11 - Los Gatos	1248	LG Imaging Phase II (CT & Gen Rad) & Sterile Processing	7,250,000	8,100,000	(850,000)
11 - Los Gatos	1307	LG Upgrades - Major	7,300,000	14,100,000	(6,800,000)
11 - Los Gatos	1327	LG Rehab Building Upgrades	500,000	193,000	307,000
11 - Los Gatos	1346	LG Surgical Lights OR's 5,6 & 7		500,000	(500,000)
11 - Los Gatos	1421	LG MOB Improvements	150,000	900,000	(750,000)
11 - Los Gatos	1507	LG IR Upgrades	800,000	-	800,000
11 - Los Gatos	1508	LG NICU 4 Bed Expansion	5,000,000	247,000	4,753,000
11 - Los Gatos	1600	LG 825 Pollard - Aspire Phase 2		525,000	(525,000)
11 - Los Gatos		LG Building Infrastructure Improvements	1,200,000	-	1,200,000
11 - Los Gatos		LG Facilities Planning	500,000	-	500,000
11 - Los Gatos	1603	LG MOB Improvements (17)	4,000,000	1,500,000	2,500,000
Sub-total Los Gatos Capital Projects			30,200,000	33,840,000	(3,640,000)
Other Strategic Capital Facility Projects					
Other Cap Fac Proj		Primary Care Clinic (TI's Only) FY 17 (828 Winchester)	1,600,000	1,400,000	200,000
Other Cap Fac Proj		Urgent Care Clinics (TI's Only)	2,400,000	-	2,400,000
Sub-total Other Strategic Projects			4,000,000	1,400,000	2,600,000
GRAND TOTAL FACILITIES PROJECTS			204,477,000	170,763,294	33,713,706

Denotes project has been cancelled or replaced

Balance Sheet (in thousands)

ASSETS

	Audited	
	March 31, 2017	June 30, 2016
CURRENT ASSETS		
(1) Cash	81,186	59,169
Short Term Investments	135,030	105,284
(2) Patient Accounts Receivable, net	109,167	120,960
Other Accounts and Notes Receivable	2,788	4,369
(3) Intercompany Receivables	1,529	2,200
(4) Inventories and Prepays	43,115	39,678
Total Current Assets	372,815	331,660
BOARD DESIGNATED ASSETS		
Plant & Equipment Fund	123,541	119,650
(5) Women's Hospital Expansion	9,298	-
Operational Reserve Fund	100,196	100,196
Community Benefit Fund	12,197	13,037
Workers Compensation Reserve Fund	21,434	22,309
Postretirement Health/Life Reserve Fund	19,474	18,256
PTO Liability Fund	23,030	22,984
Malpractice Reserve Fund	1,800	1,800
Catastrophic Reserves Fund	16,162	14,125
Total Board Designated Assets	327,133	312,358
(6) FUNDS HELD BY TRUSTEE	302,411	30,841
LONG TERM INVESTMENTS	247,441	207,597
INVESTMENTS IN AFFILIATES	32,583	31,627
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,182,916	1,171,372
Less: Accumulated Depreciation	(520,148)	(485,856)
Construction in Progress	98,262	46,009
Property, Plant & Equipment - Net	761,031	731,525
DEFERRED OUTFLOWS	29,364	29,814
RESTRICTED ASSETS - CASH	0	-
TOTAL ASSETS	2,072,778	1,675,422

LIABILITIES AND FUND BALANCE

	Audited	
	March 31, 2017	June 30, 2016
CURRENT LIABILITIES		
(7) Accounts Payable	20,214	28,519
(8) Salaries and Related Liabilities	10,934	22,992
Accrued PTO	23,030	22,984
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,455	11,314
Intercompany Payables	175	105
Malpractice Reserves	1,936	1,936
Bonds Payable - Current	3,735	3,635
Bond Interest Payable	2,024	5,459
Other Liabilities	7,391	10,478
Total Current Liabilities	80,302	106,830
LONG TERM LIABILITIES		
Post Retirement Benefits	19,474	18,256
Worker's Comp Reserve	19,134	20,009
Other L/T Obligation (Asbestos)	3,719	3,637
Other L/T Liabilities (IT/Medl Leases)	-	-
(9) Bond Payable	531,929	225,857
Total Long Term Liabilities	574,256	267,759
DEFERRED REVENUE-UNRESTRICTED	575,687	
DEFERRED INFLOW OF RESOURCES	2,892	2,892
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,087,619	985,583
Board Designated	327,133	312,358
Restricted	0	-
(10) Total Fund Bal & Capital Accts	1,414,752	1,297,941
TOTAL LIABILITIES AND FUND BALANCE	2,072,778	1,675,422

El Camino Hospital Comparative Balance Sheet Variances and Footnotes ⁽¹⁾

- (1) The increase in cash is due allowing for immediate cash to be available for the recent significant construction projects that have started in MV campus.
- (2) The decrease is primarily due to the significant cash payments the Patient Accounts team has brought in during the nine months, two months were in excess of \$70M where the projected budgeted was approximately \$63M per month.
- (3) The decrease is just a timing issue of intercompany payments from one quarter to another. Normally at a fiscal year end, they are higher due to the books being held open for a longer period of time in preparation for audit.
- (4) The increase is principally due to two quarterly pension contributions of \$2.6M each since July 1, 2016.
- (5) A new item, the District allocated its FY 2014 and FY 2015 Capital Appropriation Funds in support of future renovations to the Women's Hospital when the IMOB is completed and those floors become for patient care.
- (6) This month reflects the 2017 Revenue Bonds that were issued in March. The total amount now reflects this new issue of \$292M, the bond premium on it of \$21M, less our initial refund out of these proceeds of \$31M for prior construction costs on the 4 major MV projects. Also there still exists \$23M in the LG Project Fund from the 2015A proceeds.
- (7) The decrease is due significant General Contractor payments being accrued at year end, that were subsequently relieved during the first quarter of fiscal year 2017.
- (8) The decrease over June 2016, is that at the end of June we had yet to payout the end of June's payroll (occurred the beginning of July, where here in March the last payroll had been paid out, thus no needed accrued payroll that approximates \$12M.
- (9) The increase is due to the new 2017 debt added as of March 2017, along with the associated bond premium that will be amortized over the life of the new debt.
- (10) The increase is to this year's financial performance (\$75M from Operations and \$40M in Non-Operations income - primarily driven by significant incomes from unrealized investment gains).

⁽¹⁾ Hospital entity only, excludes controlled affiliates

APPENDIX

El Camino Hospital – Mountain View (\$000s)

9 months ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
202,098	232,871	205,776	27,095	13.2%	Gross Revenue	1,677,210	1,839,138	1,771,056	68,082	3.8%
(147,149)	(172,563)	(150,594)	(21,968)	14.6%	Deductions	(1,214,877)	(1,337,120)	(1,296,082)	(41,038)	3.2%
54,949	60,309	55,182	5,127	9.3%	Net Patient Revenue	462,333	502,018	474,974	27,044	5.7%
2,215	1,407	1,873	(466)	-24.9%	Other Operating Revenue	16,676	17,311	16,854	458	2.7%
57,164	61,716	57,055	4,661	8.2%	Total Operating Revenue	479,009	519,330	491,828	27,502	5.6%
OPERATING EXPENSE										
28,700	31,187	32,482	1,295	4.0%	Salaries & Wages	268,330	277,388	286,377	8,990	3.1%
9,341	9,167	8,497	(670)	-7.9%	Supplies	71,003	70,273	72,390	2,116	2.9%
8,163	8,979	6,745	(2,234)	-33.1%	Fees & Purchased Services	62,927	60,278	59,358	(921)	-1.6%
822	651	792	141	17.8%	Other Operating Expense	14,554	6,241	6,096	(145)	-2.4%
602	265	448	183	40.9%	Interest	4,348	3,688	4,034	346	8.6%
3,700	3,454	3,931	477	12.1%	Depreciation	31,357	31,520	34,163	2,643	7.7%
51,327	53,703	52,896	(807)	-1.5%	Total Operating Expense	452,518	449,388	462,417	13,029	2.8%
5,837	8,012	4,159	3,853	92.6%	Net Operating Income/(Loss)	26,491	69,942	29,411	40,531	137.8%
15,652	10,223	729	9,494	1302.4%	Non Operating Income	(21,405)	39,406	6,560	32,845	500.7%
21,489	18,235	4,888	13,347	273.1%	Net Income(Loss)	5,086	109,348	35,971	73,377	204.0%
17.7%	19.0%	15.0%	4.0%		EBITDA	13.0%	20.2%	13.7%	6.5%	
10.2%	13.0%	7.3%	5.7%		Operating Margin	5.5%	13.5%	6.0%	7.5%	
37.6%	29.5%	8.6%	21.0%		Net Margin	1.1%	21.1%	7.3%	13.7%	

El Camino Hospital – Los Gatos(\$000s)

9 months ending 3/31/2017

PERIOD 9 FY 2016	PERIOD 9 FY 2017	PERIOD 9 Budget 2017	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2016	YTD FY 2017	YTD Budget 2017	Variance Fav (Unfav)	Var%
OPERATING REVENUE										
41,430	56,181	46,890	9,291	19.8%	Gross Revenue	372,244	407,364	403,009	4,355	1.1%
(29,059)	(42,903)	(33,941)	(8,961)	26.4%	Deductions	(267,651)	(299,269)	(291,719)	(7,550)	2.6%
12,371	13,278	12,948	330	2.5%	Net Patient Revenue	104,593	108,095	111,290	(3,195)	-2.9%
183	175	215	(40)	-18.6%	Other Operating Revenue	1,795	1,501	1,932	(431)	-22.3%
12,554	13,453	13,163	290	2.2%	Total Operating Revenue	106,388	109,596	113,222	(3,626)	-3.2%
OPERATING EXPENSE										
6,081	6,769	6,429	(340)	-5.3%	Salaries & Wages	54,273	56,670	57,537	867	1.5%
2,030	2,484	1,890	(594)	-31.4%	Supplies	16,123	16,511	16,070	(440)	-2.7%
1,688	1,416	1,274	(142)	-11.1%	Fees & Purchased Services	12,339	12,261	11,222	(1,039)	-9.3%
1,562	1,605	1,560	(45)	-2.9%	Other Operating Expense	14,222	14,512	14,421	(91)	-0.6%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
522	487	678	191	28.1%	Depreciation	4,526	4,652	5,166	514	9.9%
11,883	12,762	11,832	(930)	-7.9%	Total Operating Expense	101,483	104,606	104,416	(190)	-0.2%
671	692	1,332	(640)	-48.1%	Net Operating Income/(Loss)	4,905	4,991	8,806	(3,815)	-43.3%
0	0	0	0	0.0%	Non Operating Income	(26)	(10)	0	(10)	0.0%
671	692	1,332	(640)	-48.1%	Net Income(Loss)	4,879	4,980	8,806	(3,826)	-43.4%
8.9%	8.8%	15.3%	3.7%		EBITDA	8.9% ▲	8.8% ▲	12.0%	-3.2%	
5.3%	5.1%	10.1%	-5.0%		Operating Margin	4.6%	4.6%	7.8%	-3.2%	
5.3%	5.1%	10.1%	-5.0%		Net Margin	4.6%	4.5%	7.8%	-3.2%	

FY 2018 Capital Spending Trend

Capital Spending (in 000's)	Actual FY2013	Actual FY2014	Actual FY2015	Actual FY2016	Budget FY2017	Projected FY2017	Budget FY2018
IT Hardware / Software Equipment	\$ 8,019	\$ 2,788	\$ 4,660	\$ 6,483	\$ 5,391	\$ 5,391	\$ 9,435
Medical / Non Medical Equipment	\$ 10,284	\$ 12,891	\$ 13,340	\$ 11,846	\$ 9,714	\$ 9,714	\$ 5,635
Non CIP Land, Land I , BLDG, Additions		\$ 22,292	\$ -	\$ 30,274	\$ 540	\$ 540	\$ 2,803
Facilities	\$ 9,294	\$ 13,753	\$ 38,940	\$ 48,136	\$ 204,477	\$ 170,763	\$ 98,160
GRAND TOTAL	\$ 27,597	\$ 51,724	\$ 56,940	\$ 96,739	\$ 220,122	\$ 186,408	\$ 116,033

El Camino Hospital Capital Spending (in thousands) FY 2012 – FY 2016

Category	2012	2013	2014	2015	2016
IT Hardware/Software Equipment	7,289	8,019	2,788	4,660	6,483
Medical/Non Medical Equipment	11,203	10,284	12,891	13,340	11,846
Non CIP Land, Land I, BLDG, Additions	7,311	0	22,292	0	30,274
Facilities Projects CIP					
0101 - Hosp Replace	313	0	0	0	0
0317 - Melchor TI's	117	0	0	0	0
0701 - Cyberknife	0	0	0	0	0
0704 - 1 South Upgrade	2	0	0	0	0
0802 - Willow Pavillion Upgrades	0	0	0	0	0
0805 - Women's Hospital Finishes	0	0	0	0	0
0809 - Hosp Renovations	0	0	0	0	0
0815 - Orc Pav Water Heater	0	0	0	0	0
0816 - Hospital Signage	0	0	0	0	0
0904 - LG Facilities Upgrade	41	2	0	0	0
0907 - LG Imaging Masterplan	162	244	774	1,402	17
1000 - LG Rehab Building	0	0	0	0	0
1104 - New Main CDU TV's	0	0	0	0	0
9900 - Unassigned Costs	279	734	470	3,717	0
0803 - Park Pav Foundation	270	0	0	0	0
1005 - LG OR Light Upgrd	108	14	0	0	0
1101 - Melchor Pavilion - Genomics	0	0	0	0	0
1102 - LG Joint Hotel	657	0	0	0	0
1106 - SHC Project	2,245	0	0	0	0
1108 - Cooling Towers	932	450	0	0	0
1115 - Womens Hosp TI's	50	0	0	0	0
1118 - Park Pav Roto Care	119	0	0	0	0
1120 - BHS Out Patient TI's	472	66	0	0	0
1122 - LG Sleep Studies	147	7	0	0	0
1129 - Old Main Card Rehab	400	9	0	0	0
0817 - Womens Hosp Upgrds	1,242	645	1	0	0
0906 - Slot Build-Out	0	1,003	1,576	15,101	1,251
1107 - Boiler Replacement	49	0	0	0	0
1109 - New Main Upgrades	589	423	393	2	0
1111 - Mom/Baby Overflow	267	212	29	0	0
1129 - Cardic Rehab Improv	0	0	0	0	0
1132 - Pneumatic Tube Prj	78	0	0	0	0
1204 - Elevator Upgrades	24	25	30	0	0
1210 - Los Gatos VOIP	1	147	89	0	0
0800 - Womens L&D Expansion	129	2,104	1,531	269	0
1116 - LG Ortho Pavillion	44	177	24	21	0
1124 - LG Rehab BLDG	11	49	458	0	0
1128 - LG Boiler Replacement	3	0	0	0	0
1131 - MV Equipment Replace	190	216	0	0	0
1135 - Park Pavilion HVAC	47	0	0	0	0
1208 - Willow Pav. High Risk	0	110	0	0	0
1213 - LG Sterilizers	0	102	0	0	0
1225 - Rehab BLDG Roofing	0	7	241	4	0
1227 - New Main eICU	0	96	21	0	0
1230 - Fog Shop	0	339	80	0	0
1247 - LG Infant Security	0	134	0	0	0
1307 - LG Upgrades	0	376	2,979	3,282	3,511
1308 - LG Infrastructure	0	0	114	0	0
1313 - LG Rehab HVAC System/Structural	0	0	0	0	1,597
1315 - 205 So. Drive TI's	0	0	500	2	0
0908 - NPCR3 Seismic Upgrds	554	1,302	1,224	1,328	240

Category	2012	2013	2014	2015	2016
Facilities Projects CIP cont.					
1125 - Will Pav Fire Sprinkler	9	57	39	0	0
1211 - SIS Monitor Install	0	215	0	0	0
1216 - New Main Process Imp Office	0	19	1	16	0
1217 - MV Campus MEP Upgrades FY13	0	0	181	274	28
1219 - LG Spine OR	0	0	214	323	633
1221 - LG Kitchen Refrig	0	0	85	0	0
1224 - Rehab Bldg HVAC Upgrades	0	11	202	81	14
1245 - Behavioral Health Bldg Replace	0	0	1,257	3,775	1,389
1248 - LG - CT Upgrades	0	0	26	345	197
1249 - LG Mobile Imaging	0	0	146	0	0
1301 - Desktop Virtual	0	0	13	0	0
1304 - Rehab Wander Mgmt	0	0	87	0	0
1310 - Melchor Cancer Center Expansion	0	0	44	13	0
1318 - Women's Hospital TI	0	0	48	48	29
1327 - Rehab Building Upgrades	0	0	0	15	20
1320 - 2500 Hosp Dr Roofing	0	0	75	81	0
1328 - LG Ortho Canopy FY14	0	0	255	209	0
1340 - New Main ED Exam Room TVs	0	0	8	193	0
1341 - New Main Admin	0	0	32	103	0
1344 - New Main AV Upgrd	0	0	243	0	0
1345 - LG Lab HVAC	0	0	112	0	0
1346 - LG OR 5, 6, and 7 Lights Replace	0	0	0	285	53
1347 - LG Central Sterile Upgrades	0	0	0	181	43
1400 - Oak Pav Cancer Center	0	0	0	5,208	666
1403 - Hosp Drive BLDG 11 TI's	0	0	86	103	0
1404 - Park Pav HVAC	0	0	64	7	0
1405 - 1-South Accessibility Upgrades	0	0	0	0	168
1408 - New Main Accessibility Upgrades	0	0	0	7	46
1413 - North Drive Parking Structure Exp	0	0	0	167	1,266
1414 - Integrated MOB	0	0	0	2,009	8,875
1415 - Signage & Wayfinding	0	0	0	0	106
1416 - MV Campus Digital Directories	0	0	0	0	34
1421 - LG MOB Improvements	0	0	0	198	65
1422 - CUP Upgrade	0	0	0	0	896
1423 - MV MOB TI Allowance	0	0	0	0	588
1425 - IMOB Preparation Project - Old Mai	0	0	0	0	711
1429 - 2500 Hospital Dr Bldg 8 TI	0	0	0	101	0
1432 - 205 South Dr BHS TI	0	0	0	8	15
1501 - Women's Hospital NPC Comp	0	0	0	4	0
1502 - Cabling & Wireless Upgrades	0	0	0	0	1,261
1503 - Williwow Pavilion Tomosynthesis	0	0	0	0	53
1504 - Equipment Support Infrastructure	0	0	0	61	311
1523 - Melchor Pavilion Suite 309 TI	0	0	0	0	10
1526 - CONCERN TI	0	0	0	0	37
1550 - Land Acquisition	0	0	0	0	24,007
Subtotal Facilities Projects CIP	9,553	9,294	13,753	38,940	48,136
Grand Total	35,357	27,598	51,723	56,940	96,739
Forecast at Beginning of year	47,138	70,503	70,037	65,420	114,025

Executive Summary



El Camino Hospital

1st Quarter 2017

Pavilion Advisory Group Inc.
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PAVILION

Table of Contents

1	Portfolio Review	1
2	Performance Summary	13
3	Asset Class Diversification	26
4	Direct Hedge Fund Portfolio	42
5	Appendix	52



Portfolio Review

Investment Committee Scorecard

As of March 31, 2017

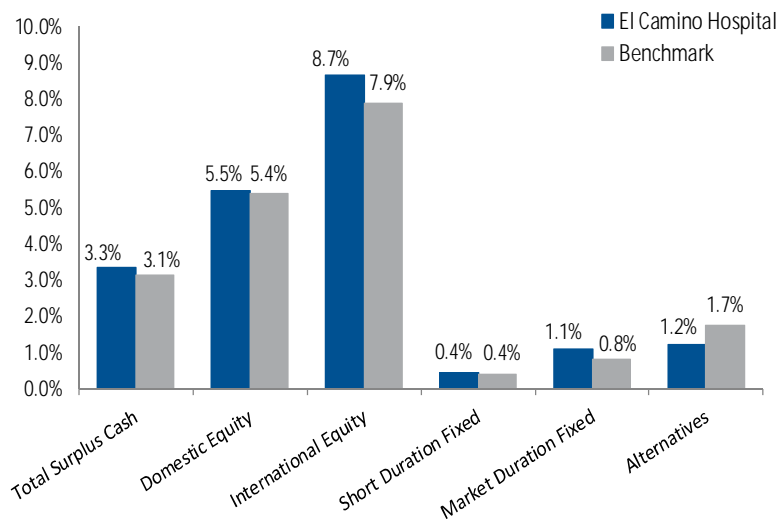
Key Performance Indicator	Status	1Q 2017		Fiscal Year-to-date		4y 5m Since Inception (annualized)		FY17 Year-end Budget	Expectation Per Asset Allocation
		El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark		
Investment Performance									
Surplus cash balance & op. cash (millions)		\$855.0	--	--	--	--	--	\$657.2	--
Surplus cash return		3.3%	3.1%	6.4%	6.4%	5.1%	5.1%	4.0%	5.2%
Cash balance plan balance (millions)		\$238.1	--	--	--	--	--	\$220.6	--
Cash balance plan return		4.2%	3.6%	7.7%	7.6%	7.6%	7.1%	6.0%	5.8%
403(b) plan balance (millions)		\$394.4	--	--	--	--	--	--	--
Risk vs. Return									
Surplus cash Sharpe ratio		0.82	0.90	--	--	1.19	1.17	--	0.55
Net of fee return		3.8%	4.2%	--	--	5.1%	5.1%	--	5.2%
Standard deviation		4.5%	4.6%	--	--	4.2%	4.2%	--	8.6%
Cash balance Sharpe ratio		0.83	0.85	--	--	1.30	1.26	--	0.49
Net of fee return		4.8%	4.8%	--	--	7.6%	7.1%	--	5.8%
Standard deviation		5.8%	5.6%	--	--	5.7%	5.5%	--	10.7%
Asset Allocation									
Surplus cash absolute variances to target		7.2%	< 10%	--	--	--	--	--	--
Cash balance absolute variances to target		6.8%	< 10%	--	--	--	--	--	--
Manager Compliance									
Surplus cash manager flags		16	< 19 Green < 23 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		19	< 20 Green < 25 Yellow	--	--	--	--	--	--

Surplus Cash Executive Summary

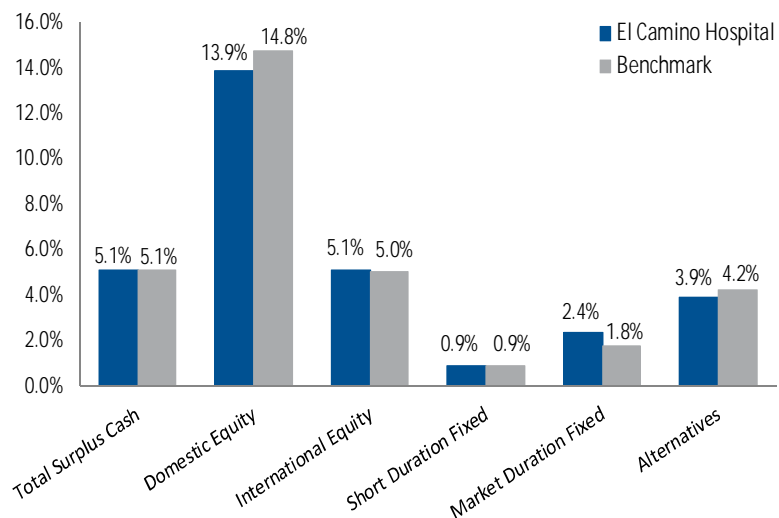
Dashboard

As of March 31, 2017

Performance: Most Recent Quarter



Performance: Since Inception¹



¹ Reflects the date Pavilion's recommended portfolio was implemented (November 1, 2012).

Asset Allocation

Manager	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Variance to Target	Target Range	Within Policy Range
Domestic Equity	\$201.6	26.9%	25.0%	+ 1.9%	20-30%	Yes
International Equity	\$117.6	15.7%	15.0%	+ 0.7%	10-20%	Yes
Short-Duration Fixed	\$ 82.0	10.9%	10.0%	+ 0.9%	8-12%	Yes
Market-Duration Fixed	\$225.7	30.1%	30.0%	+ 0.1%	25-35%	Yes
Alternatives	\$122.9	16.4%	20.0%	- 3.6%	17-23%	No
Total (X District)	\$749.9	100.0%				

Portfolio Updates

Manager News/Issues

- The Surplus Cash Portfolio returned +3.3% for the quarter, outperforming its benchmark by 20 basis points (bps). Over the trailing one year period, the Portfolio returned +8.3%, outpacing the benchmark by approximately 30 bps.
- Outperformance during the quarter was driven by favorable manager results as the domestic equity, international equity, and fixed income composites outperformed their respective benchmarks.
- Notable outperformers included Large Cap Growth Manager Sands (+13.8%), which outperformed the Russell 1000 Growth Index by 490 bps, rebounding from a difficult fourth quarter, and International Equity manager Northern Cross (+8.7%), which outpaced the MSCI AC World ex US by 80 bps.
- The Direct Hedge Fund portfolio returned +1.3%, trailing the HFRI Fund of Funds Composite Index by 100 bps.

Funding News/Issues

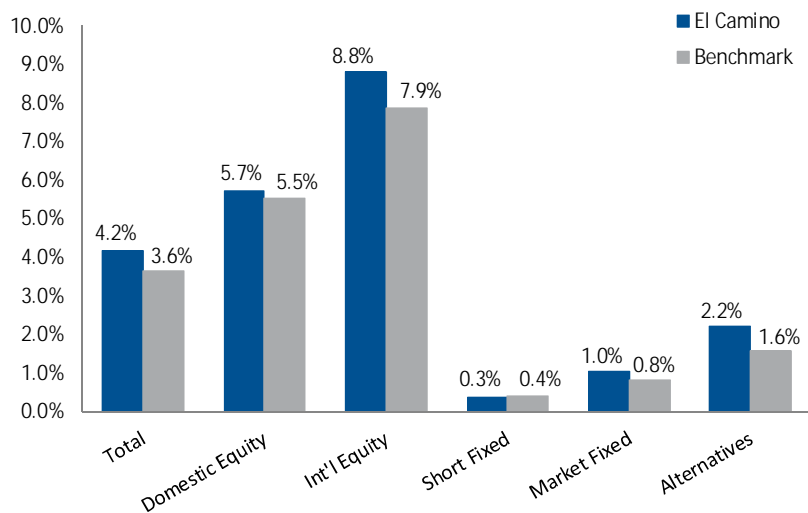
- In January, \$2.6 million was redeemed from Pine River.
- In January, a \$1.2 million contribution was made to the MetWest Total Return Fund.
- In February, Walton Street Real Estate Fund VII made a distribution payment of \$219,056.
- In March, \$30.5 million was added into the portfolio from operating cash. The proceeds, along with \$2.7 million of hedge fund cash, were invested in the Harding Loevner Emerging Markets Fund (\$9.5 million), Barrow Hanley Short-Term Fixed account (\$3.0 million), Dodge & Cox account (\$12.0 million), MetWest account (\$6.0 million), and York Credit Opportunities Fund (\$2.7 million).
- In March, Oaktree Real Estate Opportunities Fund VI made a distribution payment of \$280,000.
- Walton Street Real Estate Fund VIII is expected to begin calling capital in late April of ~25% (\$3.25mm).
- Redemption requests have been initiated for the following hedge funds: Fir Tree, Luxor, ESG, Passport 1x/2x, Pine River, and Brevan Howard.

Cash Balance Plan Executive Summary

Dashboard

As of March 31, 2017

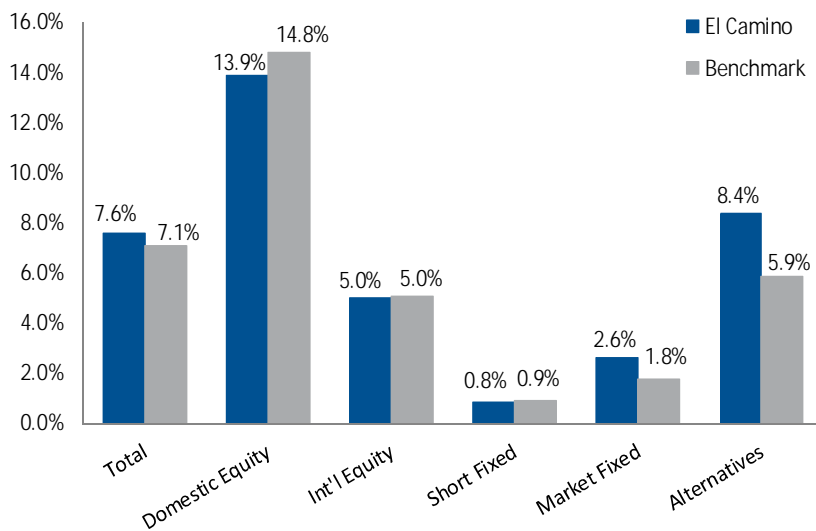
Performance: Most Recent Quarter



Asset Allocation

Manager	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Variance to Target	Target Range	Within Policy Range
Domestic Equity	\$ 84.1	35.3%	32.0%	+ 3.3%	27-37%	Yes
International Equity	\$ 43.1	18.1%	18.0%	+ 0.1%	15-21%	Yes
Short-Duration Fixed	\$ 10.2	4.3%	5.0%	- 0.7%	0-8%	Yes
Market-Duration Fixed	\$ 57.1	24.0%	25.0%	- 1.0%	20-30%	Yes
Alternatives	\$ 43.7	18.3%	20.0%	- 1.7%	17-23%	Yes
Total	\$238.1	100.0%				

Performance: Since Inception¹



Portfolio Updates

Manager News/Issues

- The Cash Balance Plan returned +4.2% for the quarter, outperforming its benchmark by 60 basis points (bps). Over the trailing one year period, the Plan returned +9.6%, outpacing the benchmark by approximately 30 bps.
- Outperformance during the quarter was driven by favorable manager results as all four composites outperformed their respective benchmarks. Notable outperformers included Large Cap Growth Manager Sands (+13.8%), which outperformed the Russell 1000 Growth Index by 490 bps, rebounding from a difficult fourth quarter and Hedge Fund of Fund Pointer (+4.7%), which bested the HFRI Fund of Funds Composite Index by 240 bps.
- The International Equity composite outperformed the MSCI AC World ex US by 90 bps.

Funding News/Issues

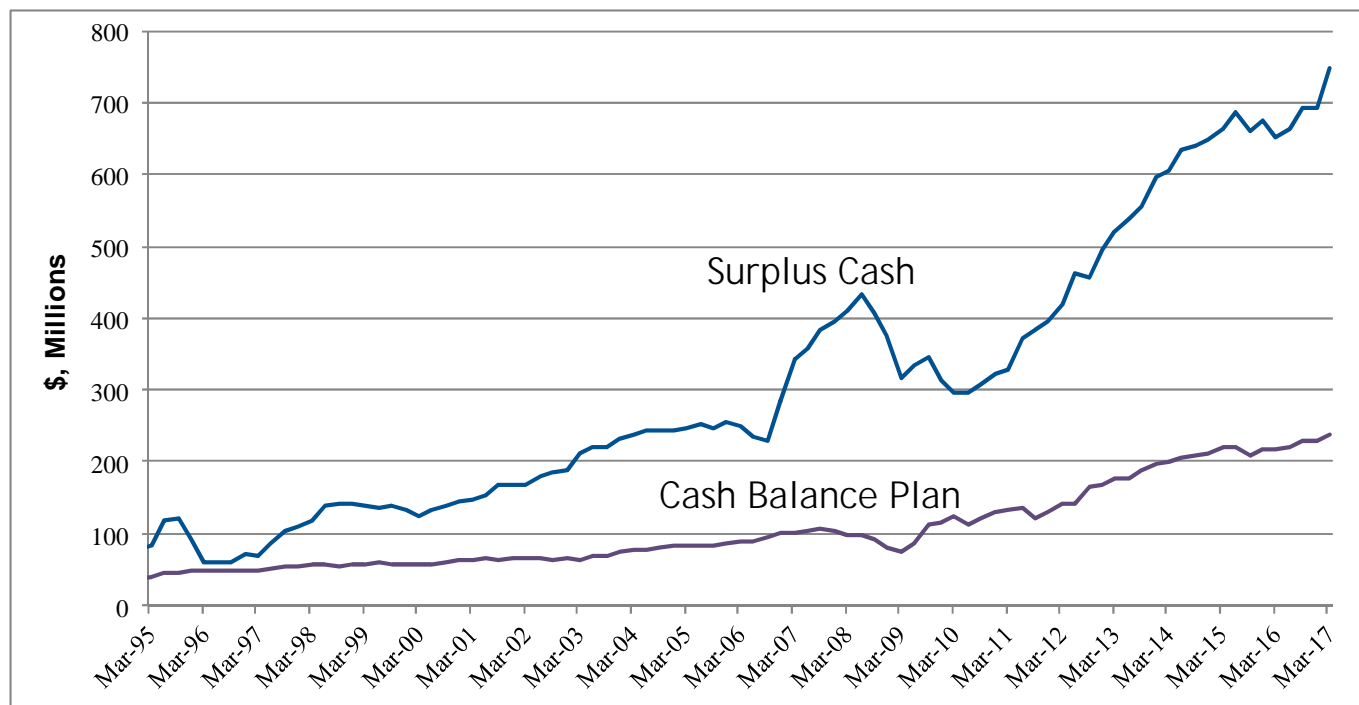
- In January a \$2.6 million employer contribution was made. The proceeds were invested in the Barrow Hanley Short-Term Fixed account.
- In February, Walton Street Real Estate Fund VII made a distribution payment of \$131,433.
- In March, Oaktree Real Estate Opportunities Fund VI made a distribution payment of \$168,000.
- Walton Street Real Estate Fund VIII is expected to begin calling capital in late April of ~25% (\$2.5mm).

¹ Reflects the date Pavilion's recommended portfolio was implemented (November 1, 2012).

Market Value Reconciliation

As of March 31, 2017

\$ in Millions	Surplus Cash					Cash Balance Plan				
	2013	2014	2015	2016	1st Quarter 2017	2013	2014	2015	2016	1st Quarter 2017
Beginning Market Value	\$493.8	\$596.3	\$651.6	\$677.5	\$694.7	\$168.8	\$198.3	\$213.7	\$216.8	\$228.1
Net Cash Flow	\$55.3	\$27.4	\$27.0	(\$17.5)	\$31.7	\$2.4	\$3.8	\$0.6	\$0.4	\$0.4
Income	n/a	\$12.3	\$12.6	\$12.4	\$3.0	n/a	\$3.4	\$3.3	\$3.4	\$0.8
Realized Gain/(Loss)	n/a	\$10.4	\$4.4	\$7.1	(\$0.3)	n/a	\$4.7	\$2.0	\$4.5	(\$0.0)
Unrealized Gain/(Loss)	n/a	\$5.3	(\$18.0)	\$15.1	\$20.8	n/a	\$3.4	(\$2.7)	\$3.0	\$8.9
Capital App/(Dep)	\$47.2	\$27.9	(\$1.0)	\$34.6	\$23.5	\$27.2	\$11.5	\$2.5	\$10.9	\$9.6
End of Period Market Value	\$596.3	\$651.6	\$677.5	\$694.7	\$749.9	\$198.3	\$213.7	\$216.8	\$228.1	\$238.1
Return Net of Fees	8.8%	4.4%	-0.2%	5.2%	3.3%	15.8%	5.6%	1.1%	4.9%	4.2%



¹ Beginning 8/1/2012, Surplus Cash market values represent the Surplus Cash portfolio excluding District assets, with \$13.9 million of District assets shown as a cash outflow in the third quarter of 2012.

Executive Summary

Manager Compliance Checklist

As of March 31, 2017

Managers	Vanguard S&P 500 Index	Sands Large Cap Growth (Touchstone)	Barrow Hanley LCV	Barrow Hanley LCV	Wellington Small Cap Value	Conestoga Small Cap	Walter Scott Int'l (Dreyfus)	Northern Cross (Harbor Int'l)	Harding Loevner
Asset Pool	Both	Both	Surplus Cash	Pension	Both	Both	Both	Both	Both
Organizational/Product Issues									
No changes to investment team	+	-	+	+	+	+	+	+	+
No organizational changes	+	+	+	+	+	+	+	+	+
No accounting or regulatory concerns	+	+	+	+	+	+	+	+	+
Currently in adherence to guidelines	+	+	+	+	+	+	+	+	+
Characteristics meet stylistic expectations	+	+	+	+	+	+	+	+	+
Relative Performance ^{1,2}									
Three-year return > benchmark	In-Line	-740 bps	-120 bps	-100 bps	+	+	+	-170 bps	+
Three-year ranking > peer group median	+	100	+	+	+	+	+	80	+
Five year return > benchmark	In-Line	-360 bps	-60 bps	-40 bps	+	+	+	-60 bps	+
Five year ranking > peer group median	+	89	+	+	+	+	54	66	+
Performance Status	+	-	+	+	+	+	+	-	+
Date performance status changed		2Q16						4Q16	
Summary Status	+	+	+	+	+	+	+	+	+
Date summary status changed									

¹ Manager performance is evaluated net of investment management fees.

² For each manager that underperformed its benchmark and/or peer group, the magnitude of underperformance and/or peer group ranking is shown.

Executive Summary

Manager Compliance Checklist

As of March 31, 2017

Managers	Barrow Hanley Short Fixed	Barrow Hanley Short Fixed	Dodge & Cox Fixed	Dodge & Cox Fixed	MetWest Fixed	MetWest Fixed	Lighthouse	Pointer
Asset Pool	Surplus Cash	Pension	Surplus Cash	Pension	Surplus Cash	Pension	Pension	Pension
Organizational/Product Issues								
No changes to investment team	-	-	+	+	+	+	+	+
No organizational changes	+	+	+	+	+	+	+	+
No accounting or regulatory concerns	+	+	+	+	+	+	+	+
Currently in adherence to guidelines	+	+	+	+	+	+	+	+
Characteristics meet stylistic expectations	+	+	+	+	+	+	+	+
Relative Performance ^{1,2}								
Three-year return > benchmark	+	-20 bps	+	+	-10 bps	-10 bps	+	+
Three-year ranking > peer group median	+	55	+	+	55	57	N/A	N/A
Five year return > benchmark	In-Line	-10 bps	+	+	+	+	+	+
Five year ranking > peer group median	65	70	+	+	+	+	N/A	N/A
Performance Status	+	+	+	+	+	+	+	+
Date performance status changed								
Summary Status	+	+	+	+	+	+	+	+
Date summary status changed								

¹ Manager performance is evaluated net of investment management fees.

² For each manager that underperformed its benchmark and/or peer group, the magnitude of underperformance and/or peer group ranking is shown.

Executive Summary

Manager Compliance Checklist

As of March 31, 2017

Manager	Compliance Issue	Explanation	Recommended Action	Comments
Sands Large Cap Growth (Touchstone)	Investment Team Changes/ Performance	<p>Tom Ricketts, one of the three portfolio managers and member of the Executive Management Team, left the firm on June 30, 2016. Wes Johnston, who was an associate PM for the last 3 years was promoted to Co-PM to replace Mr. Ricketts.</p> <p>In addition, Sands trailed the Russell 1000 Growth Index over the trailing three- and five-year terms while ranking in the bottom quartile of the large-cap growth peer group universe.</p> <p>Sands rebounded from a difficult fourth quarter returning +13.9%, outpacing the Russell 1000 Growth Index by 490 bps as stock selection in information technology enhanced returns.</p>	Hold	<p>All departures at the portfolio management level on any investment team are significant, however, Sands has maintained a proven investment philosophy and stable investment team up until this point.</p> <p>The concentrated nature of the strategy causes it to outperform or underperform significantly from time to time. 2016 was a particularly difficult year for Sands, returning -8.6% versus a +7.1% return for the Russell 1000 Growth Index. Sands was hampered by poor stock selection and overweight allocation to the health care sector, the worst performing sector in the index during 2016. Additionally, unfavorable stock selection in the information technology sector, which comprises approximately 50% of the portfolio at any given time, hampered results.</p> <p>Pavilion recommends no action at this time and will monitor this situation closely moving forward.</p>
Northern Cross (Harbor)	Performance	Harbor has trailed the MSCI ACWI ex US Index and the international equity peer group median over the trailing 3- and 5-year time periods.	Hold	<p>Intermediate term performance has admittedly been difficult and frustrating. Pavilion does not believe anything has changed in the philosophy/process or at the team level that would result in future performance trends differing from historical trends. Some of the recent performance can be explained by headwinds, some of it can be explained by poor allocation choices. Harbor's contrarian-style investing in 2014 and 2016 was detrimental as market performance was driven by macro events. In 2014, the Fund's slight value bias was the largest deterrent to relative performance. In 2016, underperformance was driven by holdings in pharmaceuticals and underweight allocations to banks and emerging markets.</p> <p>The strategy has still managed to outpace the ACWI ex US in seven of the last ten years. There have been some outflows out of the Fund over the past two years (-\$6.7 billion in 2016, -\$3.7 billion in 2015), but Pavilion is not concerned about the Fund's viability since it still has just shy of \$35 billion in assets. Pavilion is monitoring the Fund closely, but recommends no immediate action.</p>

Executive Summary

Manager Compliance Checklist

As of March 31, 2017

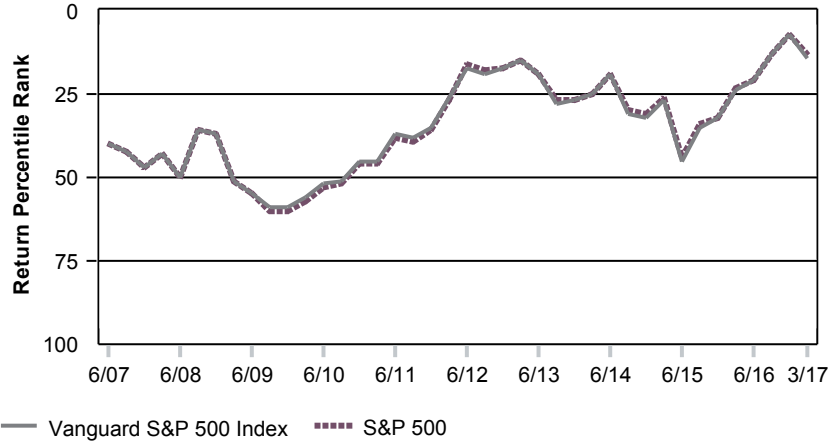
Manager	Compliance Issue	Explanation	Recommended Action	Comments
Barrow Hanley Short Fixed	Investment Team Changes	On April 28, 2017, Barrow Hanley announced that Mark Luchsinger and Scott McDonald will become the Co-Heads of the BHMS Fixed Income Group. As Managing Directors and senior members of the team for over twenty years, Mark and Scott have had an integral role in setting the investment policy for, and also serving as portfolio managers of various fixed income strategies. In this transition, John Williams will relinquish the day-to-day operational management responsibilities of the Group.	Hold	This transition has taken place in preparation for the eventual retirement of CIO, John Williams. Barrow Hanley has been planning the transition for the past two years as John turns 65 next year. Mr. Williams is relinquishing the CIO title and it will not be used in the future. The fixed income team will now be led by the Co-Heads of Fixed Income, Mark Luchsinger and Scott McDonald. Pavilion recommends no action at this time as the investment philosophy and process will remain the same.

Manager Performance Evaluation

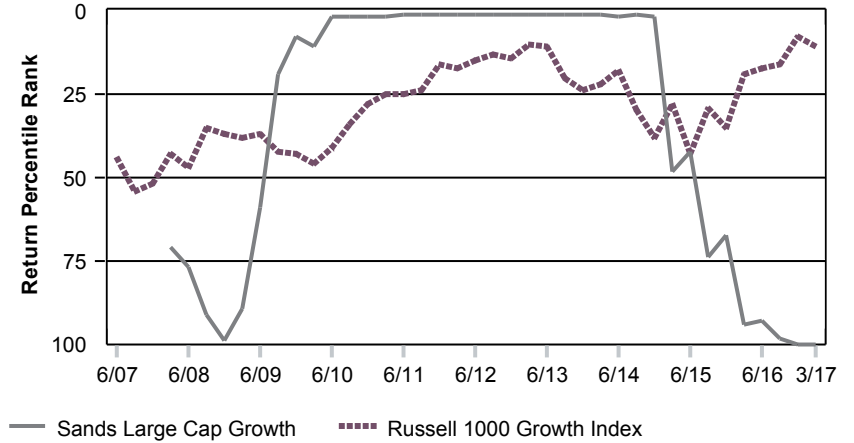
Rolling 3 Year Rankings vs. Peers

As of March 31, 2017

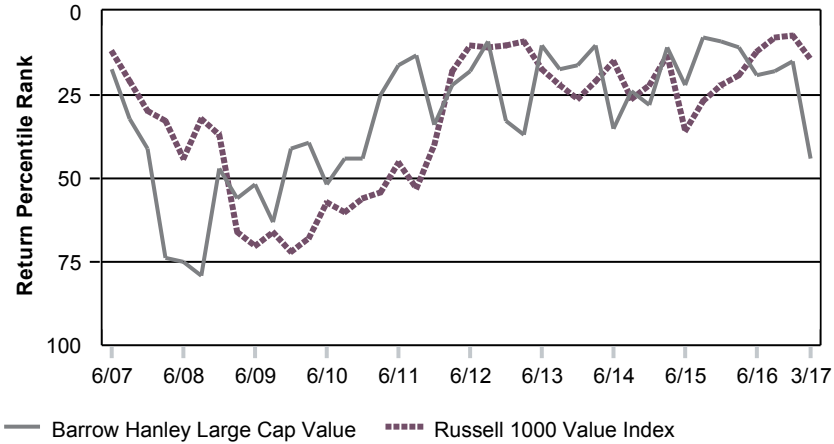
Vanguard



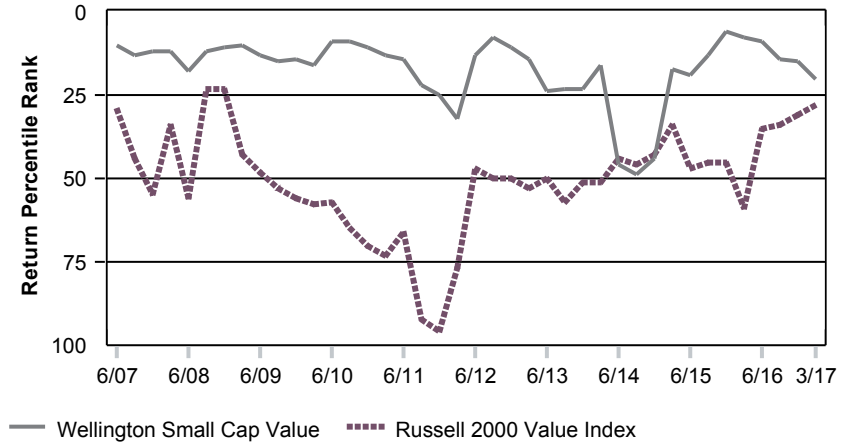
Sands



Barrow Hanley



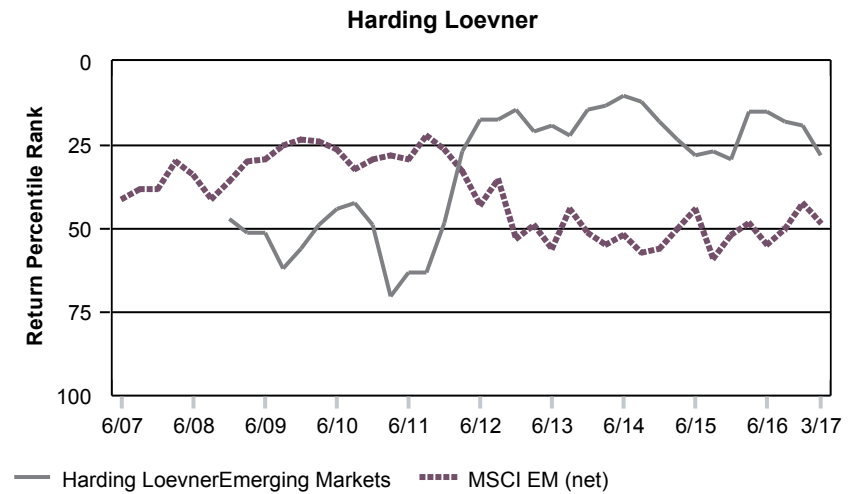
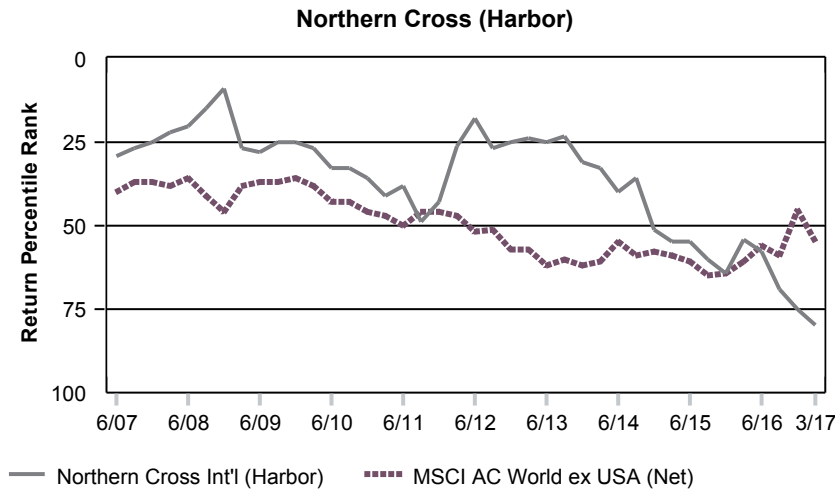
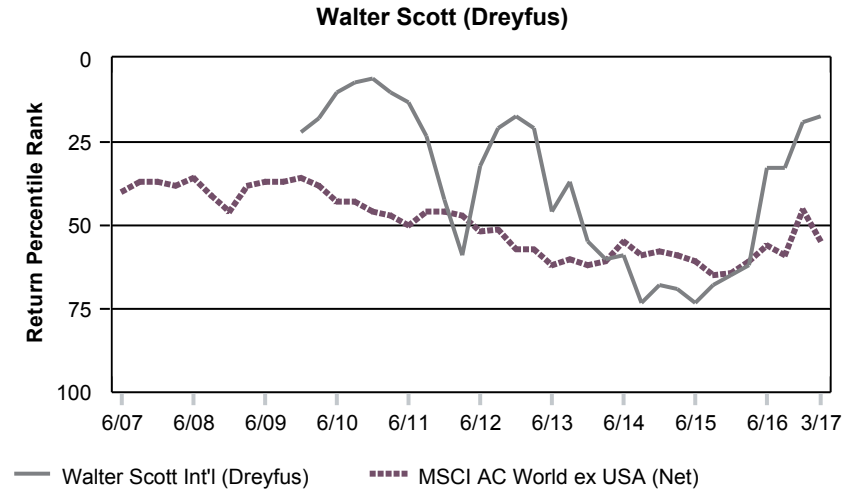
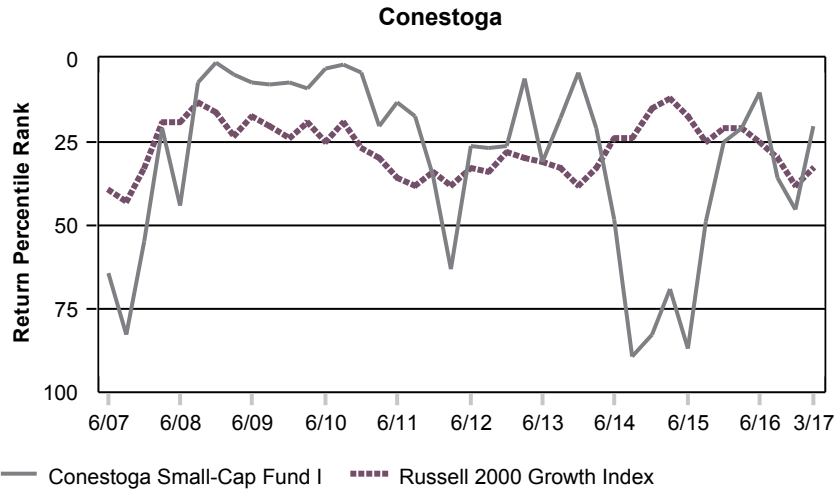
Wellington



Manager Performance Evaluation

Rolling 3 Year Rankings vs. Peers

As of March 31, 2017

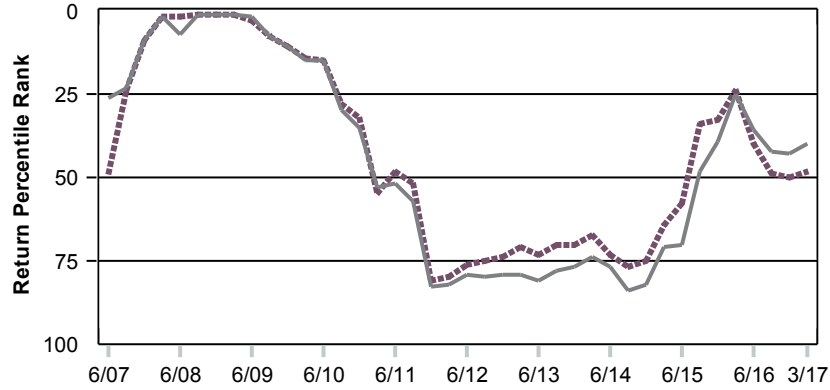


Manager Performance Evaluation

Rolling 3 Year Rankings vs. Peers

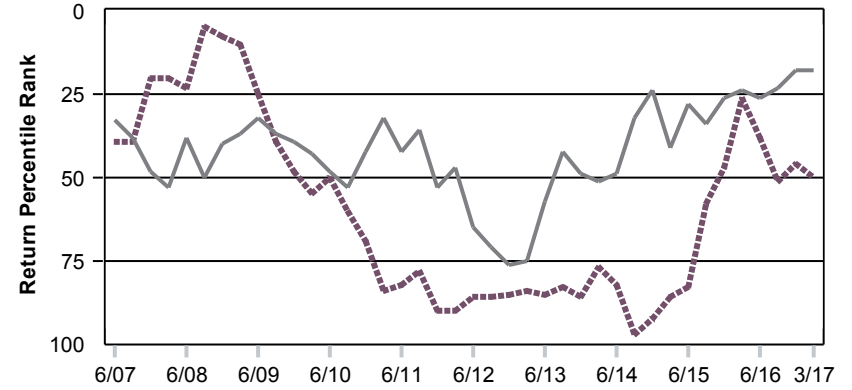
As of March 31, 2017

Barrow Hanley Fixed



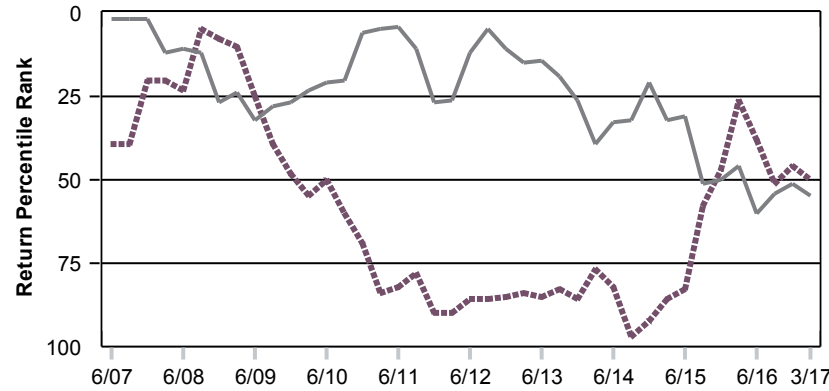
— Barrow Hanley Short Fixed - - - - Blmbg. Barc. 1-3 Year Gov/Credit

Dodge & Cox



— Dodge & Cox Fixed - - - - Blmbg. Barc. U.S. Aggregate

MetWest



— MetWest Fixed - - - - Blmbg. Barc. U.S. Aggregate



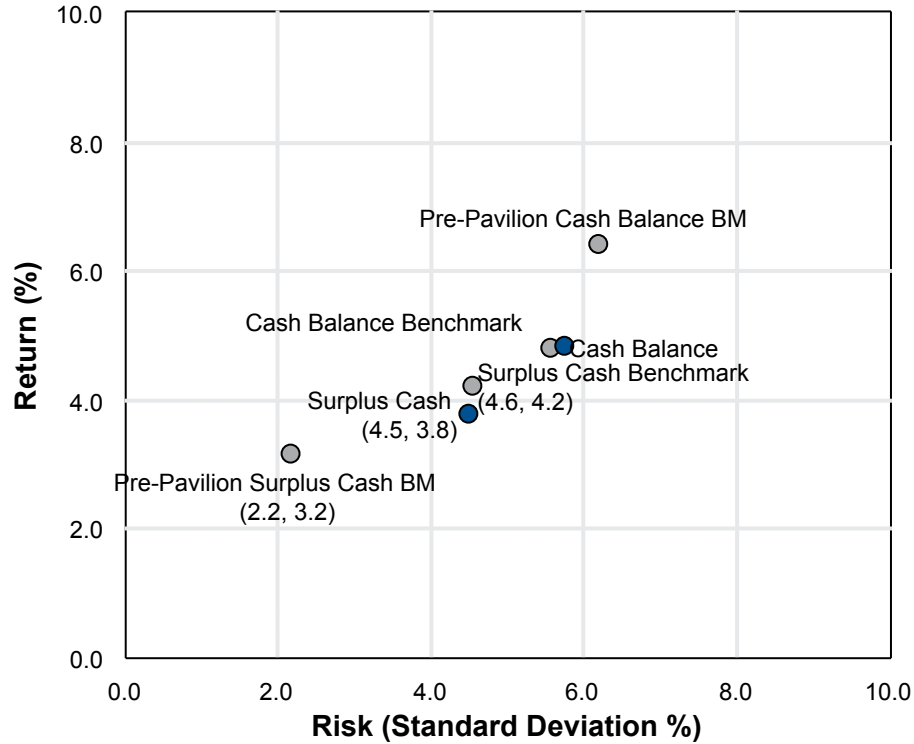
Performance Summary

Surplus Cash and Cash Balance Plan

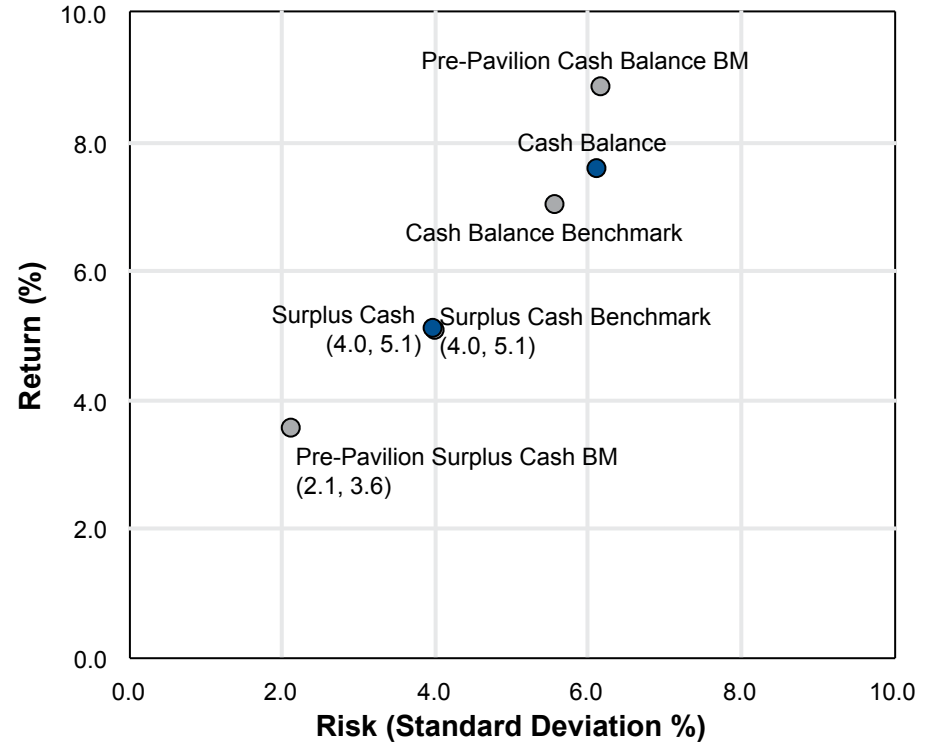
Risk and Return Summary (Net of Fees)

As of March 31, 2017

3 Years



5 Years



Surplus Cash Portfolio ex District

Composite Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Total Surplus Cash X District	749,850,903	100.0	3.3	6.4	8.4	3.8	5.1	5.4	5.1	4y 5m
Surplus Cash Total Benchmark			3.1	6.4	8.0	4.2	5.1	5.0	5.1	
Pre-Pavilion Surplus Cash Total Benchmark			1.0	1.0	3.1	3.2	3.6	4.2	3.4	
Total Surplus Cash X District X Privates	726,258,916	96.9	3.4	6.5	8.6	3.5	4.9	5.3	4.9	4y 5m
Surplus Cash Total Benchmark x Privates			3.2	6.5	8.1	4.2	5.1	5.0	5.1	
Total Equity Composite	319,243,405	42.6	6.6	13.1	15.5	5.6	10.2	5.1	11.0	4y 5m
Total Equity Benchmark - Surplus			6.3	15.2	17.0	6.3	10.8	4.8	11.4	
Domestic Equity Composite	201,641,114	26.9	5.5	14.9	18.0	7.7	12.7	6.3	13.9	4y 5m
Domestic Equity Benchmark - Surplus			5.4	15.9	19.1	9.5	13.7	6.2	14.8	
Large Cap Equity Composite	164,677,766	22.0	6.5	14.6	16.9	8.5	13.1	6.4	14.3	4y 5m
Large Cap Equity Benchmark			6.1	14.5	17.4	10.2	13.8	6.2	14.8	
Small Cap Equity Composite	36,963,349	4.9	1.1	16.2	22.8	5.3	-	-	12.5	4y 5m
Small Cap Equity Benchmark			2.6	21.6	26.2	7.2	12.4	7.1	14.3	
International Equity Composite	117,602,291	15.7	8.7	10.0	11.0	1.6	-	-	5.1	4y 5m
MSCI AC World ex USA (Net)			7.9	13.9	13.1	0.6	4.4	1.4	5.0	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

Composite Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Total Fixed Income Composite	307,684,644	41.0	0.9	0.4	2.5	2.5	2.4	4.1	2.0	4y 5m
Total Fixed Income Benchmark - Surplus			0.7	-1.3	0.5	2.3	2.0	3.8	1.6	
Short Duration Fixed Income Composite	81,977,123	10.9	0.4	0.2	1.0	1.0	1.2	3.1	0.9	4y 5m
Short Duration Fixed Income Benchmark - Surplus			0.4	0.0	0.7	1.0	1.2	3.1	0.9	
Market Duration Fixed Income Composite	225,707,521	30.1	1.1	0.4	3.0	2.9	3.2	5.4	2.4	4y 5m
Blmbg. Barc. U.S. Aggregate			0.8	-1.7	0.4	2.7	2.3	4.3	1.8	
Total Alternatives Composite	122,922,854	16.4	1.2	5.2	6.2	2.8	-	-	3.9	3y 11m
Total Alternatives Benchmark - Surplus			1.7	5.1	6.0	3.8	-	-	4.2	
Real Estate Composite	23,591,986	3.1	0.8	3.1	3.5	12.4	-	-	11.5	3y 7m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.2	
Hedge Fund Composite	99,330,867	13.2	1.3	5.8	6.9	0.6	-	-	2.2	3y 11m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	3.2	1.2	2.7	

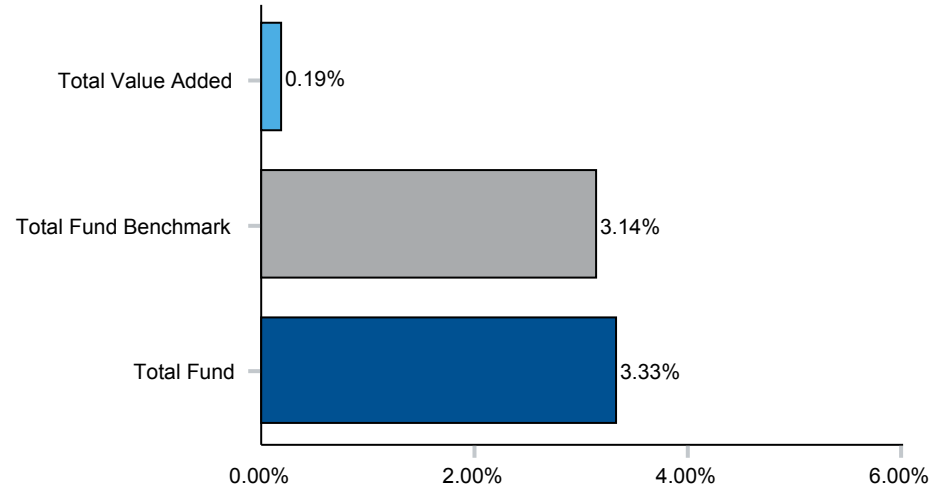
Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

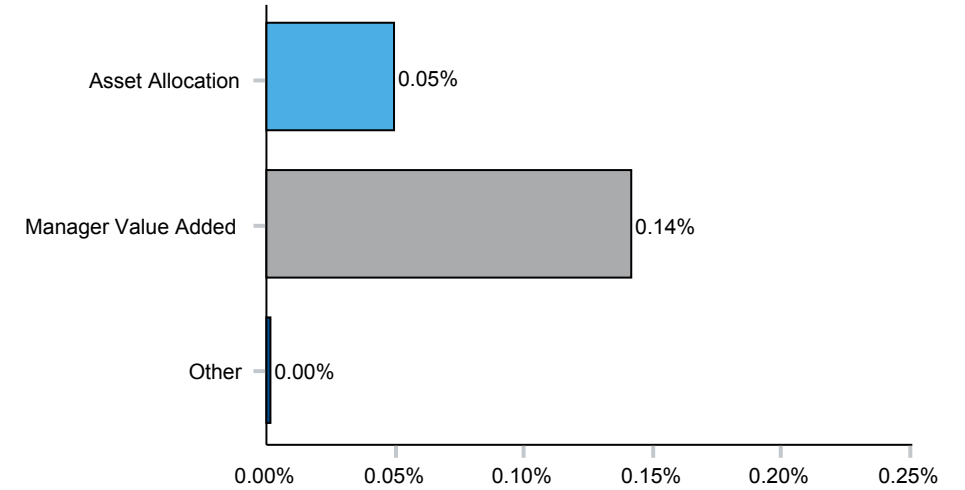
Attribution Analysis

1 Quarter Ending March 31, 2017

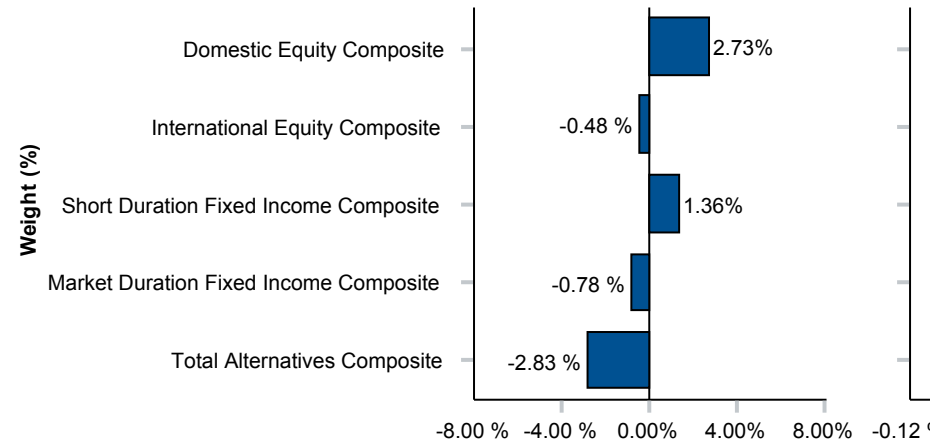
Total Fund Performance



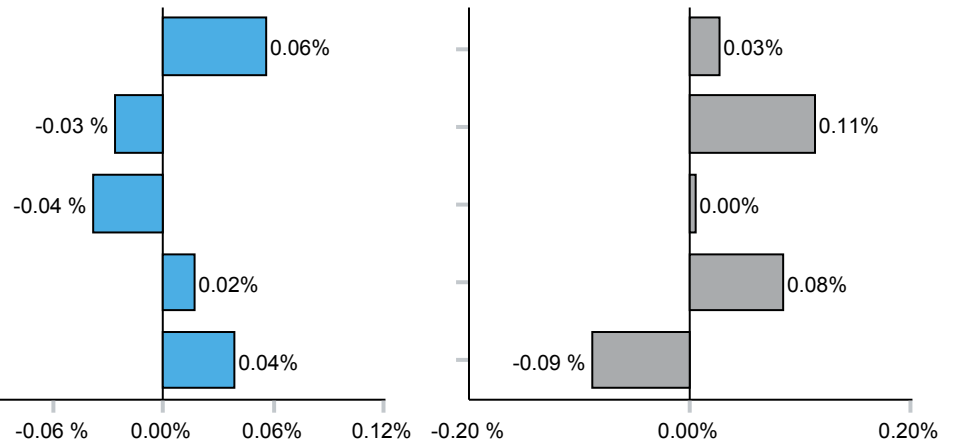
Total Value Added:0.19%



Total Asset Allocation:0.05%



Total Manager Value Added:0.14%



■ Average Active Weight

■ Asset Allocation Value Added

■ Manager Value Added

“Other” includes the effects of all other factors on the Fund’s relative return, including rebalancing and other trading activity.

Surplus Cash Portfolio ex District

Manager Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Large-Cap Equity										
Vanguard S&P 500 Index	103,432,765	13.8	6.1 (33)	14.3 (43)	17.1 (36)	10.3 (10)	13.3 (13)	7.5 (21)	14.8 (13)	4y 5m
S&P 500			6.1 (33)	14.4 (42)	17.2 (35)	10.4 (10)	13.3 (12)	7.5 (21)	14.8 (12)	
<i>IM U.S. Large Cap Core Equity</i>			5.6	13.8	16.1	8.5	12.0	6.6	13.5	
Sands Large Cap Growth (Touchstone)	29,104,540	3.9	13.8 (4)	16.3 (21)	15.7 (32)	3.9 (100)	9.7 (89)	10.0 (6)	12.5 (83)	4y 5m
Russell 1000 Growth Index			8.9 (58)	15.1 (36)	15.8 (32)	11.3 (11)	13.3 (15)	9.1 (16)	15.5 (16)	
<i>IM U.S. Large Cap Growth Equity</i>			9.3	14.1	14.6	9.3	11.6	8.1	14.1	
Barrow Hanley Large Cap Value	32,140,461	4.3	1.9 (94)	13.9 (69)	17.3 (67)	7.5 (44)	12.5 (23)	6.2 (25)	9.0 (5)	16y 8m
Russell 1000 Value Index			3.3 (67)	14.0 (66)	19.2 (36)	8.7 (14)	13.1 (10)	5.9 (34)	7.1 (38)	
<i>IM U.S. Large Cap Value Equity</i>			3.6	15.2	18.4	7.3	11.7	5.3	6.9	
Small-Cap Equity										
Wellington Small Cap Value	19,960,705	2.7	-1.2 (58)	16.0 (89)	16.7 (90)	8.2 (20)	12.6 (18)	8.5 (1)	14.2 (25)	4y 5m
Russell 2000 Value Index			-0.1 (33)	24.0 (22)	29.4 (19)	7.6 (28)	12.5 (19)	6.1 (53)	14.0 (29)	
<i>IM U.S. Small Cap Value Equity</i>			-1.0	20.7	23.8	5.6	11.4	6.3	13.2	
Conestoga Small Cap Growth	17,002,643	2.3	4.1 (50)	16.4 (85)	23.1 (53)	8.0 (20)	12.3 (18)	9.5 (10)	16.4 (85)	0y 9m
Russell 2000 Growth Index			5.3 (27)	19.2 (47)	23.0 (53)	6.7 (33)	12.1 (20)	8.1 (16)	19.2 (47)	
<i>IM U.S. Small Cap Growth Equity</i>			3.9	18.9	24.1	4.1	11.0	7.3	18.9	
International Equity										
Walter Scott Int'l (Dreyfus)	48,524,214	6.5	8.0 (61)	8.8 (78)	12.1 (50)	3.3 (17)	4.7 (54)	3.9 (13)	4.9 (58)	4y 5m
MSCI AC World ex USA (Net)			7.9 (65)	13.9 (38)	13.1 (43)	0.6 (55)	4.4 (59)	1.4 (54)	5.0 (56)	
<i>IM International Equity</i>			8.7	12.6	12.1	0.8	4.9	1.5	5.4	
Northern Cross Int'l (Harbor)	45,929,419	6.1	8.7 (50)	10.2 (68)	8.4 (77)	-1.1 (80)	3.8 (66)	2.6 (33)	4.7 (62)	4y 5m
MSCI AC World ex USA (Net)			7.9 (65)	13.9 (38)	13.1 (43)	0.6 (55)	4.4 (59)	1.4 (54)	5.0 (56)	
<i>IM International Equity</i>			8.7	12.6	12.1	0.8	4.9	1.5	5.4	
Harding Loevner Emerging Markets	23,148,658	3.1	11.7 (53)	14.6 (45)	18.7 (34)	2.2 (28)	3.5 (15)	3.7 (19)	14.4 (21)	1y 7m
MSCI EM (net)			11.4 (56)	16.4 (30)	17.2 (46)	1.2 (48)	0.8 (57)	2.7 (40)	12.8 (37)	
<i>IM Emerging Markets Equity</i>			11.8	14.0	16.6	1.0	1.0	2.2	11.6	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

Manager Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Short Duration Fixed Income										
Barrow Hanley Short Fixed	78,522,629	10.5	0.5 (51)	0.2 (81)	1.0 (74)	1.1 (40)	0.9 (65)	2.3 (44)	4.8 (17)	26y
Blmbg. Barc. 1-3 Year Gov/Credit			0.4 (62)	0.0 (89)	0.7 (86)	1.0 (48)	0.9 (64)	2.3 (40)	4.3 (23)	
<i>IM U.S. Short Term Investment Grade</i>			0.5	0.7	1.5	0.9	1.1	2.2	3.9	
Cash Composite	3,454,494	0.5	0.1	0.2	0.3	0.2	-	-	-0.1	4y 5m
90 Day U.S. Treasury Bill			0.1	0.2	0.3	0.1	0.1	0.7	0.1	
Market Duration Fixed Income										
Dodge & Cox Fixed	112,760,716	15.0	1.3 (49)	1.8 (17)	4.8 (17)	3.4 (18)	3.6 (25)	5.1 (36)	3.0 (15)	4y 5m
Blmbg. Barc. U.S. Aggregate			0.8 (97)	-1.7 (100)	0.4 (99)	2.7 (50)	2.3 (86)	4.3 (78)	1.8 (71)	
<i>IM U.S. Broad Market Core+ Fixed Income</i>			1.3	0.3	2.9	2.7	3.0	4.9	2.2	
MetWest Fixed	100,112,194	13.4	0.9 (93)	-0.8 (85)	1.3 (88)	2.6 (55)	3.2 (45)	5.5 (16)	1.9 (66)	4y 5m
Blmbg. Barc. U.S. Aggregate			0.8 (97)	-1.7 (100)	0.4 (99)	2.7 (50)	2.3 (86)	4.3 (78)	1.8 (71)	
<i>IM U.S. Broad Market Core+ Fixed Income</i>			1.3	0.3	2.9	2.7	3.0	4.9	2.2	
Met West Total Return Bond Plan - CONCERN	12,834,611	1.7	1.0 (87)	-0.9 (91)	1.0 (92)	2.6 (54)	3.7 (19)	-	2.0 (95)	1y 2m
Blmbg. Barc. U.S. Aggregate			0.8 (97)	-1.7 (100)	0.4 (99)	2.7 (50)	2.3 (86)	4.3 (78)	1.8 (97)	
<i>IM U.S. Broad Market Core+ Fixed Income</i>			1.3	0.3	2.9	2.7	3.0	4.9	4.1	
Real Estate										
Oaktree Real Estate Opportunities Fund VI	12,762,938	1.7	1.6	0.9	0.1	10.5	-	-	9.3	3y 7m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.2	
Walton Street Real Estate Fund VII, L.P.	10,829,048	1.4	0.0	5.8	8.1	15.0	-	-	17.9	3y 5m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.1	
Hedge Funds										
Hedge Fund Composite	99,330,867	13.2	1.3	5.8	6.9	0.6	-	-	2.2	3y 11m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	3.2	1.2	2.7	
Total Plan										
Total Surplus Cash X District	749,850,903	100.0	3.3	6.4	8.4	3.8	5.1	5.4	5.1	4y 5m
Total Surplus Cash Benchmark			3.1	6.4	8.0	4.2	5.1	5.0	5.1	
Pre-Pavilion Total Surplus Cash Benchmark			1.0	1.0	3.1	3.2	3.6	4.2	3.4	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Composite Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Total Cash Balance Plan	238,106,213	100.0	4.2	7.7	9.6	4.8	7.6	5.3	7.6	4y 5m
Total Cash Balance Plan Benchmark			3.6	7.6	9.3	4.8	7.0	4.7	7.1	
Pre-Pavilion Total Cash Balance Plan Benchmark			2.3	7.5	11.4	6.4	8.9	5.6	9.1	
Total Cash Balance Plan X Private Structures	224,015,593	94.1	4.4	8.1	10.1	4.3	7.3	5.2	7.3	4y 5m
Cash Balance Plan Total X Privates Benchmark			3.8	7.9	9.5	4.5	6.9	4.6	6.9	
Total Equity Composite	127,192,187	53.4	6.7	13.0	15.2	5.4	10.4	4.3	10.7	4y 5m
Total Equity Benchmark			6.4	15.1	16.8	6.5	10.7	4.8	11.3	
Domestic Equity Composite	84,125,679	35.3	5.7	14.8	17.7	7.7	13.2	5.6	13.9	4y 5m
Domestic Equity Benchmark			5.5	15.6	18.8	9.8	13.8	6.2	14.8	
Large Cap Equity Composite	71,572,699	30.1	6.6	14.6	16.8	8.2	13.4	5.7	14.1	4y 5m
Large Cap Equity Benchmark			6.1	14.5	17.4	10.2	13.8	6.2	14.8	
Small Cap Equity Composite	12,552,980	5.3	1.1	16.2	22.8	5.3	-	-	12.5	4y 5m
Small Cap Equity Benchmark			2.6	21.6	26.2	7.2	12.4	7.1	14.3	
International Equity Composite	43,066,508	18.1	8.8	9.7	10.6	1.2	-	-	5.0	4y 5m
MSCI AC World ex USA (Net)			7.9	13.9	13.1	0.6	4.4	1.4	5.0	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Composite Asset Allocation & Performance

As of March 31, 2017

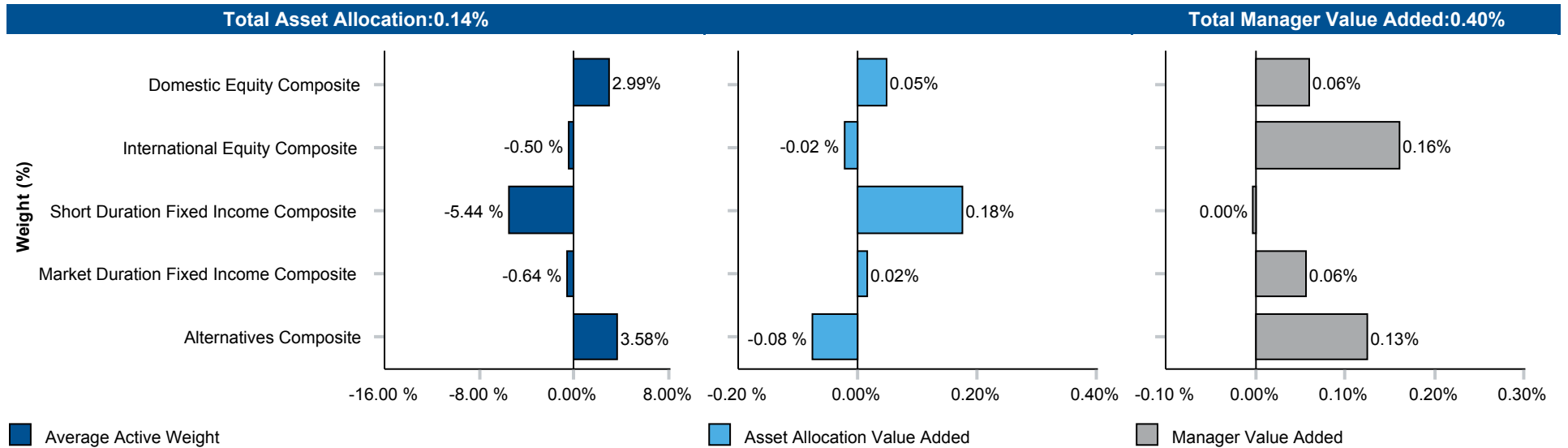
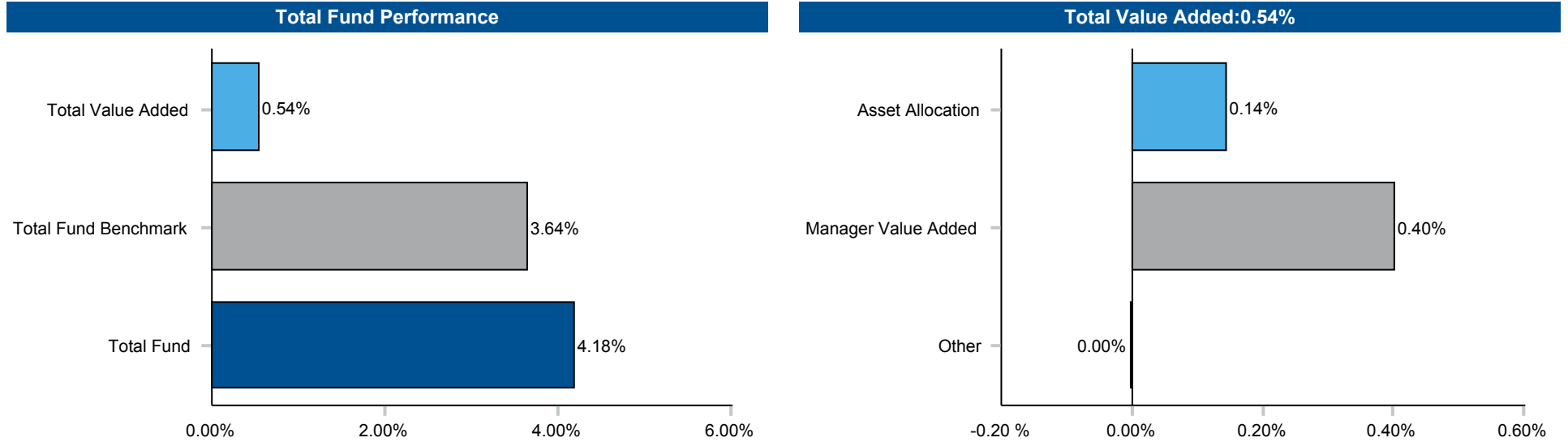
	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Total Fixed Income Composite	67,259,335	28.2	0.9	0.3	2.4	2.4	2.7	5.0	2.2	4y 5m
Total Fixed Income Benchmark			0.7	-1.2	0.5	2.2	2.1	4.2	1.5	
Short Duration Fixed Income Composite	10,202,329	4.3	0.3	0.3	0.9	0.9	0.7	-	0.8	4y 5m
Short Duration Fixed Income Benchmark			0.4	0.0	0.7	1.0	0.8	1.0	0.9	
Market Duration Fixed Income Composite	57,057,006	24.0	1.0	0.3	2.7	2.8	3.2	5.2	2.6	4y 5m
Blmbg. Barc. U.S. Aggregate			0.8	-1.7	0.4	2.7	2.3	4.3	1.8	
Total Alternatives Composite	43,654,691	18.3	2.2	5.3	6.2	7.2	-	-	8.4	4y 5m
Total Alternatives Benchmark			1.6	4.9	6.0	4.5	-	-	5.9	
Hedge Fund of Fund Composite	29,564,071	12.4	3.1	6.8	7.9	4.5	-	-	6.8	4y 5m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	3.2	1.2	3.7	
Real Estate Composite	14,090,620	5.9	0.4	2.7	3.1	12.5	-	-	11.1	4y 3m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.3	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Attribution Analysis

1 Quarter Ending March 31, 2017



“Other” includes the effects of all other factors on the Fund’s relative return, including rebalancing and other trading activity.

Cash Balance Plan

Manager Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Large-Cap Equity										
Vanguard Institutional Index Fund	38,023,487	16.0	6.1 (33)	14.3 (43)	17.1 (36)	10.3 (10)	13.3 (13)	7.5 (21)	14.8 (13)	4y 5m
S&P 500			6.1 (33)	14.4 (42)	17.2 (35)	10.4 (10)	13.3 (12)	7.5 (21)	14.8 (12)	
<i>IM U.S. Large Cap Core Equity</i>			5.6	13.8	16.1	8.5	12.0	6.6	13.5	
Sands Large Cap Growth (Touchstone)	15,604,755	6.6	13.8 (4)	16.3 (21)	15.7 (32)	3.9 (100)	9.7 (89)	10.0 (6)	12.5 (83)	4y 5m
Russell 1000 Growth Index			8.9 (58)	15.1 (36)	15.8 (32)	11.3 (11)	13.3 (15)	9.1 (16)	15.5 (16)	
<i>IM U.S. Large Cap Growth Equity</i>			9.3	14.1	14.6	9.3	11.6	8.1	14.1	
Barrow Hanley Large Cap Value	17,944,457	7.5	1.9 (94)	14.0 (65)	17.4 (66)	7.7 (39)	12.7 (18)	6.3 (22)	13.9 (23)	4y 5m
Russell 1000 Value Index			3.3 (67)	14.0 (66)	19.2 (36)	8.7 (14)	13.1 (10)	5.9 (34)	14.1 (21)	
<i>IM U.S. Large Cap Value Equity</i>			3.6	15.2	18.4	7.3	11.7	5.3	12.9	
Small-Cap Equity										
Wellington Small Cap Value	6,743,642	2.8	-1.4 (61)	15.9 (89)	16.6 (91)	8.2 (18)	12.6 (19)	8.5 (1)	14.2 (26)	4y 5m
Russell 2000 Value Index			-0.1 (33)	24.0 (22)	29.4 (19)	7.6 (28)	12.5 (19)	6.1 (53)	14.0 (29)	
<i>IM U.S. Small Cap Value Equity</i>			-1.0	20.7	23.8	5.6	11.4	6.3	13.2	
Conestoga Small Cap Growth	5,809,338	2.4	4.1 (50)	16.4 (85)	23.1 (53)	8.0 (20)	12.3 (18)	9.5 (10)	16.4 (85)	0y 9m
Russell 2000 Growth Index			5.3 (27)	19.2 (47)	23.0 (53)	6.7 (33)	12.1 (20)	8.1 (16)	19.2 (47)	
<i>IM U.S. Small Cap Growth Equity</i>			3.9	18.9	24.1	4.1	11.0	7.3	18.9	
International Equity										
Walter Scott Int'l (Dreyfus)	19,476,186	8.2	8.0 (61)	8.8 (78)	12.1 (50)	3.3 (17)	4.7 (54)	3.9 (13)	4.9 (58)	4y 5m
MSCI AC World ex USA (Net)			7.9 (65)	13.9 (38)	13.1 (43)	0.6 (55)	4.4 (59)	1.4 (54)	5.0 (56)	
<i>IM International Equity</i>			8.7	12.6	12.1	0.8	4.9	1.5	5.4	
Northern Cross Int'l (Harbor)	17,692,280	7.4	8.7 (50)	10.2 (68)	8.4 (77)	-1.1 (80)	3.8 (66)	2.6 (33)	4.7 (62)	4y 5m
MSCI AC World ex USA (Net)			7.9 (65)	13.9 (38)	13.1 (43)	0.6 (55)	4.4 (59)	1.4 (54)	5.0 (56)	
<i>IM International Equity</i>			8.7	12.6	12.1	0.8	4.9	1.5	5.4	
Harding Loevner Inst. Emerging Markets I	5,898,043	2.5	11.7 (53)	14.6 (45)	18.7 (34)	2.2 (28)	3.5 (15)	3.7 (19)	7.2 (34)	0y 5m
MSCI EM (net)			11.4 (56)	16.4 (30)	17.2 (46)	1.2 (48)	0.8 (57)	2.7 (40)	6.5 (49)	
<i>IM Emerging Markets Equity (MF) Median</i>			11.8	14.0	16.6	1.0	1.0	2.2	6.3	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Manager Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)							
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Period
Short Duration Fixed Income										
Barrow Hanley Short Fixed	9,013,867	3.8	0.3 (75)	0.1 (88)	0.7 (85)	0.8 (55)	0.8 (70)	2.2 (47)	0.8 (57)	4y 5m
Blmbg. Barc. 1-3 Year Gov/Credit			0.4 (62)	0.0 (89)	0.7 (86)	1.0 (48)	0.9 (64)	2.3 (40)	0.9 (52)	
<i>IM U.S. Short Term Investment Grade</i>			0.5	0.7	1.5	0.9	1.1	2.2	0.9	
Cash Composite	1,188,462	0.5	0.4	1.5	1.6	2.3	1.5	-	1.7	4y 5m
90 Day U.S. Treasury Bill			0.1	0.2	0.3	0.1	0.1	0.7	0.1	
Market Duration Fixed Income										
Dodge & Cox Income Fund	28,736,628	12.1	1.2 (66)	1.7 (18)	4.4 (20)	3.1 (30)	3.4 (36)	5.0 (41)	6.9 (32)	28y 3m
Blmbg. Barc. U.S. Aggregate			0.8 (97)	-1.7 (100)	0.4 (99)	2.7 (50)	2.3 (86)	4.3 (78)	6.4 (70)	
<i>IM U.S. Broad Market Core+ Fixed Income</i>			1.3	0.3	2.9	2.7	3.0	4.9	6.6	
Met West Total Return Fund I	28,320,379	11.9	0.9 (92)	-1.0 (94)	0.9 (95)	2.6 (57)	3.7 (22)	5.8 (9)	2.5 (39)	4y 5m
Blmbg. Barc. U.S. Aggregate			0.8 (97)	-1.7 (100)	0.4 (99)	2.7 (50)	2.3 (86)	4.3 (78)	1.8 (71)	
<i>IM U.S. Broad Market Core+ Fixed Income</i>			1.3	0.3	2.9	2.7	3.0	4.9	2.2	
Hedge Fund of Funds										
Lighthouse Diversified	15,778,830	6.6	1.7	4.3	5.0	3.5	5.4	3.3	5.9	4y 5m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	3.2	1.2	3.7	
Pointer Offshore LTD	13,785,241	5.8	4.7	9.9	11.4	5.6	7.0	7.3	7.8	4y 3m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	3.2	1.2	3.5	
Real Estate										
Oaktree RE Opportunities Fund VI	7,597,979	3.2	0.8	0.2	-0.7	10.6	-	-	9.7	4y 2m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.3	
Walton Street Real Estate Fund VII, L.P.	6,492,641	2.7	0.0	5.8	8.1	15.0	-	-	16.4	3y 9m
NCREIF Property Index			0.0	3.5	5.6	10.0	10.4	6.6	10.2	
Total Plan										
Total Cash Balance Plan	238,106,213	100.0	4.2	7.7	9.6	4.8	7.6	5.3	7.6	4y 5m
Total Cash Balance Plan Benchmark			3.6	7.6	9.3	4.8	7.0	4.7	7.1	
Pre-Pavilion Total Cash Balance Plan Benchmark			2.3	7.5	11.4	6.4	8.9	5.6	9.1	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Private Real Estate Summary

As of March 31, 2017 (\$ in Millions)

Partnership	Vintage Year	Fund Type	Committed Capital	Paid-in Capital	Unfunded Commitment	Market Value ¹	Distributions	Total Value	Net IRR ²	TV / PI	D / PI
Surplus Cash											
Oaktree RE Opportunities VI	2012	Private RE	\$14.0	\$14.0	\$3.2	\$12.8	\$5.7	\$18.5	10.2%	1.3	0.4
Walton Street RE Fund VII	2012	Private RE	\$14.0	\$11.5	\$7.1	\$10.8	\$5.3	\$16.1	16.8%	1.4	0.5
Walton Street RE Fund VIII	2017	Private RE	\$13.0	\$0.0	\$13.0	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A
Cash Balance											
Oaktree RE Opportunities VI	2012	Private RE	\$8.4	\$8.4	\$1.9	\$7.6	\$3.7	\$11.3	9.8%	1.4	0.4
Walton Street RE Fund VII	2012	Private RE	\$8.4	\$6.9	\$4.2	\$6.5	\$3.2	\$9.6	16.5%	1.4	0.5
Walton Street RE Fund VIII	2017	Private RE	\$10.0	\$0.0	\$10.0	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A

¹ If a market value has not yet been released for a particular fund, the previous quarter's value is adjusted according to subsequent contributions and distributions.

² Net IRR is through the previous quarter end.



Asset Class Diversification

Asset Class Outlooks

	Near-Term View	LT Return*	Qualitative Assessment
US Large Cap Equity	+	7.2%	<p>§ Domestic equity valuations, while appearing full relative to trailing earnings, appear more fairly valued against expected earnings, particularly after adjusting for the level of interest rates. Continued improvement will rely on the improving path of earnings being maintained.</p> <p>§ While valuations are lower for developed international and emerging markets, these markets have been more severely affected by the rebalancing of the industrial and commodity sectors, in addition to growth challenges, particularly or the developed international markets. Valuations appear most attractive for emerging markets.</p> <p>§ Within the U.S., value stocks appear expensive relative to growth stocks. Rising yields and policy changes may benefit financial and energy companies, which have heavy weightings in the value indices. The opportunity is not yet compelling, however, suggesting a neutral allocation between growth and value.</p> <p>§ Proposed policy changes may give top-down emerging market managers an edge in managing volatility over less macro aware managers. For the same reason, managers focusing on emerging consumer strategies may see portfolios get whipsawed, as wholesale buying and selling swing prices.</p>
US Small Cap Equity	~	8.4%	
International Equity	~	7.6%	
Emerging Markets	+	9.1%	
Private Equity	+	10.5%	
Long/Short Equity	~	5.1%	
Bonds – Core (US)	~	3.1%	<p>§ Despite the low level yields, high quality fixed income continues to provide investors with diversification benefits. Since a significant component of diversification benefit is derived from income, portfolio diversification benefits appear to be particularly pronounced in high quality investment grade credits, including select areas of the securitized markets that are tied to U.S. housing and the consumer.</p> <p>§ For long-term investors with an ability to sacrifice liquidity for yield pick-up, private credit provides an attractive opportunity.</p> <p>§ Equity investors willing to sacrifice potential upside returns for reduced volatility may find High Yield and Emerging Market Debt appealing options.</p>
Bonds – Core (Non-Dollar)	~	2.8%	
Bonds – Spread Sectors	+	3.8%	
Bonds – Emerging Markets	~	4.9%	
Long/Short Fixed Income	+	5.0%	
Distressed	~	8.8%	
Diversified Hedge Funds	~	4.9/5.5%	§ Opportunities exist for nimble, specialized multi-strategy and diversifying strategies.
Real Assets – Commodities	~	5.4%	<p>§ Inflationary risks currently remain muted. To become a more elevated risk, the emergence of stronger growth is likely required. As a result, investors should receive some near-term inflation protection from equity positions.</p> <p>§ Strategies with income and some sensitivity to inflation, however, offer opportunities.</p> <p>§ Within infrastructure, the energy space experienced indiscriminate selling last year, and continues to be volatile, which has provided the potential for acute mispricings and opportunities.</p>
Real Assets – Real Estate	~	6.4%	
Real Assets – Infrastructure	+	6.3%	

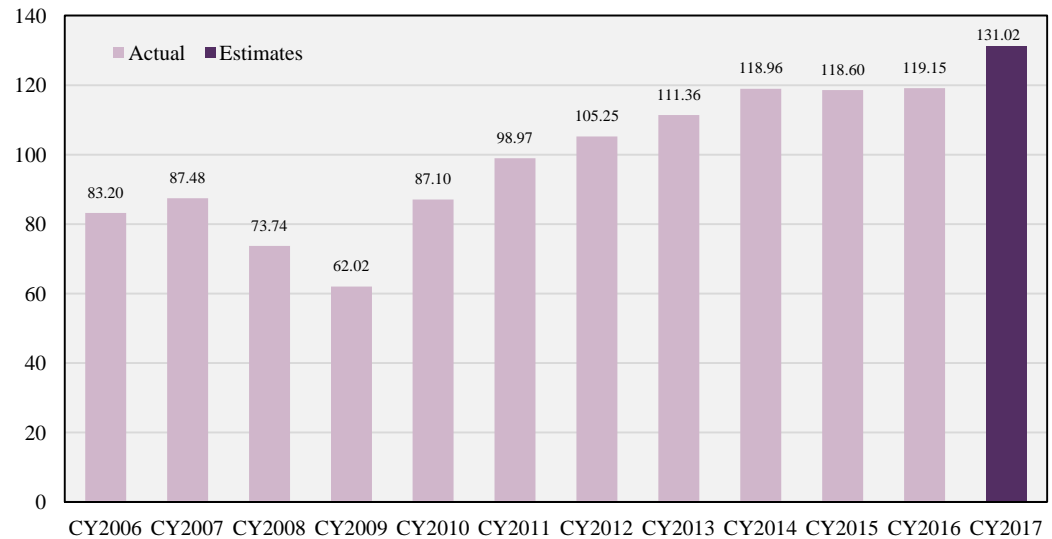
*Represents 2017 PAG Asset Allocation Assumptions published in January 2017

Implications: Equities

Observations

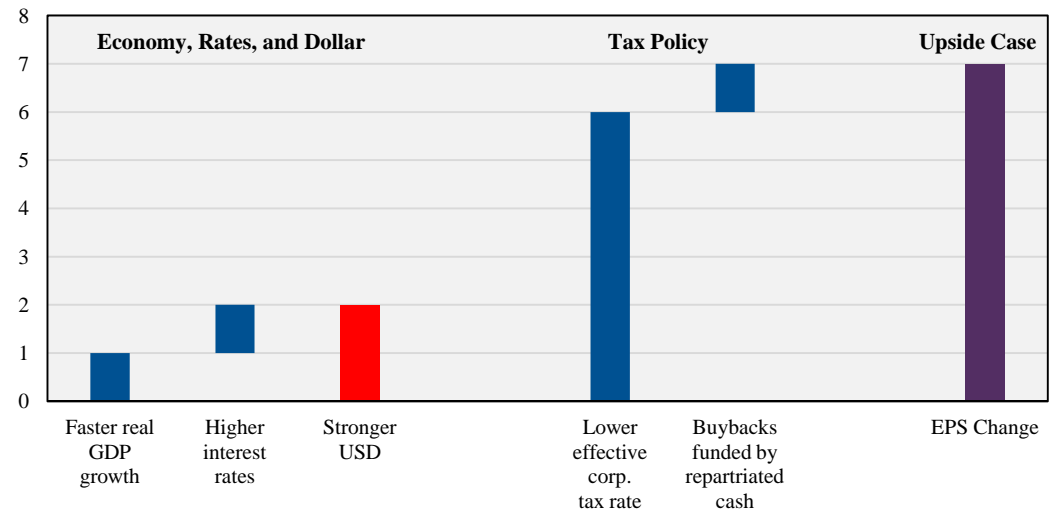
- § Global growth has continued to improve. And while becoming increasingly synchronized, it is not symmetric across geographies. Investors should benefit from exposure to regions demonstrating the strongest improvements.
- § Despite the first quarter rally, fundamentals for U.S. Equities remain strong: expectations for accelerating earnings growth and continued rebalancing toward risk assets should support U.S. equity prices. Policy reforms, if achieved, could provide further support.
- § Emerging market equities should continue to be supported by growth: rapid appreciation of the U.S. dollar could provide a headwind.
- § While valuations are attractive in Europe, risks remain. Upcoming elections, the Greek bailout and unresolved Italian bank crisis present risks likely offsetting any perceived valuation discount. A reevaluation after the French elections, however, is warranted.

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates



Source: Factset as of December 30, 2016

Goldman Sachs Estimate for Policy Impact on S&P 500 EPS



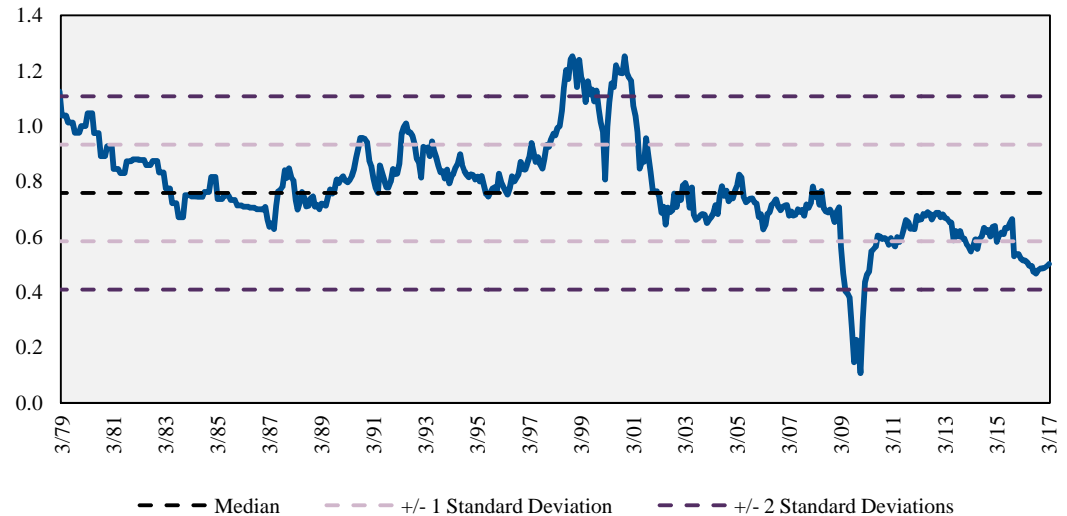
Source: Goldman Sachs as of December 5, 2016

Implications: Small Cap Valuations Not Cheap

Observations

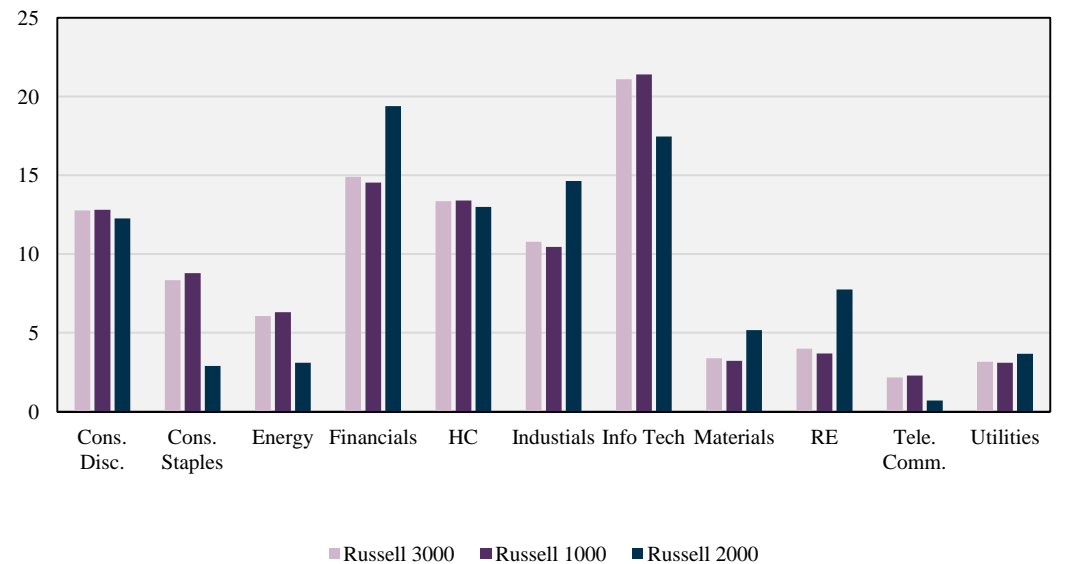
- § Any boost to economic growth from fiscal stimulus and tax cuts, reduced costs attributable to deregulation, and potentially easier credit access due to a less regulated environment should benefit U.S. small cap companies more than large cap companies. Additionally, small cap companies generate a larger percentage of revenue domestically, so they have less exposure to a stronger dollar and protectionist measures.
- § Despite lagging performance in the first quarter, small cap companies remain fairly to expensively priced relative to large cap companies, both on price-earnings and price-to-book value measures.
- § Small cap stocks tend to perform well during risk-on environments, such as the current market. Fund flows have favored small cap companies, particularly post election.
- § Given the recent move in small cap stocks and valuation levels, we continue to recommend rebalancing to target allocations.

Russell 1000 P/E Relative to Russell 2000 P/E



Source: Factset as of 3/31/2017

GICS Sector Breakdown



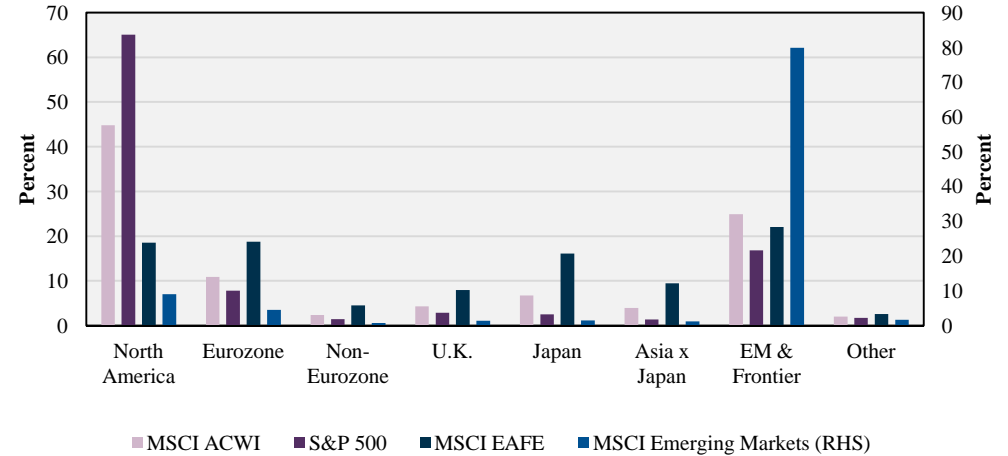
Source: Factset as of 3/31/2017

Implications: Barbell U.S. and EM Over Int'l Equity

Observations

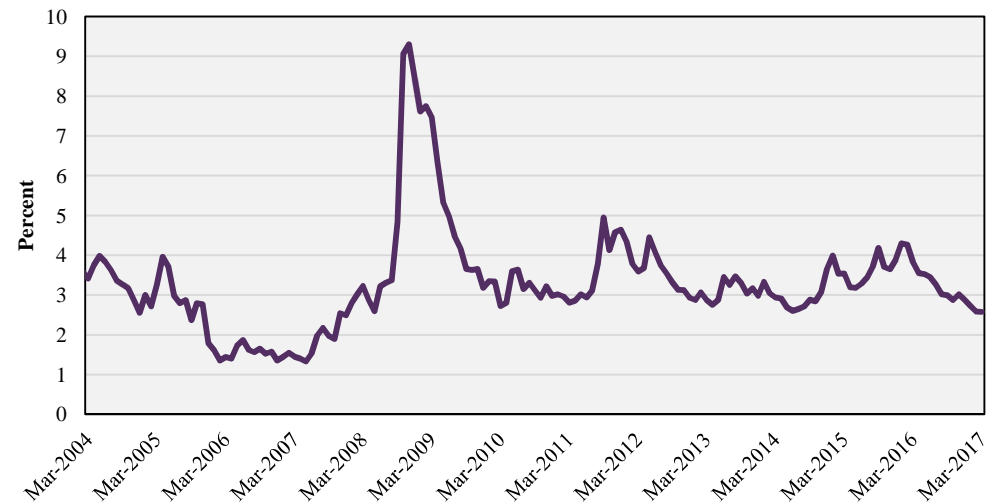
- § Emerging market equities and debt are not the only benefactors to these regions growth, as many equities now represent global exposure to much more than headquarter country.
- § Export driven emerging markets reap benefits from improving advanced economies' growth. The stabilization of the U.S. dollar and commodities prices is a benefit as well.
- § Emerging market stocks appear fairly priced relative to their own history, although adjusted for the current low level of interest rates and relative to the developed markets, emerging market stocks appear inexpensive.
- § Investors generally maintain a negative view and underweight to emerging markets. We continue to see signs of this view shifting, and believe that fund flows will likely remain in favor of emerging market equities.

Geographic Revenue



Source: Factset as of 12/31/2016

Emerging Market Debt Option Adjusted Spread



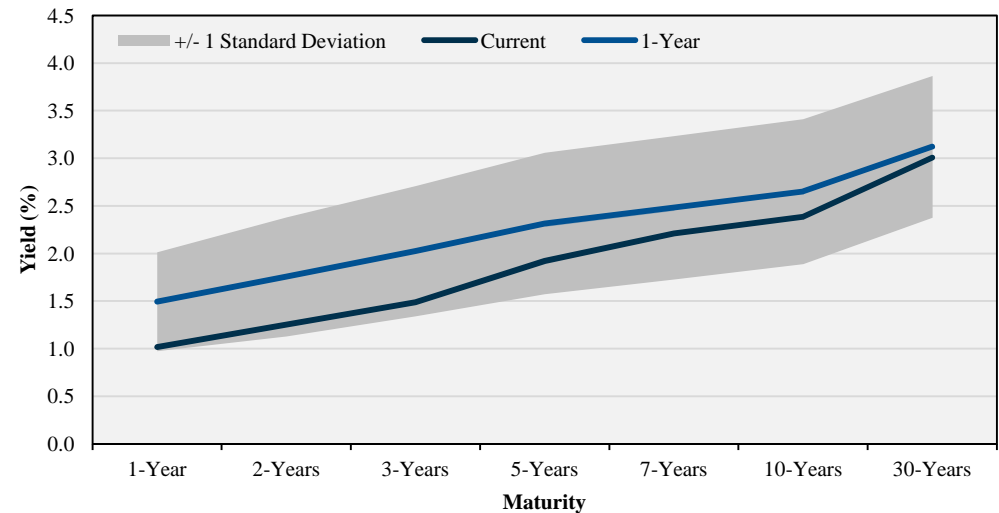
Source: Bloomberg

Implications: Fixed Income

Observations

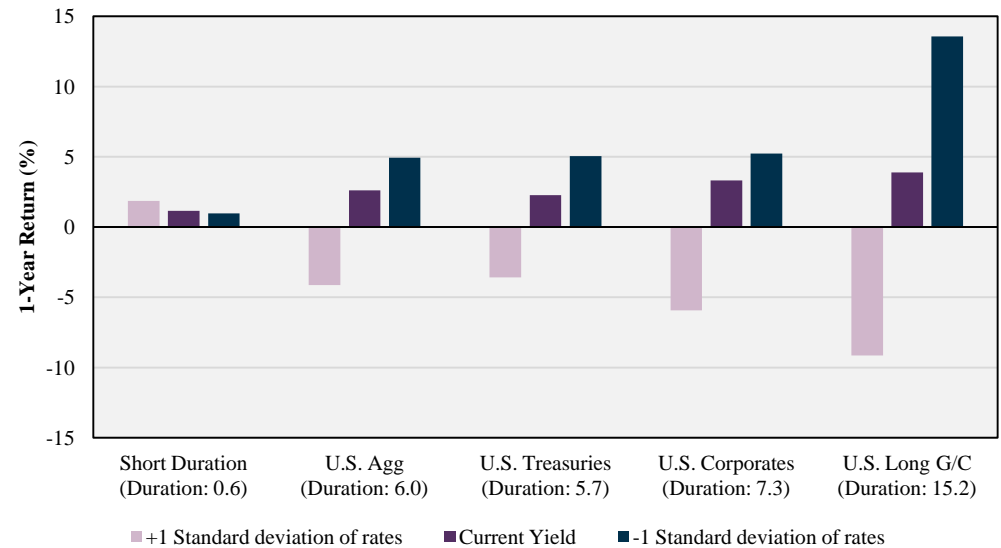
- § Forward rates have normalized: current forward rates are at levels consistent with long-term FOMC projections. This suggests rate increases are expected to occur at a gradual pace where income offsets capital losses.
- § Duration benefits remain: rates were little changed over the quarter, remaining at levels where there continues to be a diversification benefit from owning bonds. We recommend obtaining duration exposure through high quality credit rather than Treasuries as the additional income significantly improves return.
- § After a brief uptick, TIPS continue to imply inflation of less than 2%. We anticipate inflation will remain below 3%, and as a result see little benefit from a tactical tilt toward TIPS relative to nominal bonds, particularly corporate bonds.
- § For emerging market debt, implementation matters: EM debt remains vulnerable to currency adjustments due to heightened uncertainties surrounding U.S. trade policy and geopolitical risks.

Current Yields and Expected Forwards in 1-Year



Source: Bloomberg as of 3/31/2017

Fixed Income Returns



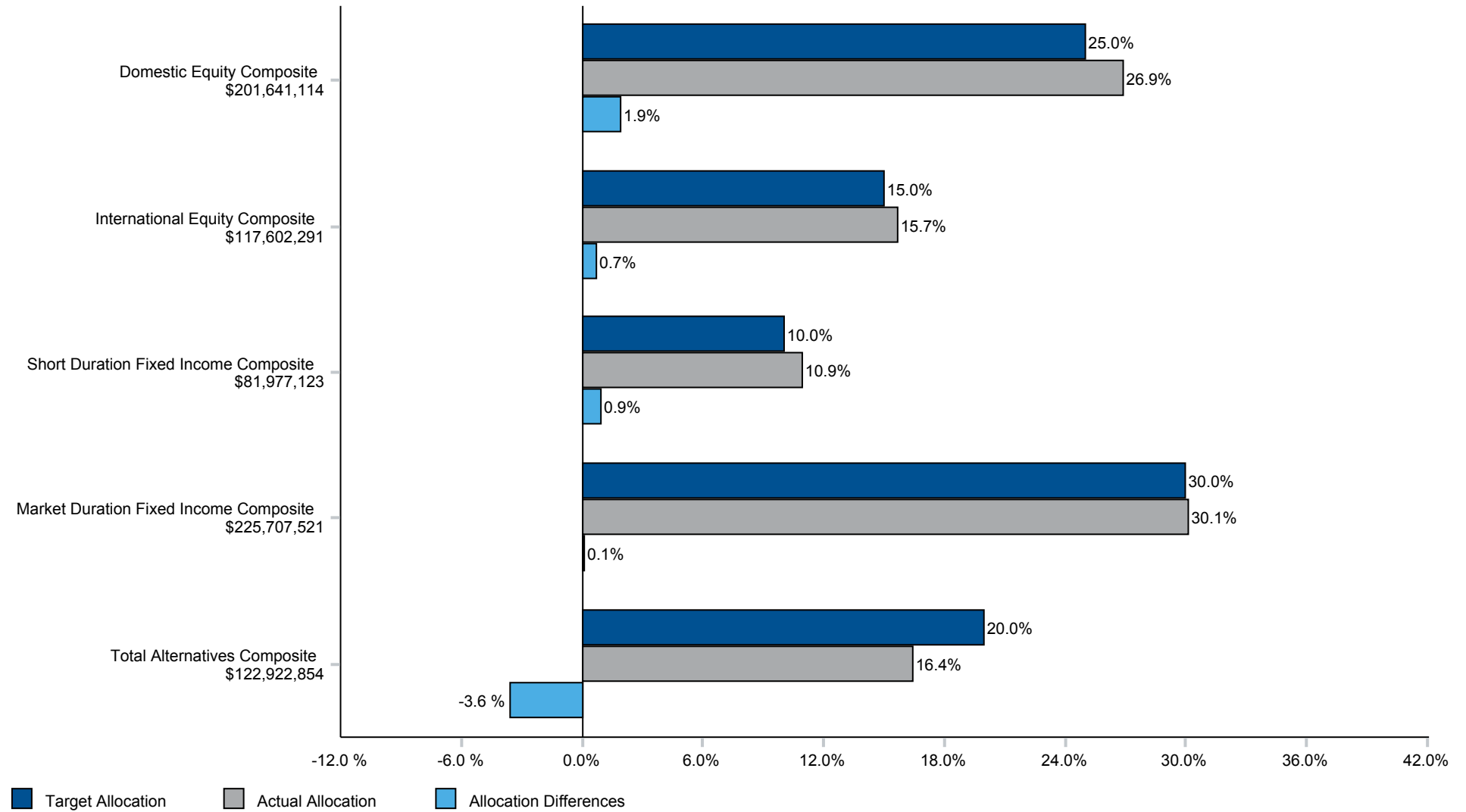
Source: Bloomberg as of 3/31/2017 with Bloomberg Barclays Indices

Surplus Cash Portfolio ex District

Asset Allocation vs. Target

As of March 31, 2017

March 31, 2017 : \$749,850,903



Asset Class Diversification

Surplus Cash Investment Program Structure

As of March 31, 2017

Manager	Asset Class/Type	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Weighting Relative to Target	Target Range
Large-Cap Domestic Equity		\$164.7	22.0%	20.0%	+ 2.0%	20-30%
Vanguard S&P 500 Index	Large-Cap Index	\$103.4	13.8%	10.0%	+ 3.8%	
Sands	Large-Cap Growth	\$ 29.1	3.9%	5.0%	- 1.1%	
Barrow Hanley	Large-Cap Value	\$ 32.1	4.3%	5.0%	- 0.7%	
Small-Cap Domestic Equity		\$ 37.0	4.9%	5.0%	- 0.1%	
Conestoga	Small-Cap Growth	\$ 17.0	2.3%	2.5%	- 0.2%	
Wellington	Small-Cap Value	\$ 20.0	2.7%	2.5%	+ 0.2%	
International Equity		\$117.6	15.7%	15.0%	+ 0.7%	10-20%
Walter Scott	Developed and Emerging	\$ 48.5	6.5%			
Harbor	Developed and Emerging	\$ 45.9	6.1%			
Harding Loevner	Emerging	\$ 23.1	3.1%			
Short-Duration Fixed Income		\$ 82.0	10.9%	10.0%	+ 0.9%	8-12%
Barrow Hanley	Short Duration	\$ 78.5	10.5%			
Cash	Money Market	\$ 3.4	0.5%			
Market-Duration Fixed Income		\$225.7	30.1%	30.0%	+ 0.1%	25-35%
Dodge & Cox	Market Duration	\$112.8	15.0%	15.0%	+ 0.0%	
MetWest	Market Duration	\$112.9	15.1%	15.0%	+ 0.1%	
Alternatives		\$122.9	16.4%	20.0%	- 3.6%	17-23%
Oaktree RE Opportunities	Real Estate	\$ 12.8	1.7%	2.5%	- 0.8%	
Walton Street	Real Estate	\$ 10.8	1.4%	2.5%	- 1.1%	
Direct Hedge Fund Composite	Hedge Fund	\$ 99.3	13.2%	15.0%	- 1.8%	
Total (X District)		\$749.9	100.0%			
District Assets - Barrow Hanley	Short Duration	\$ 25.8				
Debt Reserves - Ponder	Short Duration	\$ 23.0				
Total Surplus Cash		\$798.7				

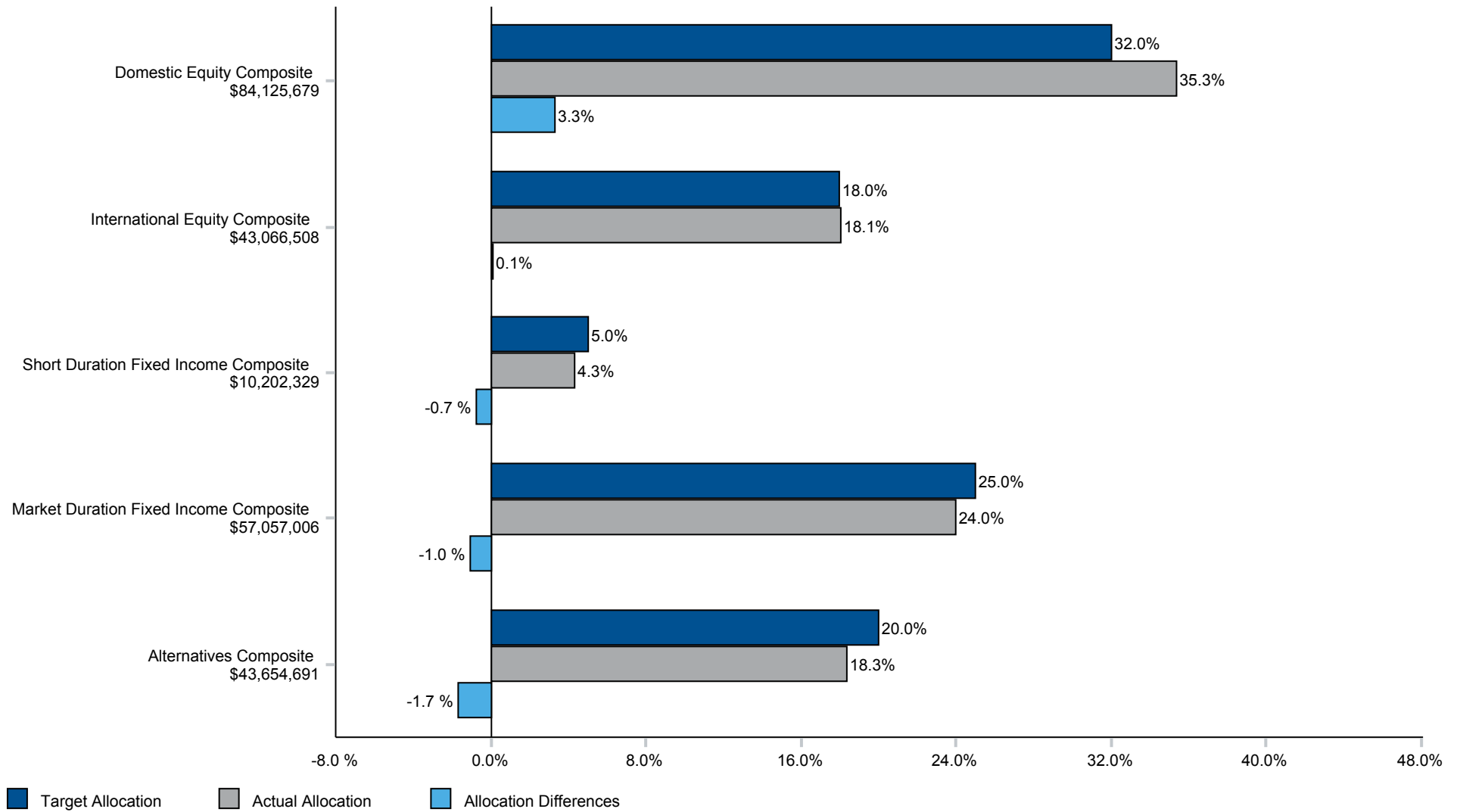
*Totals may not add due to rounding.

Cash Balance Plan

Asset Allocation vs. Target

As of March 31, 2017

March 31, 2017 : \$238,106,213



Asset Class Diversification

Cash Balance Plan Investment Program Structure

As of March 31, 2017

Manager	Asset Class/Type	Total Assets (\$, mil.)	Percent of Total	Target Allocation	Weighting Relative to Target	Target Range
Large-Cap Domestic Equity		\$ 71.6	30.1%	27.0%	+ 3.1%	27-37%
Vanguard S&P 500 Index	Large-Cap Index	\$ 38.0	16.0%	13.5%	+ 2.5%	
Sands	Large-Cap Growth	\$ 15.6	6.6%	6.8%	- 0.2%	
Barrow Hanley	Large-Cap Value	\$ 17.9	7.5%	6.8%	+ 0.7%	
Small-Cap Domestic Equity		\$ 12.6	5.3%	5.0%	+ 0.3%	
Conestoga	Small-Cap Growth	\$ 5.8	2.4%	2.5%	- 0.1%	
Wellington	Small-Cap Value	\$ 6.7	2.8%	2.5%	+ 0.3%	
International Equity		\$ 43.1	18.1%	18.0%	+ 0.1%	15-21%
Walter Scott	Developed and Emerging	\$ 19.5	8.2%			
Harbor	Developed and Emerging	\$ 17.7	7.4%			
Harding Loevner	Emerging Markets	\$ 5.9	2.5%			
Short-Duration Fixed Income		\$ 10.2	4.3%	5.0%	- 0.7%	0-8%
Barrow Hanley	Short Duration	\$ 9.0	3.8%			
Cash	Money Market	\$ 1.2	0.5%			
Market-Duration Fixed Income		\$ 57.1	24.0%	25.0%	- 1.0%	20-30%
Dodge & Cox	Market Duration	\$ 28.7	12.1%	12.5%	- 0.4%	
MetWest	Market Duration	\$ 28.3	11.9%	12.5%	- 0.6%	
Alternatives		\$ 43.7	18.3%	20.0%	- 1.7%	17-23%
Lighthouse	HFOF	\$ 15.8	6.6%	5.0%	+ 1.6%	
Pointer	HFOF	\$ 13.8	5.8%	5.0%	+ 0.8%	
Oaktree RE Opportunities	Real Estate	\$ 7.6	3.2%	5.0%	- 1.8%	
Walton Street	Real Estate	\$ 6.5	2.7%	5.0%	- 2.3%	
Total		\$238.1	100.0%			

*Totals may not add due to rounding.

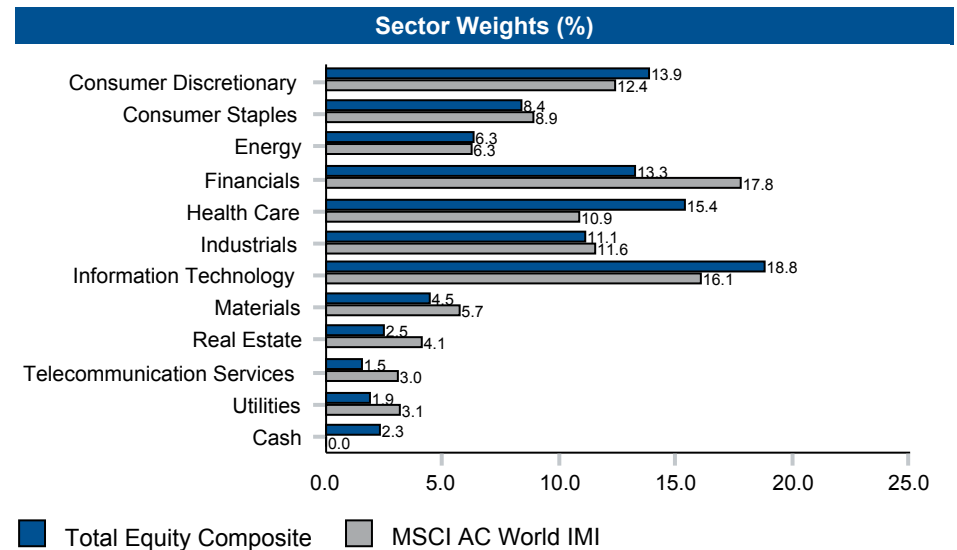
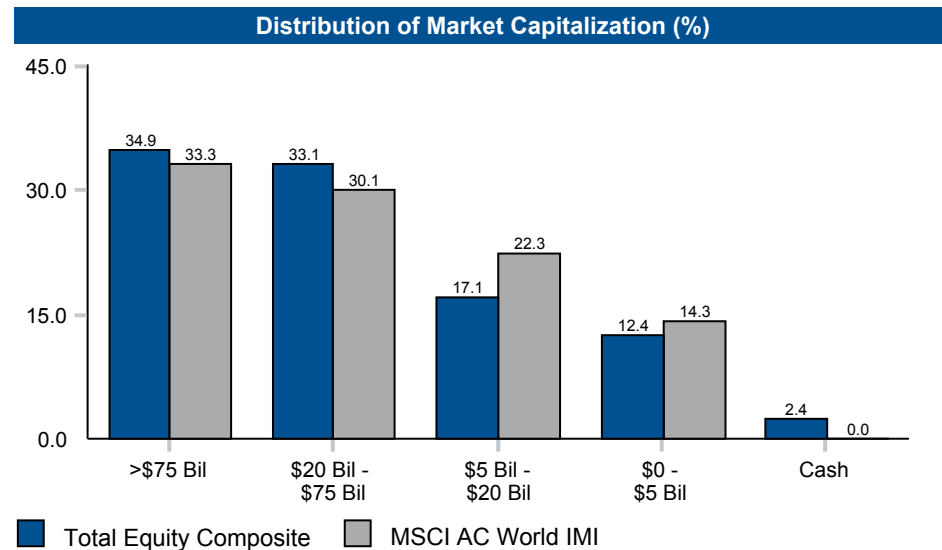
Surplus Cash Equity Portfolio Characteristics

Surplus Cash Equity Composite vs. MSCI AC World IMI

As of March 31, 2017

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	95,411	93,537
Median Mkt. Cap (\$M)	15,263	1,565
Price/Earnings ratio	23.4	19.2
Price/Book ratio	3.3	2.6
5 Yr. EPS Growth Rate (%)	8.1	8.7
Current Yield (%)	1.9	2.4
Debt to Equity	1.0	1.1
Number of Stocks	827	8,575
Beta (5 Years, Monthly)	0.90	1.00
Consistency (5 Years, Monthly)	50.00	1.00
Sharpe Ratio (5 Years, Monthly)	1.00	0.84
Information Ratio (5 Years, Monthly)	0.36	-
Up Market Capture (5 Years, Monthly)	96.44	-
Down Market Capture (5 Years, Monthly)	84.76	-

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Facebook Inc	1.3	0.7	0.6	23.5
Amazon.com Inc	1.2	0.8	0.4	18.2
Apple Inc	1.2	1.7	-0.5	24.6
Visa Inc	1.1	0.4	0.7	14.1
Microsoft Corp	1.0	1.1	-0.1	6.6
Alphabet Inc	0.8	0.5	0.3	7.0
Las Vegas Sands Corp	0.8	0.1	0.7	8.2
JPMorgan Chase & Co	0.8	0.7	0.1	2.4
Johnson & Johnson	0.8	0.7	0.1	8.8
Schlumberger Ltd	0.8	0.2	0.6	-6.4
% of Portfolio	9.8	6.9		



Cash Balance Plan Equity Portfolio Characteristics

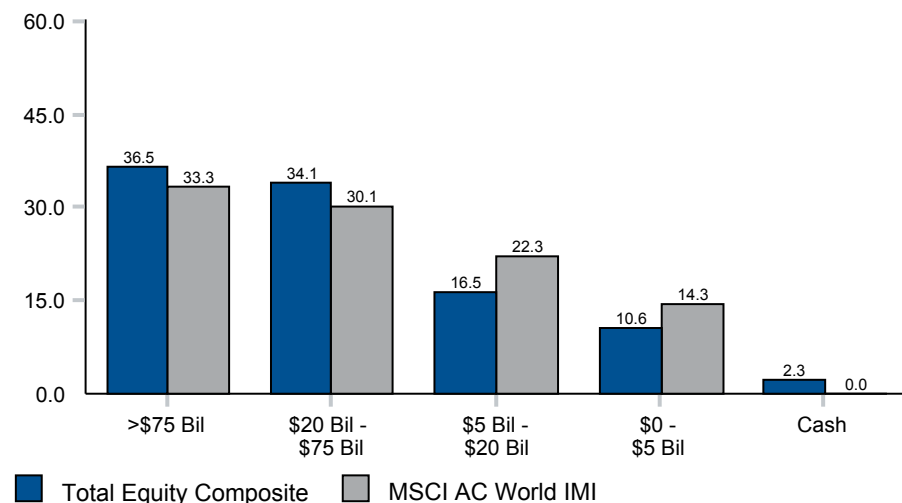
Cash Balance Plan Equity Composite vs. MSCI AC World IMI

As of March 31, 2017

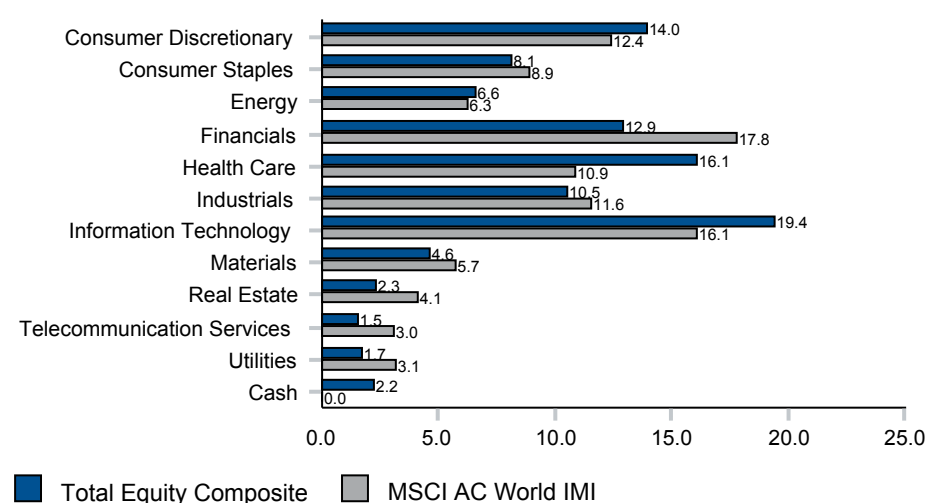
Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	99,622	93,537
Median Mkt. Cap (\$M)	15,263	1,565
Price/Earnings ratio	23.8	19.2
Price/Book ratio	3.3	2.6
5 Yr. EPS Growth Rate (%)	8.2	8.7
Current Yield (%)	1.9	2.4
Debt to Equity	1.0	1.1
Number of Stocks	827	8,575
Beta (5 Years, Monthly)	0.95	1.00
Consistency (5 Years, Monthly)	55.00	1.00
Sharpe Ratio (5 Years, Monthly)	0.98	0.84
Information Ratio (5 Years, Monthly)	0.55	-
Up Market Capture (5 Years, Monthly)	101.45	-
Down Market Capture (5 Years, Monthly)	91.91	-

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Facebook Inc	1.5	0.7	0.8	23.5
Visa Inc	1.4	0.4	1.0	14.1
Amazon.com Inc	1.3	0.8	0.5	18.2
Apple Inc	1.1	1.7	-0.6	24.6
Microsoft Corp	1.0	1.1	-0.1	6.6
JPMorgan Chase & Co	0.9	0.7	0.2	2.4
Johnson & Johnson	0.9	0.7	0.2	8.8
Priceline Group Inc (The)	0.9	0.2	0.7	21.4
Salesforce.com Inc.	0.9	0.1	0.8	20.5
Alphabet Inc	0.9	0.5	0.4	7.0
% of Portfolio	10.8	6.9		

Distribution of Market Capitalization (%)



Sector Weights (%)



Surplus Cash Equity Portfolio - Country/Region Allocation

Surplus Cash Equity Composite vs. MSCI AC World IMI

As of March 31, 2017

	Total Equity Composite	MSCI AC World IMI
Australia	0.6	2.5
Hong Kong	3.1	2.2
Japan	4.9	8.0
New Zealand	0.0	0.1
Singapore	0.1	0.7
Pacific	8.7	13.5
Austria	0.1	0.1
Belgium	0.3	0.4
Finland	0.3	0.3
France	4.0	2.9
Germany	2.1	2.9
Ireland	1.3	1.1
Italy	0.0	0.7
Netherlands	0.6	1.2
Portugal	0.0	0.1
Spain	0.6	1.1
EMU	9.3	10.9
Denmark	1.1	0.5
Norway	0.1	0.3
Sweden	0.6	1.1
Switzerland	3.3	2.9
United Kingdom	5.3	6.4
Europe ex EMU	10.5	11.2
Canada	0.5	3.3
United States	60.2	51.1
Israel	0.4	0.3
Middle East	0.4	0.3
Developed Markets	89.5	90.2

	Total Equity Composite	MSCI AC World IMI
Brazil	0.6	0.8
Cayman Islands	0.0	0.0
Chile	0.1	0.1
Colombia	0.7	0.0
Mexico	0.8	0.4
Peru	0.0	0.0
Virgin Islands	0.0	0.0
EM Latin America	2.1	1.4
China	1.4	1.6
India	0.7	1.0
Indonesia	0.2	0.3
Korea	0.8	1.7
Malaysia	0.0	0.3
Philippines	0.0	0.1
Taiwan	1.1	1.4
Thailand	0.1	0.3
EM Asia	4.4	6.7
Czech Republic	0.1	0.0
Egypt	0.0	0.0
Greece	0.0	0.0
Hungary	0.1	0.0
Poland	0.1	0.1
Qatar	0.0	0.1
Russia	0.3	0.4
South Africa	0.4	0.7
Turkey	0.1	0.1
United Arab Emirates	0.1	0.1
EM Europe + Middle East + Africa	1.3	1.6
Emerging Markets	7.8	9.7
Frontier Markets	0.1	0.0
Cash	2.3	0.0
Other	0.2	0.1
Total	100.0	100.0

Cash Balance Plan Equity Portfolio - Country/Region Allocation

Cash Balance Plan Equity Composite vs. MSCI AC World IMI

As of March 31, 2017

	Total Equity Composite	MSCI AC World IMI
Australia	0.6	2.5
Hong Kong	2.6	2.2
Japan	4.8	8.0
New Zealand	0.0	0.1
Singapore	0.1	0.7
Pacific	8.2	13.5
Austria	0.1	0.1
Belgium	0.3	0.4
Finland	0.3	0.3
France	4.0	2.9
Germany	2.1	2.9
Ireland	1.5	1.1
Italy	0.0	0.7
Netherlands	0.6	1.2
Portugal	0.0	0.1
Spain	0.6	1.1
EMU	9.3	10.9
Denmark	1.1	0.5
Norway	0.1	0.3
Sweden	0.6	1.1
Switzerland	3.3	2.9
United Kingdom	5.3	6.4
Europe ex EMU	10.4	11.2
Canada	0.5	3.3
United States	62.6	51.1
Israel	0.5	0.3
Middle East	0.5	0.3
Developed Markets	91.5	90.2

	Total Equity Composite	MSCI AC World IMI
Brazil	0.4	0.8
Cayman Islands	0.0	0.0
Chile	0.0	0.1
Colombia	0.7	0.0
Mexico	0.6	0.4
Peru	0.0	0.0
Virgin Islands	0.0	0.0
EM Latin America	1.7	1.4
China	1.5	1.6
India	0.5	1.0
Indonesia	0.1	0.3
Korea	0.5	1.7
Malaysia	0.0	0.3
Philippines	0.0	0.1
Taiwan	0.9	1.4
Thailand	0.1	0.3
EM Asia	3.5	6.7
Czech Republic	0.1	0.0
Egypt	0.0	0.0
Greece	0.0	0.0
Hungary	0.1	0.0
Poland	0.1	0.1
Qatar	0.0	0.1
Russia	0.2	0.4
South Africa	0.2	0.7
Turkey	0.1	0.1
United Arab Emirates	0.1	0.1
EM Europe + Middle East + Africa	0.8	1.6
Emerging Markets	6.1	9.7
Frontier Markets	0.1	0.0
Cash	2.2	0.0
Other	0.1	0.1
Total	100.0	100.0

Surplus Cash Fixed Income Portfolio Characteristics

Surplus Cash Fixed Income Composite vs. Total Fixed Income Bmk - Surplus

As of March 31, 2017

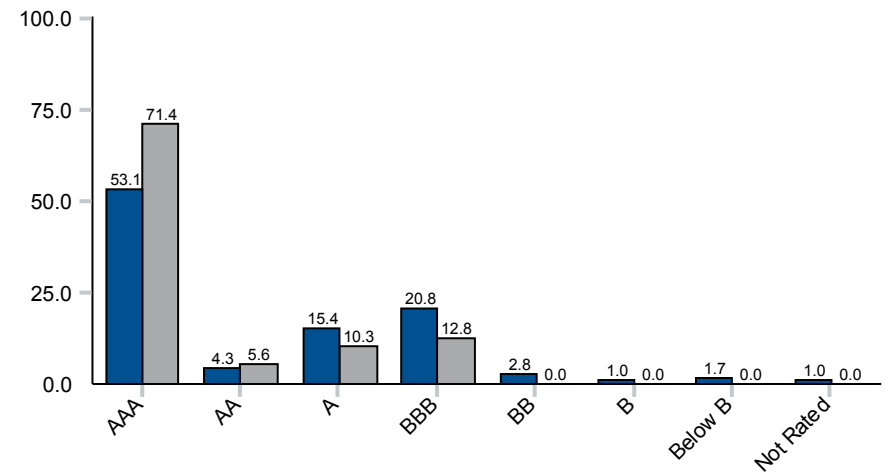
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.3	4.9
Avg. Maturity	6.1	6.5
Avg. Quality	AA-	AA+
Yield To Maturity (%)	2.7	2.3

Risk Characteristics - 5 Years

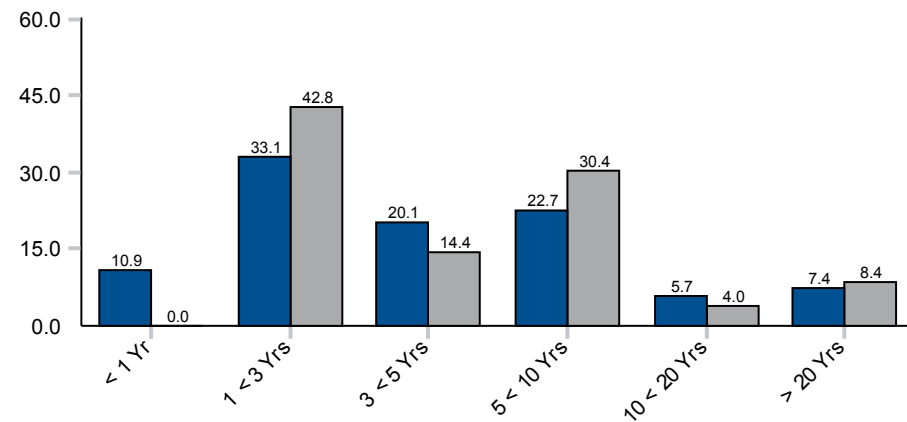
	Consistency	Sharpe Ratio	Information Ratio	Up Market Capture	Down Market Capture
Total Fixed Income Composite	58.3	1.2	0.4	94.2	70.4
Total Fixed Income Bmk - Surplus	0.0	0.9	N/A	100.0	100.0

Credit Quality Distribution (%)



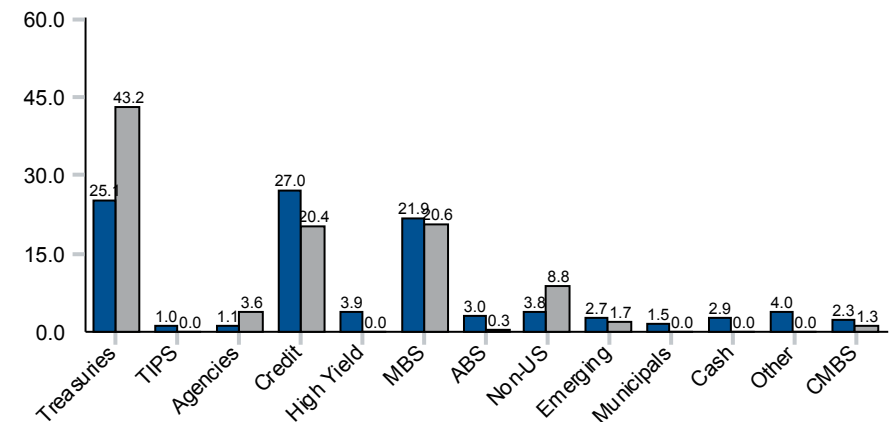
■ Total Fixed Income Composite ■ Total Fixed Income Bmk - Surplus

Maturity Distribution (%)



■ Total Fixed Income Composite ■ Total Fixed Income Bmk - Surplus

Sector Distribution (%)



■ Total Fixed Income Composite ■ Total Fixed Income Bmk - Surplus

Cash Balance Plan Fixed Income Portfolio Characteristics

Cash Balance Plan Fixed Income Composite vs. Total Fixed Income Benchmark

As of March 31, 2017

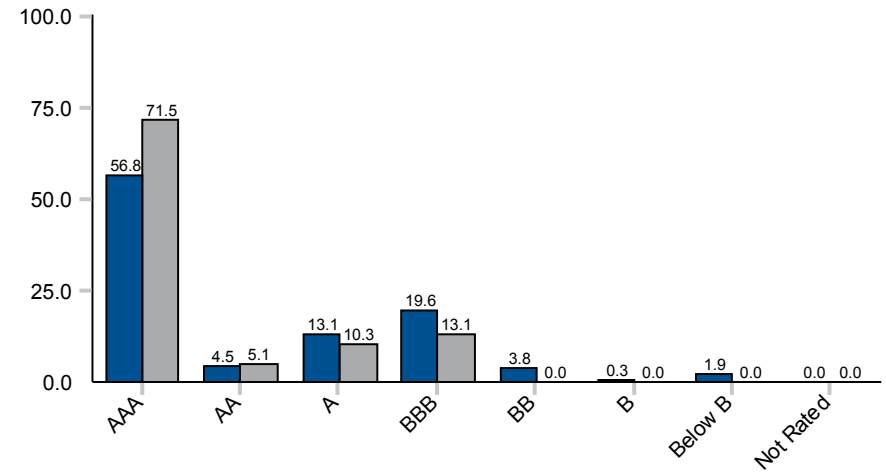
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.5	5.4
Avg. Maturity	6.9	7.3
Avg. Quality	AA	AA+
Yield To Maturity (%)	2.8	2.4

Risk Characteristics - 5 Years

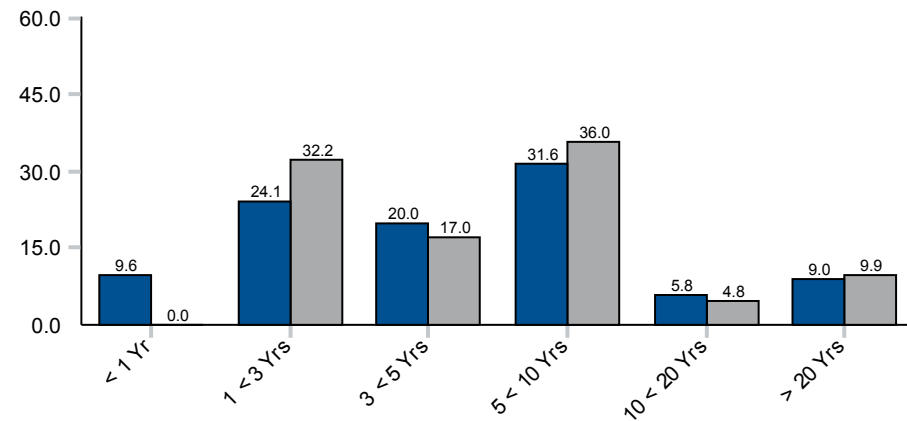
	Consistency	Sharpe Ratio	Information Ratio	Up Market Capture	Down Market Capture
Total Fixed Income Composite	60.0	1.3	0.6	102.8	76.7
Total Fixed Income Benchmark	0.0	0.9	N/A	100.0	100.0

Credit Quality Distribution (%)



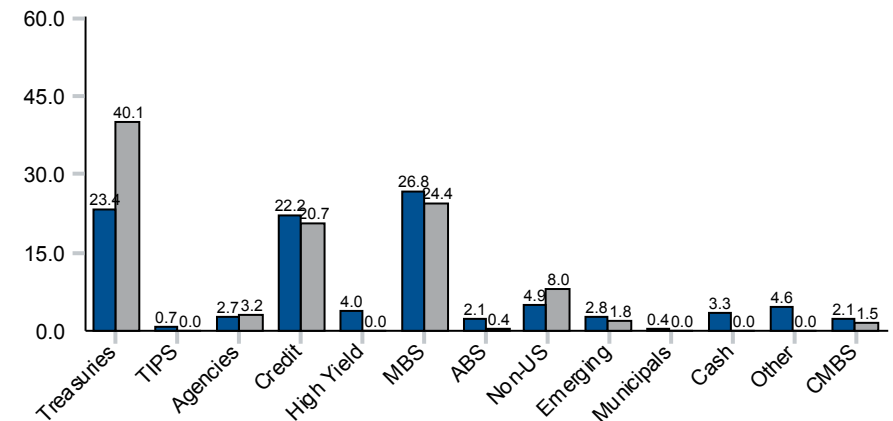
■ Total Fixed Income Composite ■ Total Fixed Income Benchmark

Maturity Distribution (%)



■ Total Fixed Income Composite ■ Total Fixed Income Benchmark

Sector Distribution (%)



■ Total Fixed Income Composite ■ Total Fixed Income Benchmark



Direct Hedge Fund Portfolio

Hedge Fund Portfolio Executive Summary

Portfolio Update - First Quarter 2017

The Hedge Fund Portfolio returned +1.3% during the first quarter, underperforming the HFRI Fund of Funds Composite Index by 100 basis points. Three of the Portfolio's four strategies delivered positive absolute returns, with one of the four strategies (Relative Value) performing better than its underlying benchmark.

Strategy	Q1 Absolute Performance	12-Month Absolute Performance	Strategy Commentary	Manager Highlights Q1 Contributors/Detractors		
Equity Long / Short	++	++	Equity long/short managers performed well during the quarter, with strong stock selection driving high alpha generation on the long and short side of portfolios. In a contrast to the fourth quarter, managers with exposure to growth sectors like healthcare and technology outperformed.	+	Luxor	+9.3%
					Bloom Tree	+4.9%
					Tiger Eye	+4.8%
				-	Passport (2x)	-5.9%
					ESG	-4.4%
Passport (1x)	-3.2%					
Credit	+	++++	Credit strategies delivered positive returns for the quarter; however, managers with greater exposure to energy credits tended to underperform. Default rates remain low, but the opportunities within distressed still appear attractive.	+	DK	+3.2%
					York	+0.9%
				Marathon	+0.2%	
Macro	-	++	Discretionary and systematic macro managers had a challenging quarter as many of the established trends from 2016 faltered. Trading in fixed income, foreign exchange and commodities proved particularly difficult.	+	Brevan Howard	+0.1%
					Moore	+0.0%
				-	Stone Milliner	-1.8%
					BP Transtrend	-1.1%
Relative Value	++	+++	Performance for multi-strategy relative value managers was muted for the quarter. BlackRock 32 Capital was the exception delivering a strong result as all four of the fund's sub-strategies performed well.	+	BlackRock 32	+5.3%
					Fir Tree	+0.4%
					Pine River	+0.1%
				-		

Investment Activity

The first redemption cash flows (\$2.63 million) arrived from Pine River in January 2017 and were reinvested into existing credit manager York (\$2.66 million) as of April 1, 2017.

Redemptions already in progress or recently submitted are summarized below:

Fund	Strategy	Redemption details	Redemption Status
Brevan Howard Multi-Strategy Fund Limited	Macro	Redemption submitted starting on March 31, 2017. Takes 4 quarters to get out (25% investor level gate).	In progress
Luxor Capital Partners Offshore, Ltd.	Equity	Redemption submitted for June 30, 2017.	In progress
Pine River Fund Ltd.	Relative Value	Redemption submitted starting on December 31, 2016. Takes 4 quarters to get out (25% investor level gate).	In progress
Fir Tree International Value Fund (USTE), L.P.	Relative Value	Redemption of initial investment submitted for May 1, 2017. Redemption for second investment pending for December 1, 2017.	In progress
Passport Long Short Fund, Ltd.	Equity	Redemption submitted for March 30, 2017.	Completed
Marathon Special Opportunity Fund Ltd.	Credit	Redemption submitted for June 30, 2017.	In progress
ESG Cross Border Equity Offshore Fund, Ltd.	Equity	Redemption submitted for June 30, 2017.	In progress

Recommendations or Action Items

Pavilion recommends reinvesting the proceeds from the above redemptions into to higher conviction **Equity**, **Credit** and **Macro** funds. As other cash flows will not come in until later in 2017, the below outline plan remains flexible:

Fund	Strategy	Details
Capeview Azri Fund Ltd. <i>(existing position)</i>	Equity	Added \$3.0 million as of May 1, 2017.
BP Transtrend <i>(existing position)</i>	Macro	Top up using cash flow from liquidations.
<i>New global equity, credit long/short, and discretionary macro managers to be confirmed</i>	Equity Credit Macro	To be funded with proceeds from cash flows from liquidations.

Pavilion is working with El Camino management to approve and implement changes during the coming quarters.

Direct Hedge Fund Portfolio Asset Allocation & Performance

As of March 31, 2017

	Allocation		Performance(%)					
	Market Value (\$)	%	Quarter	Fiscal YTD	1 Year	3 Years	Since Invested	Inception Period
Hedge Fund Composite	99,330,867	100.0	1.3	5.8	6.9	0.6	2.2	3y 11m
HFRI Fund of Funds Composite Index			2.3	5.6	6.2	1.8	2.7	
El Camino HF Composite Benchmark			2.1	7.4	9.6	2.5	3.5	
Equity HF Composite	34,023,350	34.3	2.3	4.3	2.4	-1.4	0.9	3y 11m
HFRI Equity Hedge (Total) Index			3.8	9.9	11.5	3.0	4.7	
Credit HF Composite	24,745,672	24.9	1.8	14.1	19.4	1.1	5.0	3y 11m
HFRI ED: Distressed/Restructuring Index			1.7	13.2	19.0	1.1	3.5	
Macro HF Composite	25,199,497	25.4	-0.7	2.6	2.8	4.9	2.3	3y 11m
HFRI Macro (Total) Index			-0.2	-1.9	-0.7	1.8	0.7	
Relative Value HF Composite	15,362,348	15.5	1.9	4.1	8.4	-0.6	1.7	3y 11m
HFRI RV: Multi-Strategy Index			1.6	6.2	7.7	3.5	3.8	

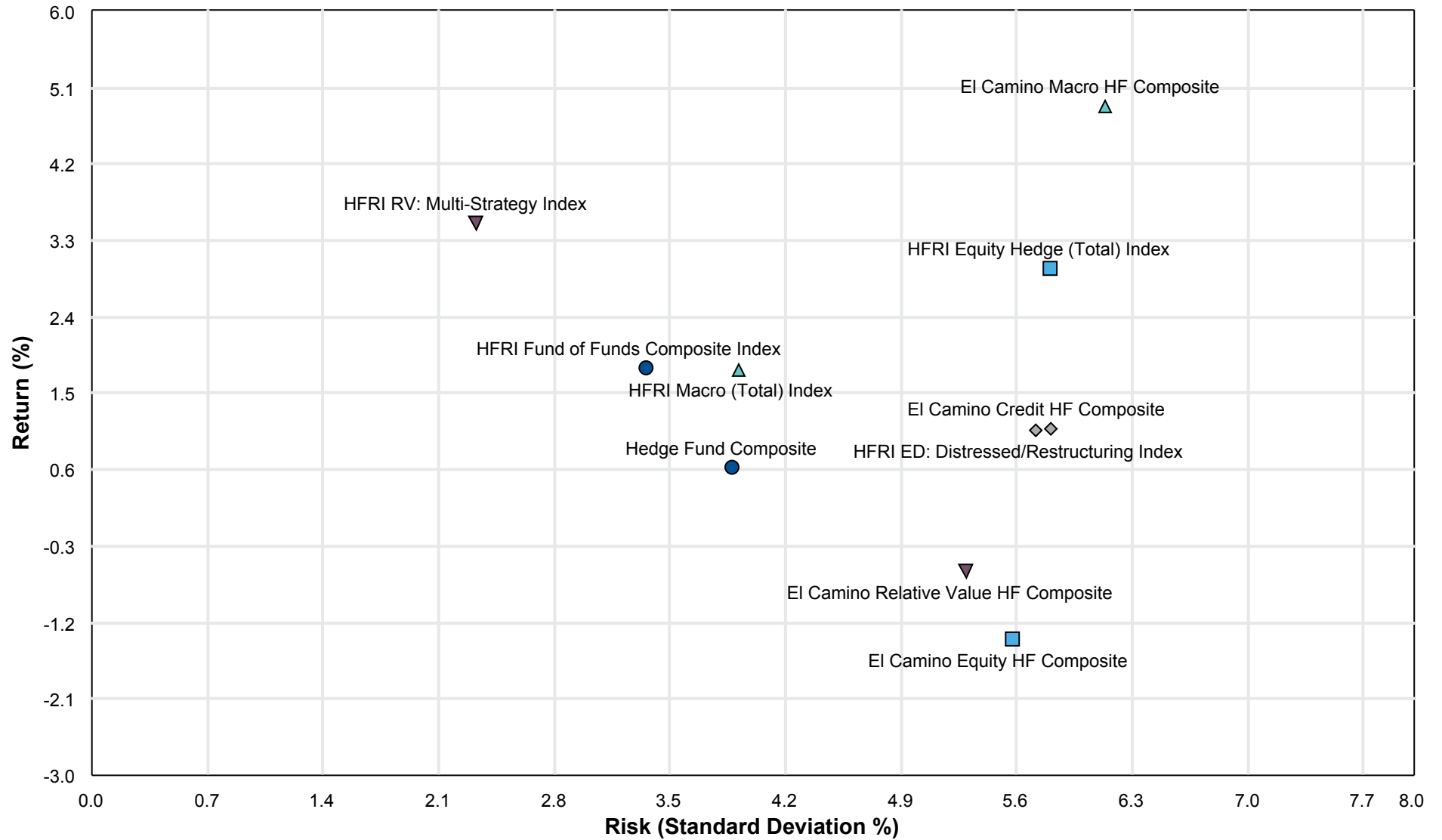
Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

The El Camino HF Composite Benchmark consists of 40% HFRI Equity Hedge (Total) Index, 20% HFRI ED: Distressed/Restructuring Index, 20% HFRI Macro (Total) Index, and 20% HFRI RV: Multi-Strategy Index.

Direct Hedge Fund Portfolio

Risk and Return Summary (Net of Fees)

3 Years Ending March 31, 2017



Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

Direct Hedge Fund Portfolio Risk Statistics

As of March 31, 2017

	Since Inception Return	Since Inception Standard Deviation	Since Inception Maximum Drawdown	Since Inception Best Quarter	Since Inception Worst Quarter	Since Inception Sharpe Ratio	Since Inception Sortino Ratio	Inception Period
Total Portfolio								
Hedge Fund Composite	2.2	3.8	-9.5	4.9	-5.7	0.6	0.8	3y 11m
HFRI Fund of Funds Composite Index	2.7	3.4	-7.6	3.7	-4.2	0.8	1.1	
Equity Long/Short								
El Camino Equity HF Composite	0.9	5.2	-14.3	5.2	-8.1	0.2	0.2	3y 11m
HFRI Equity Hedge (Total) Index	4.7	5.7	-10.3	6.0	-6.3	0.8	1.3	
Credit								
El Camino Credit HF Composite	5.0	5.8	-18.5	7.0	-6.6	0.8	1.4	3y 11m
HFRI ED: Distressed/Restructuring Index	3.5	5.4	-17.5	7.4	-6.4	0.6	1.0	
Macro								
El Camino Macro HF Composite	2.3	6.2	-7.4	7.9	-4.8	0.4	0.6	3y 11m
HFRI Macro (Total) Index	0.7	3.8	-4.4	5.1	-3.5	0.2	0.2	
Relative Value								
El Camino Relative Value HF Composite	1.7	5.0	-13.8	5.3	-8.1	0.3	0.5	3y 11m
HFRI RV: Multi-Strategy Index	3.8	2.3	-4.2	2.9	-2.4	1.6	2.9	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

Asset Class Diversification

Hedge Fund Portfolio

As of March 31, 2017

Manager	Asset Class/Type	Total Assets (\$, mil.)	Percent of Total	Target Allocation	Weighting Relative to Target
Equity Hedge Funds		\$ 34.0	34.2%	40.0%	- 5.8%
ESG	Emerging Market Equity	\$ 3.9	3.9%		
Luxor	Event Driven Equity	\$ 4.7	4.7%		
CapeView 1x	European Equity	\$ 2.8	2.9%		
CapeView 2x	European Equity	\$ 3.3	3.3%		
Passport 1x	US Equity	\$ 2.3	2.3%		
Passport 2x	US Equity	\$ 2.1	2.1%		
Bloom Tree	Global Equity	\$ 5.1	5.1%		
Tiger Eye	US Equity	\$ 4.6	4.6%		
Indus Japan	Japanese Equity	\$ 5.3	5.3%		
Credit Hedge Funds		\$ 24.7	24.9%	20.0%	+ 4.9%
Davidson Kempner	Distressed Credit	\$ 9.7	9.8%		
York	Multi-Strategy Credit	\$ 9.6	9.6%		
Marathon	Multi-Strategy Credit	\$ 5.5	5.5%		
Macro Hedge Funds		\$ 25.2	25.4%	20.0%	+ 5.4%
BP Transtrend	Systematic Macro	\$ 7.3	7.3%		
Brevan Howard	Discretionary Macro	\$ 6.3	6.3%		
Moore	Discretionary Macro	\$ 6.5	6.5%		
Stone Milliner	Discretionary Macro	\$ 5.2	5.2%		
Relative Value Hedge Funds		\$ 15.4	15.5%	20.0%	- 4.5%
BlackRock 32 Capital	Quantitative Market Neutral	\$ 5.6	5.7%		
Fir Tree	Multi-Strategy	\$ 6.4	6.4%		
Pine River	Multi-Strategy	\$ 3.4	3.4%		
Total Hedge Fund Portfolio		\$ 99.3	100.0%		

*Totals may not add due to rounding.

Direct Hedge Fund Performance Summary

As of March 31, 2017

	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Invested	2016	2015	2014	2013	2012	2011	Inception Period
Total Portfolio													
Hedge Fund Composite	1.3	5.8	6.9	0.6	-	2.2	1.0	-1.6	2.2	-	-	-	3y 11m
HFRI Fund of Funds Composite Index	2.3	5.6	6.2	1.8	3.2	2.7	0.5	-0.3	3.4	9.0	4.8	-5.7	
El Camino HF Composite Benchmark	2.1	7.4	9.6	2.5	4.1	3.5	6.7	-2.1	2.2	9.9	6.6	-5.0	
Equity Long/Short													
Equity HF Composite	2.3	4.3	2.4	-1.4	-	0.9	-8.0	2.0	-0.4	-	-	-	3y 11m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	4.7	5.5	-1.0	1.8	14.3	7.4	-8.4	
ESG Cross Border Equity Offshore Fund, Ltd.	-4.4	-11.1	-10.6	-9.7	-3.4	-6.2	-13.1	-5.1	-7.0	13.4	6.7	9.3	3y 11m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	4.7	5.5	-1.0	1.8	14.3	7.4	-8.4	
Luxor Capital Partners Offshore, Ltd.	9.7	31.7	30.2	-5.6	-0.7	-1.5	8.0	-20.9	-8.4	16.1	1.7	-3.2	3y 11m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	4.7	5.5	-1.0	1.8	14.3	7.4	-8.4	
CapeView Azri Fund Limited	2.3	4.6	2.2	2.1	4.5	3.4	-8.3	9.8	4.6	11.4	5.8	1.3	3y 9m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	5.1	5.5	-1.0	1.8	14.3	7.4	-8.4	
CapeView Azri 2X Fund	4.3	9.6	4.8	4.6	9.6	7.3	-15.9	21.6	9.8	24.4	12.7	4.3	3y 9m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	5.1	5.5	-1.0	1.8	14.3	7.4	-8.4	
Passport Long Short Fund Ltd. (1x)	-3.2	-12.8	-12.2	-3.9	2.0	-2.3	-11.4	10.6	-5.7	19.8	12.1	-7.2	3y 8m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	4.5	5.5	-1.0	1.8	14.3	7.4	-8.4	
Passport Long Short Fund Ltd. (2x)	-5.9	-23.6	-22.4	-7.6	4.0	-4.5	-21.2	21.8	-11.1	43.1	25.6	-14.4	3y 8m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	4.5	5.5	-1.0	1.8	14.3	7.4	-8.4	
Bloom Tree Offshore Fund, Ltd.	4.9	15.0	13.7	4.0	6.2	4.0	-3.8	6.3	3.0	12.8	13.7	23.7	3y
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	3.0	5.5	-1.0	1.8	14.3	7.4	-8.4	
Tiger Eye Fund, Ltd.	4.8	4.2	3.1	0.7	9.2	0.7	-5.0	-2.0	3.9	37.7	17.7	5.6	3y
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	3.0	5.5	-1.0	1.8	14.3	7.4	-8.4	
Indus Japan Fund Ltd.	1.8	10.2	2.6	2.9	8.0	1.7	-7.5	1.8	6.3	45.0	8.1	-1.6	3y 4m
HFRI Equity Hedge (Total) Index	3.8	9.9	11.5	3.0	4.9	3.4	5.5	-1.0	1.8	14.3	7.4	-8.4	

Returns are expressed as percentages. Returns for periods greater than one year are annualized. From May 1, 2013, results shown are El Camino Hedge Fund Portfolio returns.

Returns for Passport Long Short Fund, Ltd. (2x) prior to January 2013 are those of Passport Long Short Fund, Ltd. (1x); returns for CapeView Azri 2x Fund prior to October 2010 are those of CapeView Azri Fund Limited; returns for BP Transtrend Diversified Fund, LLC prior to April 2008 are those of the Transtrend Diversified Trend Program Enhanced Risk (USD) Fund.

Direct Hedge Fund Performance Summary

As of March 31, 2017

	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Invested	2016	2015	2014	2013	2012	2011	Inception Period
Credit													
Credit HF Composite	1.8	14.1	19.4	1.1	-	5.0	14.7	-8.2	2.8	-	-	-	3y 11m
<i>HFRI ED: Distressed/Restructuring Index</i>	<i>1.7</i>	<i>13.2</i>	<i>19.0</i>	<i>1.1</i>	<i>4.9</i>	<i>3.5</i>	<i>15.1</i>	<i>-8.1</i>	<i>-1.4</i>	<i>14.0</i>	<i>10.1</i>	<i>-1.8</i>	
DK Distressed Opportunities International (Cayman) Ltd.	3.4	15.9	24.4	4.6	9.5	8.1	21.4	-6.2	3.2	21.7	13.5	-2.4	3y 11m
HFRI ED: Distressed/Restructuring Index	1.7	13.2	19.0	1.1	4.9	3.5	15.1	-8.1	-1.4	14.0	10.1	-1.8	
Marathon Special Opportunity Fund Ltd.	0.2	17.3	23.8	-0.2	6.0	-0.2	18.4	-11.9	-2.8	19.6	16.5	-4.8	3y
HFRI ED: Distressed/Restructuring Index	1.7	13.2	19.0	1.1	4.9	1.1	15.1	-8.1	-1.4	14.0	10.1	-1.8	
York Credit Opportunities Unit Trust	0.9	9.3	10.0	-2.2	4.7	2.0	4.1	-7.9	3.4	15.6	18.9	-1.8	3y 11m
HFRI ED: Distressed/Restructuring Index	1.7	13.2	19.0	1.1	4.9	3.5	15.1	-8.1	-1.4	14.0	10.1	-1.8	
Macro													
Macro HF Composite	-0.7	2.6	2.8	4.9	-	2.3	5.0	1.0	7.7	-	-	-	3y 11m
HFRI Macro (Total) Index	-0.2	-1.9	-0.7	1.8	0.7	0.7	1.0	-1.3	5.6	-0.4	-0.1	-4.2	
BP Transtrend Diversified Fund LLC	-1.1	-1.9	-1.8	8.6	4.3	4.8	8.2	-1.1	18.9	0.6	1.2	-11.3	3y 11m
HFRI Macro (Total) Index	-0.2	-1.9	-0.7	1.8	0.7	0.7	1.0	-1.3	5.6	-0.4	-0.1	-4.2	
Brevan Howard Multi-Strategy Fund Limited	0.1	5.2	6.3	2.7	2.2	0.9	6.8	-1.9	1.8	0.8	5.3	6.0	3y 11m
HFRI Macro (Total) Index	-0.2	-1.9	-0.7	1.8	0.7	0.7	1.0	-1.3	5.6	-0.4	-0.1	-4.2	
Moore Macro Managers Fund Ltd.	0.0	4.4	5.0	2.5	5.5	2.5	0.0	3.1	5.4	13.4	8.9	-2.6	3y
HFRI Macro (Total) Index	-0.2	-1.9	-0.7	1.8	0.7	1.8	1.0	-1.3	5.6	-0.4	-0.1	-4.2	
Stone Milliner Macro Fund Inc.	-1.8	3.9	2.9	6.9	7.9	2.6	4.9	5.7	14.3	11.2	8.1	-1.6	2y 1m
HFRI Macro (Total) Index	-0.2	-1.9	-0.7	1.8	0.7	-1.5	1.0	-1.3	5.6	-0.4	-0.1	-4.2	

Returns are expressed as percentages. Returns for periods greater than one year are annualized. From May 1, 2013, results shown are El Camino Hedge Fund Portfolio returns.

Returns for Passport Long Short Fund, Ltd. (2x) prior to January 2013 are those of Passport Long Short Fund, Ltd. (1x); returns for CapeView Azri 2x Fund prior to October 2010 are those of CapeView Azri Fund Limited; returns for BP Transtrend Diversified Fund, LLC prior to April 2008 are those of the Transtrend Diversified Trend Program Enhanced Risk (USD) Fund.

Direct Hedge Fund Performance Summary

As of March 31, 2017

	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	Since Invested	2016	2015	2014	2013	2012	2011	Inception Period
Relative Value													
Relative Value HF Composite	1.9	4.1	8.4	-0.6	-	1.7	-0.4	-4.0	1.6	-	-	-	3y 11m
HFRI RV: Multi-Strategy Index	1.6	6.2	7.7	3.5	4.9	3.8	6.4	0.7	3.4	7.9	8.2	-2.4	
(BlackRock) The 32 Capital Fund, Ltd.	4.8	4.5	-0.1	1.6	2.2	1.8	-11.4	8.6	-0.3	7.1	8.9	21.1	0y 8m
<i>HFRI EH: Equity Market Neutral Index</i>	1.4	3.5	3.1	3.2	3.7	2.6	2.2	4.3	3.1	6.5	3.0	-2.1	
Fir Tree International Value Fund (USTE), L.P.	0.4	5.4	13.6	-3.1	2.5	0.0	0.9	-8.9	-2.1	17.2	16.9	2.4	3y 11m
HFRI RV: Multi-Strategy Index	1.6	6.2	7.7	3.5	4.9	3.8	6.4	0.7	3.4	7.9	8.2	-2.4	
Pine River Fund Ltd.	0.0	4.0	6.4	0.0	5.3	0.0	0.6	-2.8	4.7	9.7	21.7	5.7	3y
HFRI RV: Multi-Strategy Index	1.6	6.2	7.7	3.5	4.9	3.5	6.4	0.7	3.4	7.9	8.2	-2.4	

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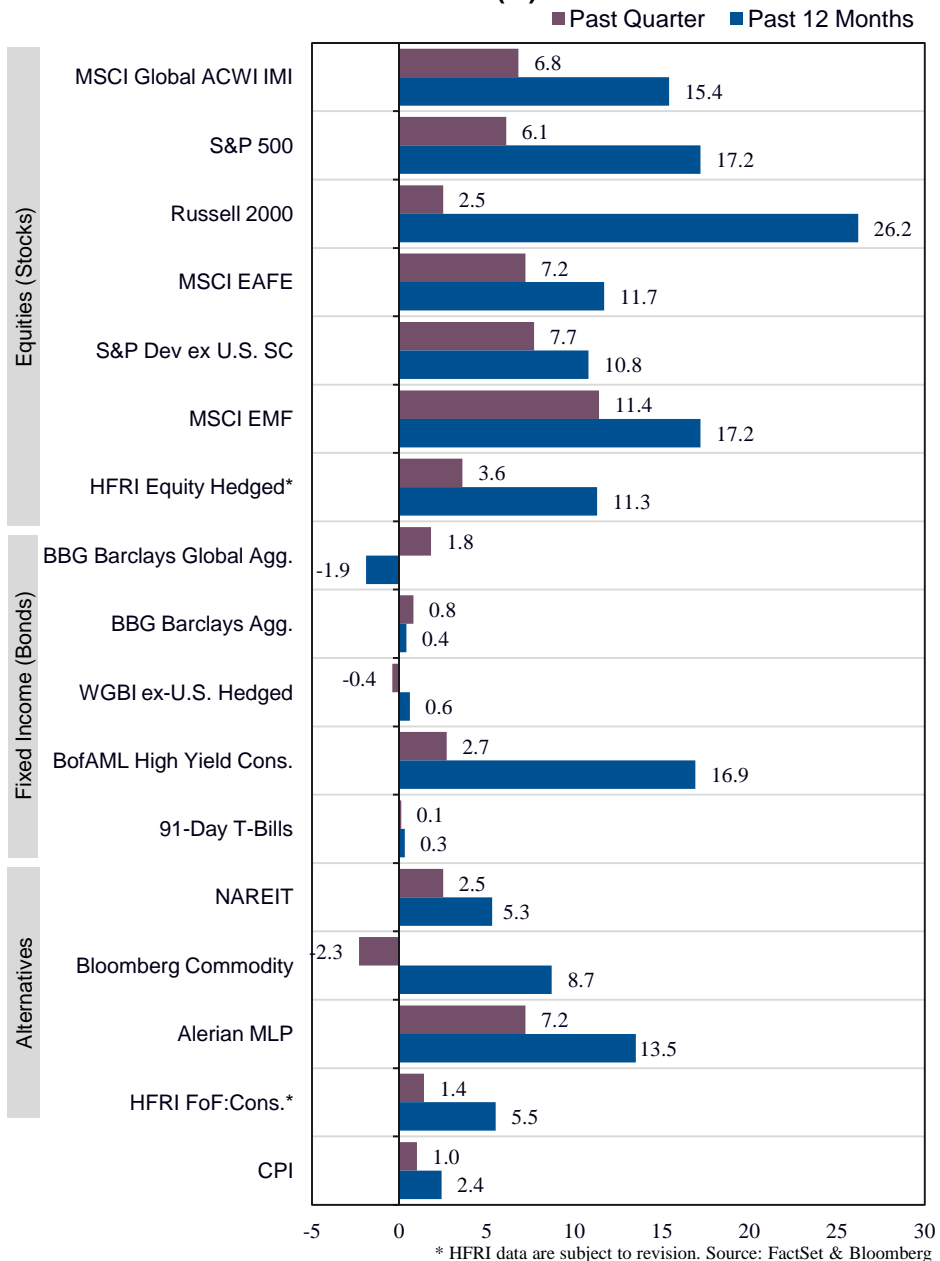


Appendix

Capital Markets Review

Summary

Performance: Past Quarter and Year (%)



Synchronizing Global Growth

§ Accelerating global growth propelled risk assets higher, as robust economic data continued to affirm improving expectations demonstrated by employment growth, positive business and sentiment surveys, credit expansion, and normalizing inflation. The widespread strength of underlying economic data insulated and allowed capital markets to digest events ranging from the triggering of Article 50 (BREXIT) to U.S. political turmoil.

§ With inflation rates near central banks' targeted levels, global monetary policy remained generally accommodative. While the U.S. path to normalization is still expected to be gradual, strengthening data supported a March rate increase for the second consecutive quarter and generated little drama. During the March meeting, the Federal Open Market Committee ("FOMC") discussed the future wind down of its balance sheet operations, spurring spread widening in mortgage related securities.

§ Global growth helped boost domestic and international equities. After turning positive in the third quarter of 2016, domestic profit growth accelerated in the fourth quarter with first quarter earnings expected to maintain the upward trend. Outside the U.S., emerging market equities rebounded during the quarter, recovering from the fourth quarter's U.S. dollar headwinds.

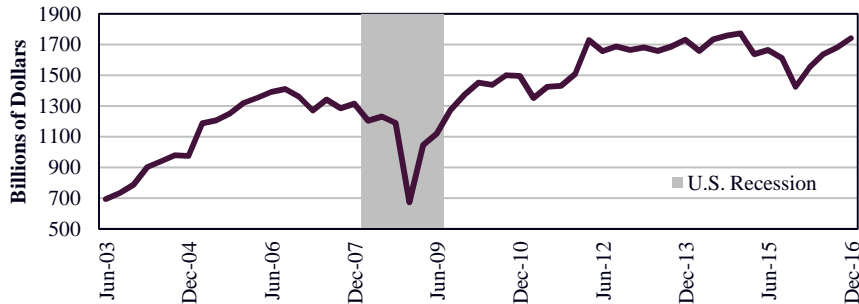
§ Domestically, interest rates flattened at the front-end of the curve in anticipation of the FOMC decision to hike rates, marginally detracting from performance. Economic conditions also lead to spread compression for most sectors, driving outperformance relative to similar duration Treasuries. Internationally, a weakening U.S. dollar helped drive solid gains, particularly for local emerging market debt, which surged +6.5%.

§ Commodity prices turned down during the quarter, dragged by energy and agriculture prices. Warmer than average temperatures and increasing oil production adversely affected prices. Trailing one-year returns, however, remain strong, buoyed by oil's rise from \$37 a barrel at the end of the first quarter of 2016.

Capital Markets Review

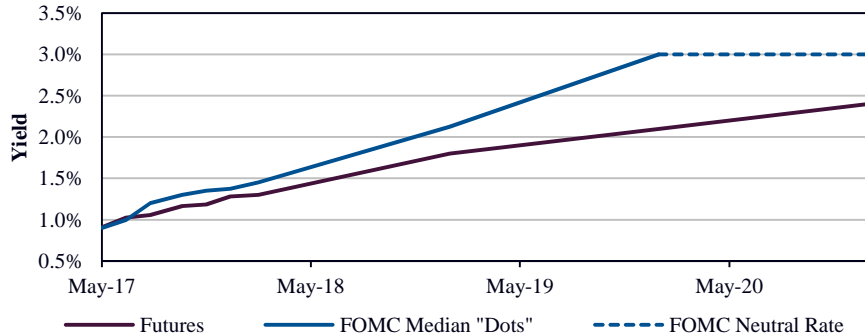
Asset Class Outlook

U.S. Corporate Profits



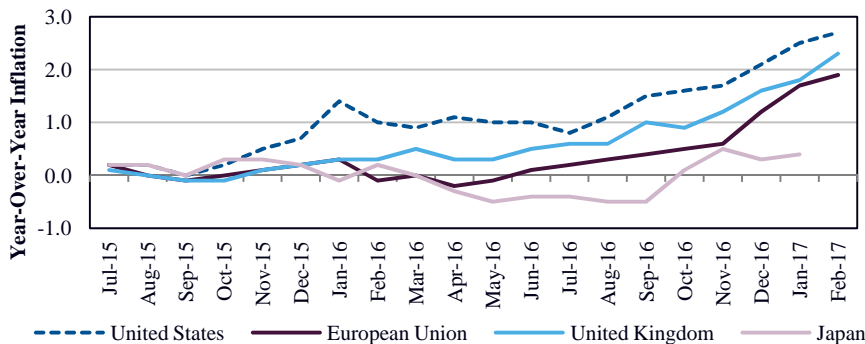
Source: Federal Reserve FRED Data
Seasonally Adjusted Annual Rate

Projected vs Expected Path of Fed Funds



Source: Bloomberg

Inflation rates rising



Source: Bloomberg

Equities

§ The first quarter witnessed another strong performance by equity markets. While many suggest performance is being driven by anticipated policy changes, dubbing it the “Trump Rally,” we believe improving fundamentals have been at least as strong a force. First, the significant rebound in corporate profits has almost certainly enhanced performance. FactSet’s consensus analysts’ estimate for first quarter S&P 500 earnings growth is 8.9%, which would be the strongest earnings growth rate since quarter four of 2013. Second, these earnings improvements and performance are not unique to U.S. markets. The rising tide of global growth appears to be lifting all boats, as emerging markets and Europe also posted strong performance over the quarter. Absent interruptions from geopolitical risks, we anticipate growth will continue to support equity market performance. Additionally, any U.S. policy enhancements should provide tailwinds for the U.S. equity market.

Fixed Income

§ While the FOMC decided to raise rates during the quarter, officials made clear future rate increases likely would be very gradual. Minutes from the meeting also revealed that committee members began to focus attention on reducing the Federal Reserve’s (“Fed”) balance sheet (reversing QE). Based on guidance provided by Fed leadership, we expect balance sheet reduction will be relatively gradual undertaken largely by allowing existing assets to mature, without replacement - the current practice. Given the challenge of removing accommodation using two levers, rate increases and balance sheet reduction, rather than just one, Fed officials likely will be even more cautious pursuing rate increases. Any policy adjustment is unlikely to be implemented much before year end. Despite rising yields, we continue to believe investors are well served to maintain some high quality duration risk as portfolio protection including exposure to select securitized sectors such as Non-Agency MBS, CMBS, and off-the-run ABS. With the further tightening of credit spreads and with material dollar appreciation possibly having run its course, opportunities in emerging market debt deserve careful evaluation as the risk return benefits continue to move in its favor.

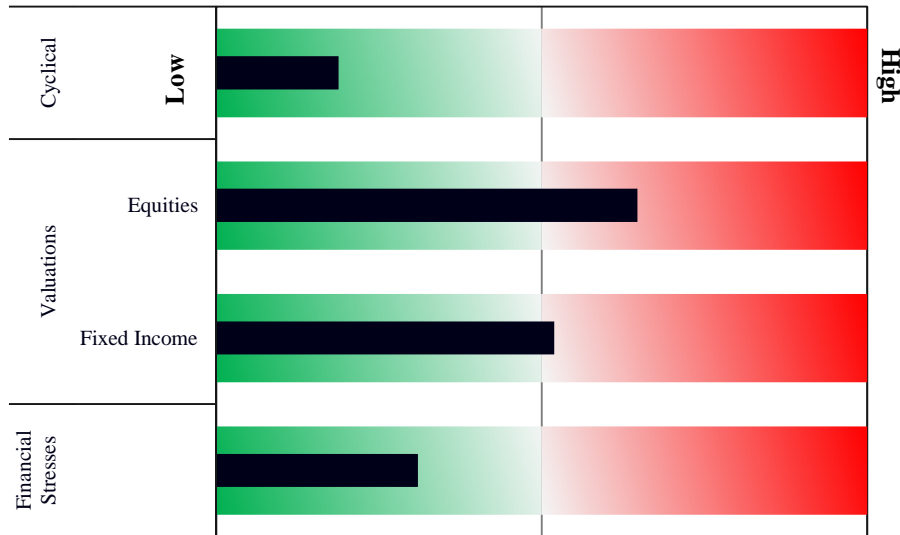
Real Assets (Inflation Protection Assets)

§ Inflation is now approaching or slightly exceeding policy targets in many developed markets. Despite the recent uptick, a modest pullback is anticipated as year-over-year price comparisons in the energy sector become more favorable. In the U.S., we do not anticipate inflation levels sustaining an increase much above the Federal Reserve’s 2% target near-term. As a result, equity positions should provide some protection against near term inflation. In the current low yield environment, we maintain our view that global listed infrastructure likely provides a diversifying income stream with a slightly lower volatility profile than commodities. Within commodities and infrastructure, we continue to favor the energy complex. We maintain a cautious view on REITs, due to historical correlations with long duration instruments.

Capital Markets Review

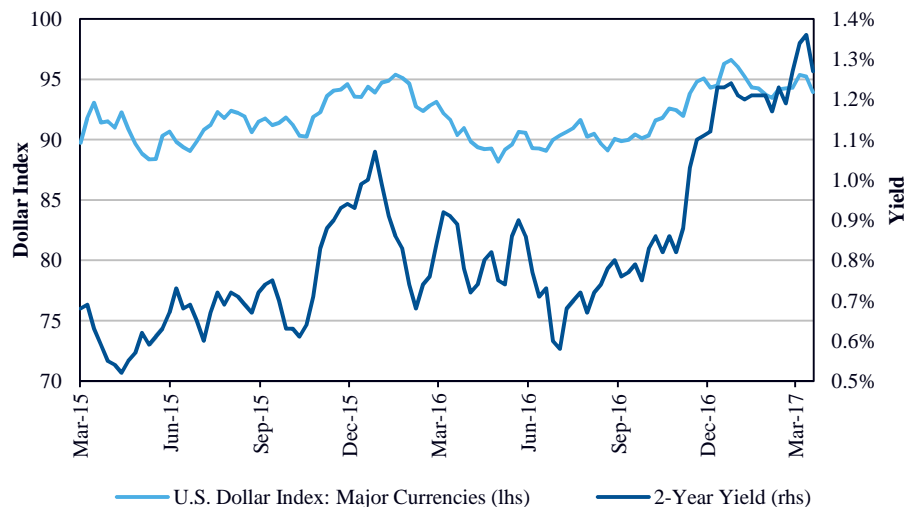
Key Market Risks

Current Risk Levels



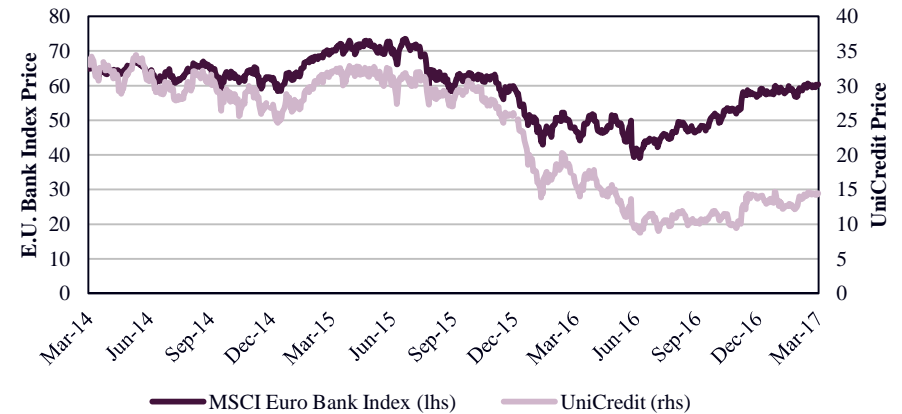
Source: Bloomberg, FactSet, Recession Alert, & Pavilion Analysis

U.S. Dollar Holding Steady



Source: Federal Reserve FRED Data

European Union Bank Stocks versus UniCredit



Source: Bloomberg

Cyclical Risks Remain Low with Regional Disturbances Present

§ Ongoing Threat of European Fractures:

- The results of French elections could reduce or increase the risks of a French departure from the union.
- The Greek bailout remains unpopular in Germany, and with fall elections looming German negotiators have thwarted efforts toward Greek debt relief, forestalling any agreement on the final and much needed payment of the Greek bailout. Will we see a repeat of 2015?
- While banks in other E.U. countries have addressed re-capitalization issues, Italy has not, and the underperformance of Italian banks will make recapitalization efforts more difficult going forward potentially setting the stage for a tightening of European financial conditions.

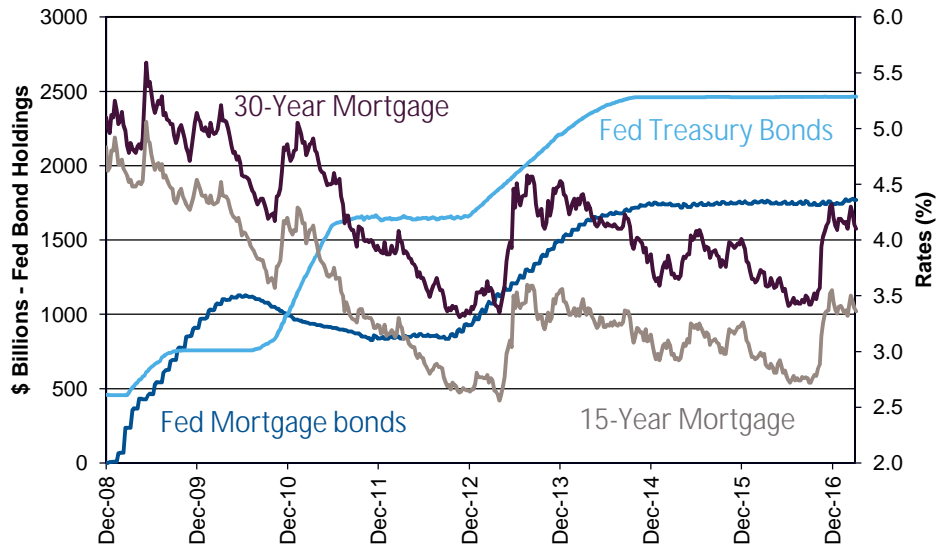
§ **Policy Misstep or Shortfall:** The failure to pass healthcare reform has increased uncertainty regarding the administration's ability to advance other elements of its business friendly agenda. Additionally, the absence of a clear international policy or doctrine appears to have elevated geopolitical risks. With uncertainty rising, capital investment may slow and investors may chose to reduce risk exposures – risk off.

§ **Resurgence in Dollar Appreciation:** In 2014 and 2015, the rapid rise of the dollar tightened global financial conditions, slowing global growth. With yields rising in the U.S., there is concern of a possible repeat of these circumstances. Fortunately, the dollar has been fairly steady despite rising yields; however, anything triggering further rapid appreciation – such as a flight to quality – likely would dampen growth.

Capital Markets Review

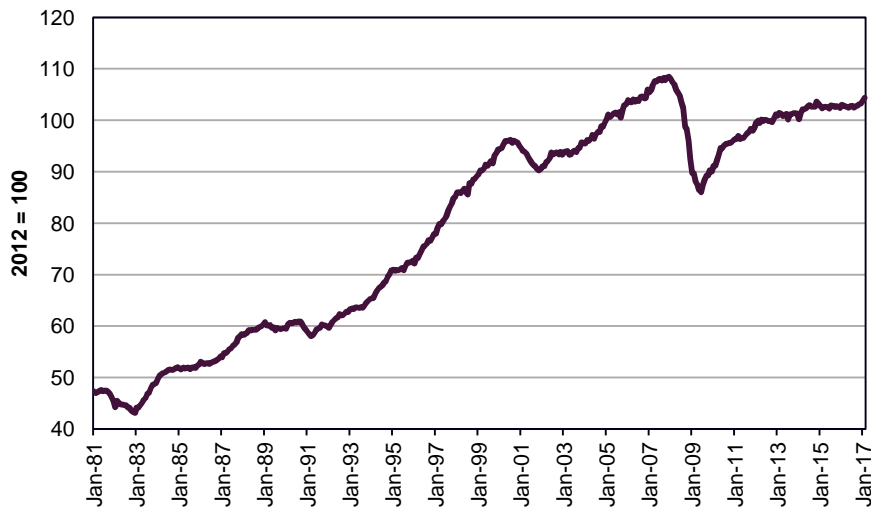
Economy

Fed Balance Sheet and Mortgage Rates



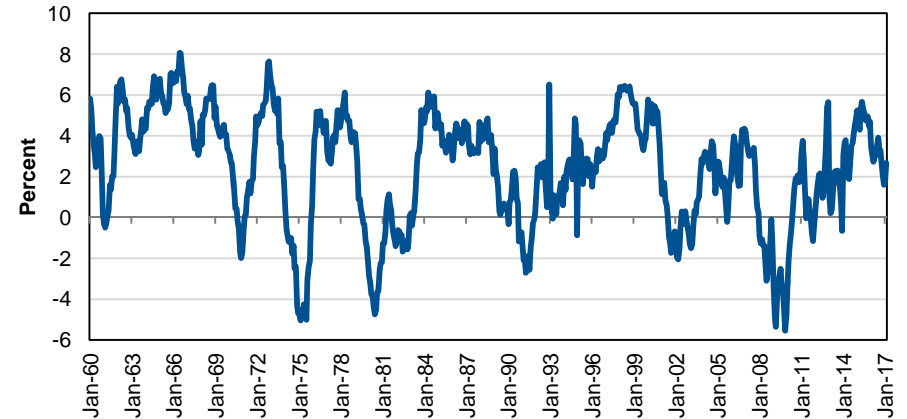
Source: Federal Reserve

Industrial Production



Source: Federal Reserve

Real Wage and Salary Growth



Source: Federal Reserve, BOLL

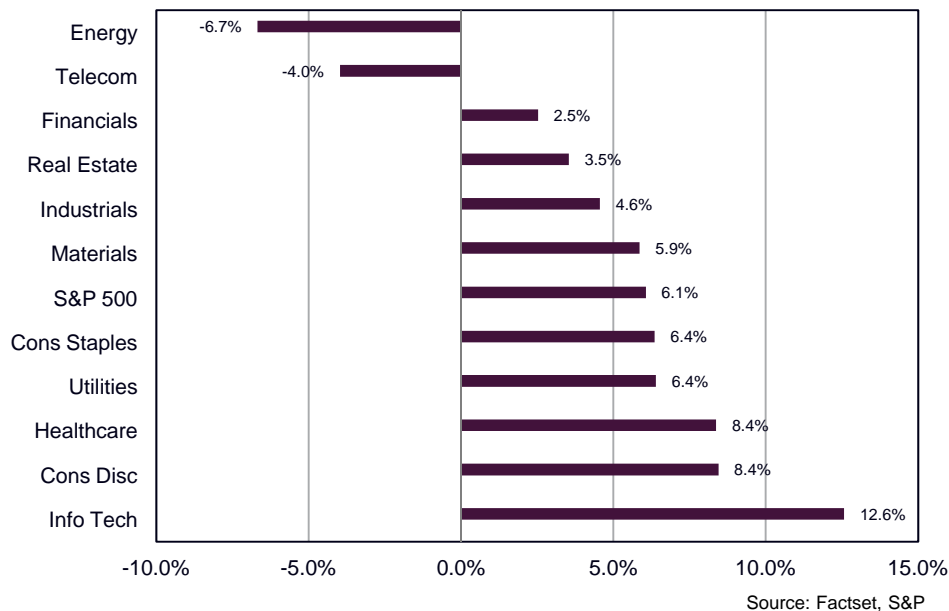
Improving Growth Greets a New President

- § With expectations of an improving U.S. economy, investors looked for signals that could dampen enthusiasm. President Trump's stamp on the federal government began with regulatory rollbacks affecting energy, financial oversight and trade. Policy missteps included targeted travel restrictions and an initial defeat on healthcare reform, which cast some doubt on Congress's ability to quickly implement a broader agenda. Tax reform, including individual and corporate rate cuts, was not pursued, and put pressure on equities, as expectations of higher profit margins diminished absent lower taxes.
- § The Federal Reserve ("Fed") raised interest rates 25 bps during March, in-line with market predictions for scale, if not a bit early on timing. Fed balance sheet reductions remain as a powerful tool for influencing interest rates, generally in a higher direction, when the Fed decides to reduce its bond holdings. U.S. dollar movements during the quarter were heavily influenced by the changing winds of trade policies. Versus European currencies, the dollar was relatively stable, though weaker against the Mexican peso and Japanese yen. The diminished likelihood of trade wars and tariffs reversed the decline of the peso and yen.
- § Domestic manufacturing showed improvement, owing to an improving global economy and a friendlier regulatory and tax outlook. Unemployment remained low and temporary employment, typically a leading indicator of future payroll growth, improved as well. Housing starts continued to contribute to overall growth, reflecting higher incomes, strengthening consumer balance sheets and continued tight inventories. Despite increasing home prices and rising interest rates, housing costs remain near historic low levels and should allow housing to continue its positive contributions to growth. Real wage gains have been fairly modest throughout the recovery. Continuing improvements in payroll growth should see a reversal in this trend, further sustaining consumer demand.

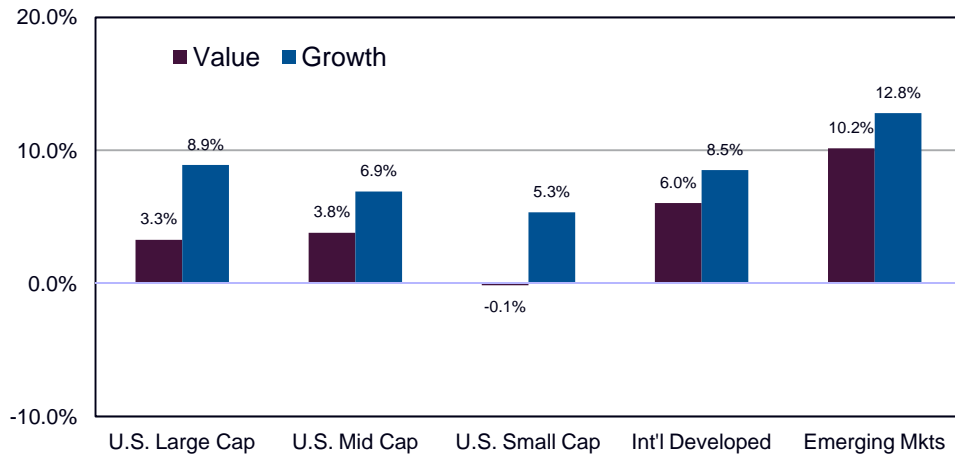
Capital Markets Review

Equities

First Quarter S&P 500 Sector Returns

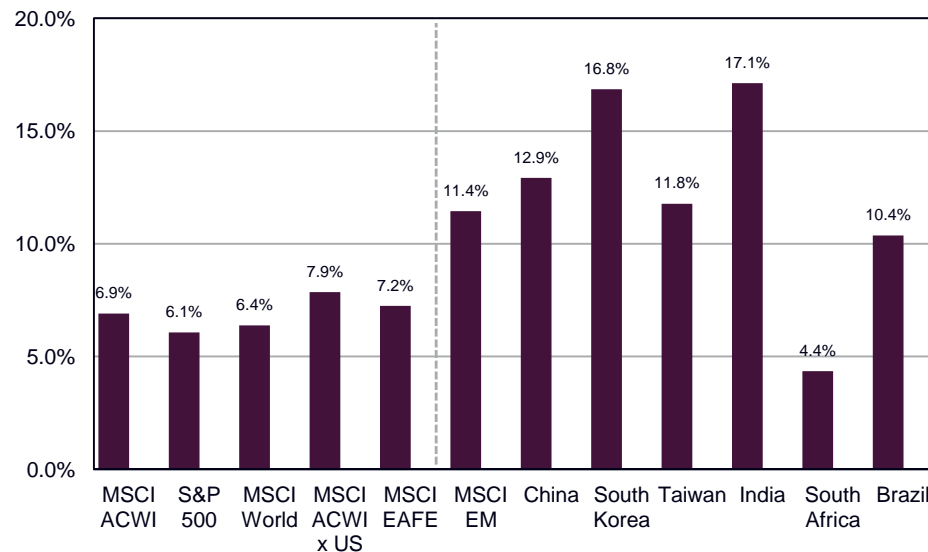


Growth Outperformed Value in the First Quarter



Source: Factset, MSCI, Russell

First Quarter World and Emerging Market Equity Returns



Source: Factset, MSCI

Growth and Emerging Markets Propel Equity Markets Higher

§ The S&P 500 Index returned +6.1% during the first quarter. Growth-oriented sectors led returns with Information Technology the strongest performing sector during the quarter, followed by Consumer Discretionary and Healthcare. Energy and Telecom were the only sectors to post a loss during the first quarter, marking a reversal from last year in which these were the two strongest performing sectors.

§ Most developed market equity indices provided similar returns in the 6% to 8% range during the quarter. Emerging Market equities bounced back significantly from the fourth quarter, returning 11.4%, led by India and South Korea. Currency gains contributed to U.S. dollar investor returns for both EAFE and emerging equity markets, as the U.S. dollar depreciated about 2.5% and 3.5%, respectively, against the EAFE and Emerging Market baskets of currencies.

§ In yet another reversal from 2016, growth outperformed value in the first quarter. While U.S. large-cap stocks outperformed small-cap stocks across styles, within the value space mid-cap stocks were the top performers.

Capital Markets Review

Fixed Income

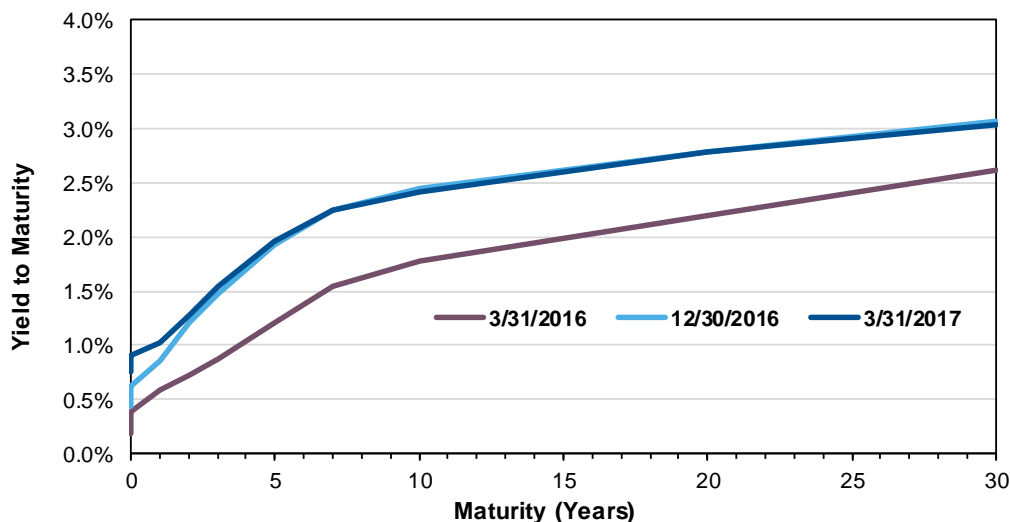
Duration – Adjusted Excess Returns to Treasuries (bps)

	2010	2011	2012	2013	2014	2015	2016	1Q17
Aggregate	171	-114	226	93	10	-53	138	11
Agency	77	-25	166	1	10	-133	121	27
MBS	225	-106	91	98	40	-5	-11	-17
ABS	169	52	246	24	53	44	95	22
CMBS	1501	47	841	97	108	-28	236	8
Credit	192	-322	693	226	-18	-169	442	47
High Yield	974	-240	1394	923	-112	-577	1573	214
EMD (USD)	508	-537	1503	-32	-120	3	880	259

■ Best Period
 ■ Second Best Period
 ■ Worst Period
 ■ Second Worst Period

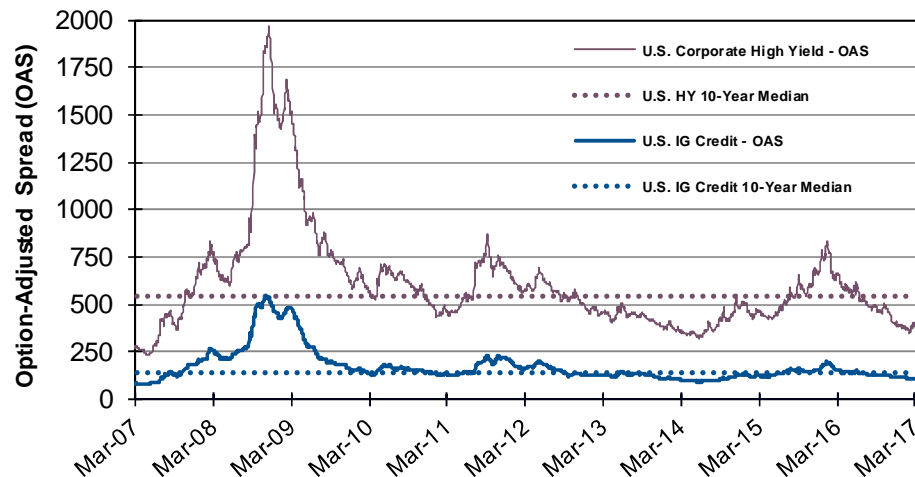
Source: Bloomberg Barclays

U.S. Treasury Yield Curve Change



Source: US Dept. of The Treasury

Trailing Ten-Year Credit Spreads



Source: Bloomberg Barclays

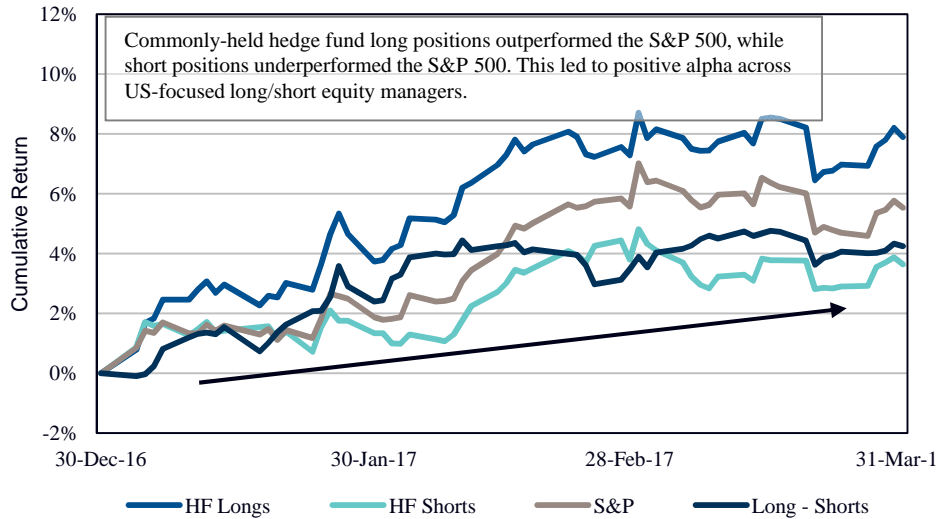
Yields Stable as the FOMC Hikes and Washington Disappoints

- § Short term Treasury yields rose in the quarter as the Federal Reserve raised the Fed Fund's rate 25 bps in March, but left future hike projections unchanged, signaling a more dovish tone than expected. Committee members are currently predicting two more hikes in 2017, and it's likely that market's future focus will shift to the normalization of the Fed's balance sheet. Treasury yields remained range bound on the quarter, and all major fixed income sectors posted positive absolute returns to start the year.
- § Treasuries returned +0.7% for the quarter. Economic growth has accelerated, which should push interest rates higher across the curve, but domestic and foreign investors' insatiable demand for longer-dated Treasuries resulted in a flatter curve over the quarter. The yield curve spread between 2 year and 30 year Treasuries fell 13 bps to 175 bps, while the spread between 10 year and 30 year Treasuries narrowed 1bp to 62 bps.
- § Investment grade credit returned +1.3% for the quarter and outpaced Treasuries by 47 bps on a duration-adjusted basis. The OAS of the U.S. Credit Index ended the quarter 6 bps tighter at 112 bps. Despite the Fed interest rate hike, Brexit, lower oil prices and the Administration's failed initiative on new healthcare legislation, issuance hit an all-time record of \$391B for the first quarter. Corporate high yield returned +2.7% on the quarter, benefitting from strong demand and rising equity markets.
- § Agency MBS generated a +0.5% absolute return, but trailed duration-matched Treasuries by 17 bps for the quarter. The OAS of the Mortgage Index ended the quarter 12 bps wider at 27 bps spurred by the Fed's discussion of the ultimate end of reinvestment in Agency MBS. Lower prepayment speeds and duration drift linked to MBS' negative convexity reduced returns as coupon income and tight spreads weren't enough to compensate investors for higher interest rate risk.

Capital Markets Review

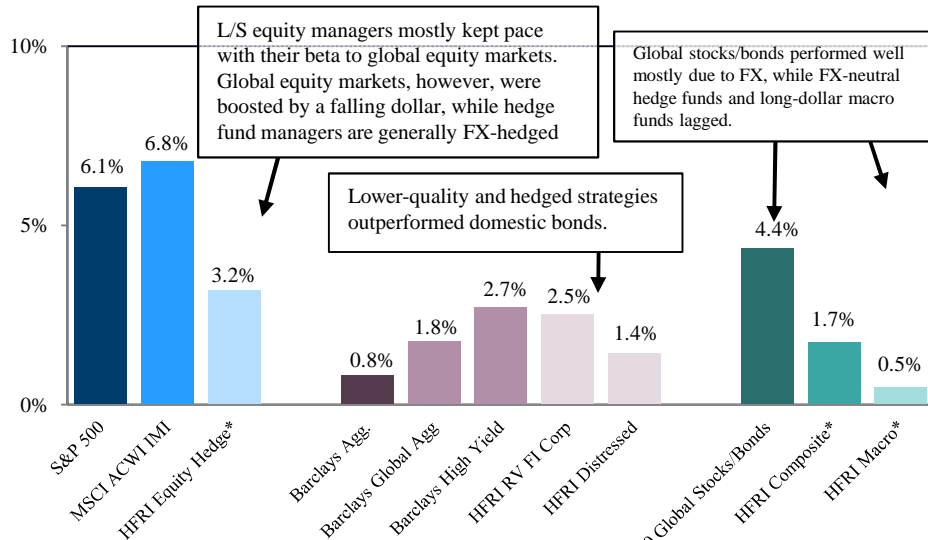
Alternative Investments

Top Hedge Fund Equity Longs vs Shorts (Goldman VIP)



Sources: Bloomberg, Goldman Sachs

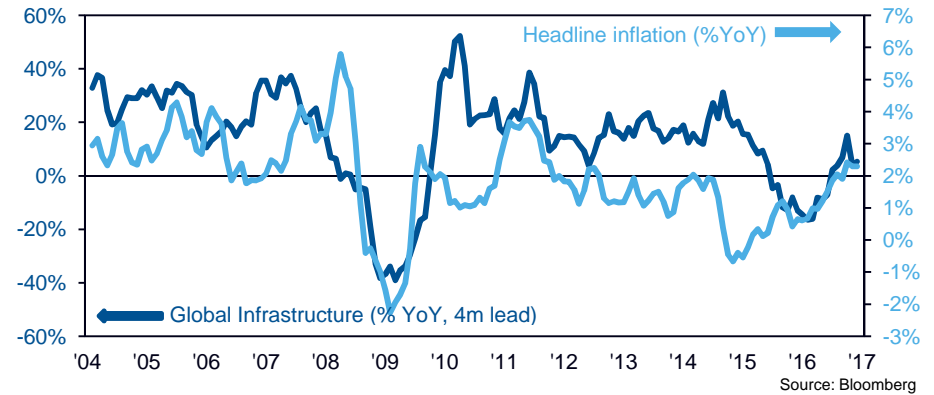
Hedge Funds vs Long-Only: Total Returns 2017 Q1



* Asset-weighted is used instead of fund-weighted, as it is available and more indicative of the universe.

Sources: Hedge Fund Research, Factset

Infrastructure vs. Inflation



Source: Bloomberg

Global Alternatives Perform Despite Weaker Dollar

- § **Hedge Funds:** Hedge fund strategies were generally benefitted from global risk-on sentiment during the quarter. Stock selection was positive across long/short equity strategies, and even market-neutral managers posted sizable gains. Managers with a growth versus a value bias tended to outperform, as did those with long exposures to outperforming sectors such as technology and healthcare. Managers with exposure to the energy sector underperformed. Many distressed credit strategies that did well in 2016 due to their exposures to volatile energy names generally lagged other credit funds during the quarter. A robust merger and financing environment continues to be a boon to event-driven strategies.
- § While many hedge funds invest globally, most are hedged foreign currency and did not benefit from the falling dollar in the same way as global stocks and bonds. The weaker dollar and declining interest rate volatility environment hurt macro strategies.
- § **Real Assets:** Global economic activity and inflation data continued their upswing into the first quarter. During periods of rising inflation, real assets are expected to perform well, due to a positive correlation to inflation. In particular, revenues earned by infrastructure assets often are linked to inflation which provides investors with increased income during inflationary periods. During the quarter, infrastructure surged +7.2%, and outperformed other inflation-sensitive assets such as commodities (-2.3%), real estate (+2.6%), and TIPS (+1.1%).
- § **Private Capital Markets:** Private equity fundraising 2016 momentum carried into the first quarter of 2017, as total fundraising (\$156B) approached the historic 1Q 2008 figure of \$170B. Transaction volume, however, continued its slide with deal counts falling -55% YoY. Deal counts saw a decline for a fifth consecutive quarter, though M&A multiples remain elevated, with the median EV/EBITDA multiple edging up to 10.2x in 1Q 2017. The pace of venture investment weakened again, although overall deal value was up incrementally due to several large deals. As venture capital-backed companies continue to remain private longer and first-time fund raises decrease, this value/volume dynamic is expected to persist. In the first quarter, over \$16.5B was deployed into more than 1,800 companies, equating to YoY declines of -12% and -24%, respectively.

Capital Markets Review

Index Returns

As of March 31, 2017

(Percentage Return)

	Quarter	Year To Date	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Domestic Equity Indices								
Dow Jones Wilshire 5000	5.6	5.6	18.3	8.9	10.0	13.2	12.9	7.6
S&P 500	6.1	6.1	17.2	9.2	10.4	13.3	12.9	7.5
Russell 1000 Index	6.0	6.0	17.4	8.6	10.0	13.3	13.0	7.6
Russell 1000 Growth Index	8.9	8.9	15.8	8.9	11.3	13.3	13.7	9.1
Russell 1000 Value Index	3.3	3.3	19.2	8.3	8.7	13.1	12.2	5.9
Russell Midcap Index	5.1	5.1	17.0	6.0	8.5	13.1	13.2	7.9
Russell Midcap Growth Index	6.9	6.9	14.1	4.2	7.9	12.0	12.8	8.1
Russell Midcap Value Index	3.8	3.8	19.8	7.6	8.9	14.1	13.4	7.5
Russell 2000 Index	2.5	2.5	26.2	6.7	7.2	12.4	12.3	7.1
Russell 2000 Growth Index	5.3	5.3	23.0	4.1	6.7	12.1	12.9	8.1
Russell 2000 Value Index	-0.1	-0.1	29.4	9.3	7.6	12.5	11.6	6.1
International Equity Indices								
MSCI EAFE	7.2	7.2	11.7	1.2	0.5	5.8	4.7	1.1
MSCI EAFE Growth Index	8.5	8.5	7.4	1.7	1.5	6.0	5.5	2.0
MSCI EAFE Value Index	6.0	6.0	16.0	0.6	-0.6	5.6	3.9	0.0
MSCI EAFE Small Cap	8.0	8.0	11.0	7.0	3.6	9.2	8.3	3.0
MSCI AC World Index	6.9	6.9	15.0	4.9	5.1	8.4	7.8	4.0
MSCI AC World ex US	7.9	7.9	13.1	1.4	0.6	4.4	3.8	1.4
MSCI Emerging Markets Index	11.4	11.4	17.2	1.5	1.2	0.8	1.7	2.7
Fixed Income Indices								
Blmbg. Barc. U.S. Aggregate	0.8	0.8	0.4	1.2	2.7	2.3	3.5	4.3
Blmbg. Barc. Intermed. U.S. Government/Credit	0.8	0.8	0.4	1.2	2.0	1.9	2.9	3.8
Blmbg. Barc. U.S. Long Government/Credit	1.6	1.6	1.0	0.7	5.5	4.8	7.4	6.9
Blmbg. Barc. U.S. Corp: High Yield	2.7	2.7	16.4	5.9	4.6	6.8	7.8	7.5
BofA Merrill Lynch 3 Month U.S. T-Bill	0.1	0.1	0.4	0.2	0.2	0.1	0.1	0.7
Blmbg. Barc. U.S. TIPS	1.3	1.3	1.5	1.5	2.0	1.0	3.5	4.2
Citigroup Non-U.S. World Government Bond	2.0	2.0	-4.8	1.3	-2.6	-1.5	0.6	2.6
JPM EMBI Global Diversified (external currency)	3.9	3.9	8.9	6.5	6.2	5.8	6.9	7.0
JPM GBI-EM Global Diversified (local currency)	6.5	6.5	5.5	1.8	-2.7	-1.6	1.1	4.1
Real Asset Indices								
Bloomberg Commodity Index Total Return	-2.3	-2.3	8.7	-6.5	-13.9	-9.5	-5.9	-6.2
Dow Jones Wilshire REIT	0.0	0.0	2.0	3.4	10.2	9.8	12.3	4.4

Returns for periods greater than one year are annualized.

Appendix

Benchmark Descriptions

As of March 31, 2017

Surplus Cash

Surplus Cash Total Benchmark

Beginning March 2015, the Surplus Cash Total Benchmark consists of 40% Total Equity Benchmark - Surplus, 30% Barclays Capital Aggregate, 10% Short Duration Fixed Income Benchmark - Surplus, and 20% Total Alternatives Benchmark - Surplus. From April 2014 to February 2015, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 10% Short Duration Fixed Income Benchmark - Surplus, and 20% Total Alternatives Benchmark - Surplus. From August 2013 to March 2014, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 20% Short Duration Fixed Income Benchmark - Surplus, and 10% Total Alternatives Benchmark - Surplus. During July 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 21% Short Duration Fixed Income Benchmark - Surplus, and 9% Total Alternatives Benchmark - Surplus. From May 2013 to June 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 22% Short Duration Fixed Income Benchmark - Surplus, and 8% HFRI Fund of Funds Composite Index. From November 2012 to April 2013, the Surplus Cash Total Benchmark consists of 30% Total Equity Benchmark - Surplus and 70% Total Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Surplus Cash Total Benchmark consisted of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Surplus Cash Total Benchmark X Privates

Beginning March 2015 the Surplus Cash Total Benchmark consists of 42.1% Total Equity Benchmark - Surplus, 31.6% Barclays Capital Aggregate, 10.5% Short Duration Fixed Income Benchmark - Surplus, and 15.8% Total Alternatives Benchmark - Surplus. From April 2014 to February 2015 the Surplus Cash Total Benchmark consisted of 31.6% Total Equity Benchmark - Surplus, 42.1% Barclays Capital Aggregate, 10.5% Short Duration Fixed Income Benchmark - Surplus, and 15.8% Total Alternatives Benchmark - Surplus. From August 2013 to March 2014, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 20% Short Duration Fixed Income Benchmark - Surplus, and 10% Total Alternatives Benchmark - Surplus. During July 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 21% Short Duration Fixed Income Benchmark - Surplus, and 9% Total Alternatives Benchmark - Surplus. From May 2013 to June 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 22% Short Duration Fixed Income Benchmark - Surplus, and 8% HFRI Fund of Funds Composite Index. From November 2012 to April 2013, the Surplus Cash Total Benchmark consists of 30% Total Equity Benchmark - Surplus and 70% Total Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Surplus Cash Total Benchmark consisted of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Pre-Pavilion Surplus Cash Total Benchmark

Beginning January 2007, the Pre-Pavilion Surplus Cash Total Benchmark consists of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Pre-Pavilion Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Pre-Pavilion Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Total Equity Benchmark - Surplus

Beginning March 2015, the Total Equity Benchmark - Surplus consists of 50% Large Cap Equity Benchmark, 12.5% Small Cap Equity Benchmark, and 37.5% MSCI AC World ex USA (Net). From November 2012 to February 2015, the Total Equity Benchmark - Surplus consisted of 50% Large Cap Equity Benchmark, 16.67% Small Cap Equity Benchmark, and 33.33% MSCI AC World ex USA (Net). From April 1991 to October 2012, the Total Equity Benchmark - Surplus consisted of 100% Large Cap Equity Benchmark.

Domestic Equity Benchmark - Surplus

Beginning March 2015, the Domestic Equity Benchmark - Surplus consists of 80% Large Cap Equity Benchmark and 20% Small Cap Equity Benchmark. From November 2012 to February 2015, the Domestic Equity Benchmark - Surplus consisted of 75% Large Cap Equity Benchmark and 25% Small Cap Equity Benchmark. From April 1991 to October 2012, the Domestic Equity Benchmark - Surplus consisted of 100% Large Cap Equity Benchmark.

Appendix

Benchmark Descriptions

As of March 31, 2017

Large Cap Equity Benchmark

Beginning November 2012, the Large Cap Equity Benchmark consists of 25% Russell 1000 Value Index, 25% Russell 1000 Growth Index, and 50% S&P 500 Index. From April 1991 to October 2012, the Large Cap Equity Benchmark consisted of 100% Russell 1000 Value Index.

Small Cap Equity Benchmark

Beginning November 2012, the Small Cap Equity Benchmark consists of 50% Russell 2000 Growth Index and 50% Russell 2000 Value Index.

Total Fixed Income Benchmark - Surplus

Beginning March 2015, the Total Fixed Income Benchmark - Surplus consists of 75% Barclays Capital Aggregate and 25% Short Duration Fixed Income Benchmark - Surplus. From April 2014 to February 2015, the Total Fixed Income Benchmark - Surplus consisted of 80% Barclays Capital Aggregate and 20% Short Duration Fixed Income Benchmark - Surplus. From August 2013 to March 2014, the Total Fixed Income Benchmark - Surplus consisted of 66.67% Barclays Capital Aggregate and 33.33% Short Duration Fixed Income Benchmark - Surplus. During July 2013, the Total Fixed Income Benchmark - Surplus consisted of 65.57% Barclays Capital Aggregate and 34.43% Short Duration Fixed Income Benchmark - Surplus. From May 2013 to June 2013, the Total Fixed Income Benchmark - Surplus consisted of 64.52% Barclays Capital Aggregate and 35.48% Short Duration Fixed Income Benchmark - Surplus. From November 2012 to April 2013, the Total Fixed Income Benchmark - Surplus consisted of 57.14% Barclays Capital Aggregate and 42.86% Short Duration Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Total Fixed Income Benchmark - Surplus consisted of 40% Barclays Capital Aggregate and 60% Short Duration Fixed Income Benchmark - Surplus. From April 1991 to December 2006, the Total Fixed Income Benchmark - Surplus consisted of 100% Short Duration Fixed Income Benchmark - Surplus.

Short Duration Fixed Income Benchmark - Surplus

Beginning in November 2012, the Short Duration Fixed Income Benchmark - Surplus consists of 100% Barclays Capital 1-3 Year Gov't/Credit. From January 2007 to October 2012, the Short Duration Fixed Income Benchmark - Surplus consisted of 66.67% Barclays Capital Intermediate Aggregate and 33.33% Barclays Capital Gov't 1-3 Year. From May 2001 to December 2006, the Short Duration Fixed Income Benchmark - Surplus consisted of 84.69% Barclays Capital Intermediate Aggregate and 15.31% Barclays Capital Gov't 1-3 Year. From April 1991 to April 2001, the Short Duration Fixed Income Benchmark - Surplus consisted of 100% Barclays Capital Gov't 1-3 Year.

Total Alternatives Benchmark - Surplus

Beginning April 2014 the Total Alternatives Benchmark - Surplus consists of 75% HFRI Fund of Funds Composite Index and 25% NCREIF Property Index. From May 2013 to March 2014, the Total Alternatives Benchmark - Surplus consisted of 100% HFRI Fund of Funds Composite Index.

Appendix

Benchmark Descriptions

As of March 31, 2017

Cash Balance Plan

Cash Balance Plan Total Benchmark

Beginning January 2013, the Cash Balance Plan Total Benchmark consists of 50% Total Equity Benchmark, 35% Total Fixed Income Benchmark, and 15% Alternatives Benchmark. From November 2012 to December 2012, the Cash Balance Plan Total Benchmark consisted of 50% Total Equity Benchmark, 45% Total Fixed Income Benchmark, and 5% Alternatives Benchmark. From October 1990 to October 2012, the Cash Balance Plan Total Benchmark consisted of 60% Russell 1000 Value Index and 40% Barclays Capital Aggregate.

Cash Balance Plan Total X Privates Benchmark

Beginning January 2013, the Cash Balance Plan Total Benchmark consists of 52.63% Total Equity Benchmark, 36.84% Total Fixed Income Benchmark, and 10.53% Alternatives Benchmark. From November 2012 to December 2012, the Cash Balance Plan Total Benchmark consisted of 50% Total Equity Benchmark, 45% Total Fixed Income Benchmark, and 5% Alternatives Benchmark. From October 1990 to October 2012

Pre-Pavilion Cash Balance Plan Total Benchmark

Beginning October 1990, the Cash Balance Plan Total Benchmark consists of 60% Russell 1000 Value Index and 40% Barclays Capital Aggregate.

Total Equity Benchmark

Beginning November 2012, the Total Equity Benchmark consists of 54% Large Cap Equity Benchmark, 10% Small Cap Equity Benchmark, and 36% MSCI AC World ex USA (Net). From October 1990 to October 2012, the Total Equity Benchmark consisted of 100% Large Cap Equity Benchmark.

Domestic Equity Benchmark

Beginning November 2012, the Domestic Equity Benchmark consists of 84.38% Large Cap Equity Benchmark and 15.62% Small Cap Equity Benchmark. From October 1990 to October 2012, the Domestic Equity Benchmark consisted of 100% Large Cap Equity Benchmark.

Large Cap Equity Benchmark

Beginning November 2012, the Large Cap Equity Benchmark consists of 25% Russell 1000 Value Index, 25% Russell 1000 Growth Index, and 50% S&P 500 Index. From October 1990 to October 2012, the Large Cap Equity Benchmark consisted of 100% Russell 1000 Value Index.

Small Cap Equity Benchmark

Beginning November 2012, the Small Cap Equity Benchmark consists of 50% Russell 2000 Growth Index and 50% Russell 2000 Value Index.

Total Fixed Income Benchmark

Beginning January 2013, the Total Fixed Income Benchmark consists of 71.43% Barclays Capital Aggregate and 28.57% Short Duration Fixed Income Benchmark. From November 2012 to December 2012, the Total Fixed Income Benchmark consists of 55.56% Barclays Capital Aggregate and 44.44% Short Duration Fixed Income Benchmark. From October 1990 to October 2012, the Total Fixed Income Benchmark consisted of 100% Barclays Aggregate.

Short Duration Fixed Income Benchmark

Beginning November 2012, the Short Duration Fixed Income Benchmark consists of 100% Barclays Capital 1-3 Year Gov't/Credit. From October 1990 to October 2012, the Short Duration Fixed Income Benchmark consisted of 100% 90 Day U.S. Treasury Bills.

Total Alternatives Benchmark

Beginning January 2013, the Alternatives Benchmark consists of 66.67% HFRI Fund of Funds Composite Index and 33.33% NCREIF Property Index. From November 2012 to December 2012, the Alternatives Benchmark consisted of 100% HFRI Fund of Funds Composite Index.

Investment Committee Scorecard - Glossary of Terms

As of March 31, 2017

Key Performance Indicator	Definition / Explanation
Investment Performance	
Surplus cash balance (millions)	Investment performance for the Surplus Cash portfolio was 20 bps ahead of the benchmark for the quarter with a +3.3% return. The portfolio has performed in-line with the benchmark since inception (Nov. 1, 2012) with a return of +5.1% annualized. The assets within the Surplus Cash account ended the quarter at \$855.0 million, significantly higher than the beginning of the quarter due to strong investment performance. With significant capital expenditures in the fiscal year 2017 plan the projected balance at fiscal year end is much lower at \$657.2 million.
Surplus cash return	
Cash balance plan balance (millions)	The Cash Balance Plan's performance was 60 bps ahead of its benchmark for the quarter with a return of +4.2% and has outperformed its benchmark since inception. The since inception annualized return stands at +7.6%, 50 basis points ahead of its benchmark per year. The assets within the Cash Balance Plan ended the quarter at \$238.1 million. The budgeted amount for fiscal year 2017 is \$220.6 million.
Cash balance plan return	
403(b) plan balance (millions)	The 403(b) balance has continued to rise and now stands at \$394.4 million, an increase of \$32.0 million or 8.8% over the December 31, 2016 value.
Risk vs. Return	
Surplus cash 3-year Sharpe ratio	The Sharpe ratio is the excess return of an investment over the risk free rate (US Treasuries) generated per unit of risk (standard deviation) taken to obtain that return. The higher the value, the better the risk-adjusted return. It is important to view returns in this context because it takes into account the risk associated with a particular return rather than simply focusing on the absolute level of return. Sharpe ratio = (actual return - risk free rate) / standard deviation
3-year return	
3-year standard deviation	
Cash balance 3-year Sharpe ratio	The Surplus Cash portfolio's 3-year Sharpe ratio was slightly below that of its benchmark, but well above the expected Sharpe ratio modeled. This was more so due to very little volatility over the period with moderate returns. The Cash Balance Plan's 3-year Sharpe ratio exceeded modeling expectations and was in-line with its benchmark. Both accounts have demonstrated strong risk-adjusted returns since inception.
3-year return	
3-year standard deviation	
Asset Allocation	
Surplus cash absolute variances to target	This represents the sum of the absolute differences between the portfolio's allocations to various asset classes and the target benchmark's allocations to those asset classes. The higher the number, the greater the portfolio's allocations deviate from the target benchmark's allocations, indicating a higher possibility for the portfolio's risk and return characteristics to differ from the Board's expectations.
Cash balance absolute variances to target	The threshold for an alert "yellow" status is set at 10% and the threshold for more severe "red" status is set at 20%. Both portfolios are below the 10% threshold as the private real estate managers are fully invested.
Manager Compliance	
Surplus cash manager flags	This section represents how individual investment managers have fared and draws attention to elevated concerns regarding performance, organizational stability, investment personnel, accounting and regulatory issues, and portfolio characteristics all at the individual manager level. The number of flags are aggregated and a percentage of the total is used to highlight an alert "yellow" status (40% of the performance flags) and a more severe "red" status (50%). In total there are 111 potential flags for the Surplus Cash account (46 performance based) and 125 for the Cash Balance Plan (50 performance based). Currently, both accounts are within the threshold.
Cash balance plan manager flags	

Hedge Fund Strategy Definitions

The **Equity Strategy** is comprised of Equity Long/Short strategies. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity-related derivatives. Managers seek to buy undervalued equities with improving fundamentals and short overvalued equities with deteriorating fundamentals.

Trade Example: Long a basket of energy stocks and short a basket of consumer electronics stocks.

The **Credit Strategy** is comprised of Distressed Securities, Credit Long/Short, Emerging Market Debt and Credit Event Driven. Credit strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. Hedging using various instruments such as Credit Default swaps is frequently employed.

Trade Example: Buying the distressed bonds of a company which has defaulted and participating in the corporate restructuring.

The **Macro Strategy** consists of Global Macro, Managed Futures, Commodities and Currencies. Macro strategies usually have a directional bias (which can be either long or short) and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed futures strategies trade similar instruments but are typically implemented by computerized systems.

Trade Example: Long the US Dollar and short the Japanese Yen.

The **Relative Value Strategy** typically does not display a distinct directional bias. Relative Value encompasses a range of strategies covering different asset classes. Arbitrage strategies focus on capturing movements or anomalies in the price spreads between related or similar instruments. The rationale for Arbitrage trades is the ultimate convergence of the market price relationship to a known, theoretical or equilibrium relationship.

Trade Example: Long the stock of a merger bid target and short the stock of the acquirer.

Statistical Definitions

Risk Statistics

As of March 31, 2017

Statistics	Definition
Alpha	- A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return.
Best Quarter	- The best of rolling 3 months(or 1 quarter) cumulative return.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.
Downside Risk	- A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative set of returns. The higher the factor, the riskier the product.
Excess Return	- Arithmetic difference between the managers return and the risk-free return over a specified time period.
Information Ratio	- Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.
Maximum Drawdown	- The drawdown is defined as the percent retrenchment from a fund's peak value to the fund's valley value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Sortino Ratio	- A ratio developed by Frank A. Sortino to differentiate between good and bad volatility in the Sharpe ratio. This differentiation of upwards and downwards volatility allows the calculation to provide a risk-adjusted measure of a security or fund's performance without penalizing it for upward price changes.
Standard Deviation	- A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.
Tracking Error	- A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Worst Quarter	- The worst of rolling 3 months(or 1 quarter) cumulative return.

Disclosures

This report contains confidential and proprietary information and is intended for the exclusive use of the parties to whom it was provided. Facts and information provided in this report are believed to be accurate at the time of preparation. However, certain information in this document has been provided to Pavilion Advisory Group Inc. (Pavilion) by third parties and subject to change at any time and based on market conditions. Although we believe this information is reliable, we have not independently verified the information.

Returns are net of investment fees unless otherwise denoted. Returns for periods greater than one year are annualized. Mutual fund returns assume reinvestment of all distributions at net asset value (NAV) and deduction of fund expenses.

Past performance does not guarantee future results. This document may include certain forward-looking statements that are based on current estimates and forecasts. Actual results could differ materially. Investing in securities products involves risk, including possible loss of principal as the value of investments fluctuates.

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Investment Performance Review

El Camino Hospital
Performance as of March 31, 2017

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Contents

Executive Summary	4
Fund Scorecard	6
Performance Overview	7
Market Commentary	10
U.S. Equity Markets	11
Fixed Income	12
International Equity Markets	14
Unpredictability of Asset Class Returns	15
T. Rowe Price Retirement Funds	16
Plan Asset Details Fidelity	26
Evaluation Methodology	27
Definitions	28

Executive Summary

Multnomah Group Investment Comments for Q1 2017
El Camino Hospital 403(b) Retirement Plan
El Camino Hospital 457(b) Executive Retirement Plan
El Camino Hospital Supplemental Executive Retirement Plan

April 28, 2017

Market Commentary

The U.S. economy advanced at a moderate pace in the fourth quarter, growing at an annualized rate of 2.1% (the most recent quarter available). This is consistent with the late stage economic recovery which began after the 2007-2008 global financial crisis. Prospects for increased infrastructure spending, lower taxes, and deregulation given the new administration may provide the economy with yet another push, but the degree and timing of the economic impact remain unknown. Core CPI remained low in February but inflationary pressures are visible. The unemployment rate at 4.7% remained a bright spot and job creation is continuing at a strong pace. New orders for factory goods recently recorded its fifth consecutive monthly gain with a surge in demand for commercial aircraft. Offsetting this, consumer spending leveled off in February amid delays in the payment of income tax returns. For the second time in three months, the Fed raised interest rates by a quarter point in March. Fixed income markets were less volatile, versus the prior quarter as aggregate bonds gained 0.82% for the quarter. The yield on the 10-year Treasury declined modestly to 2.40%. The S&P 500 continued to climb rising more than 6% for the quarter, as some say it's an extension of the so-called 'Trump Bump'. Healthcare stocks staged a comeback jumping 8.37% in the first quarter after declining 2.69% in 2016. Energy and telecom stocks reported negative returns for the quarter. Large cap stocks outperformed small cap stocks reversing last year's trend. For the quarter, international equity markets outperformed domestic markets. Emerging markets reported the strongest return of all asset classes with an 11.45% return. After ending the year on a strong note, commodities lost 2.33%, becoming the worst performing asset class for the quarter. Oil prices declined modestly but remained over \$50 per barrel. Gold prices rallied. While real estate fundamentals are still strong, the cycle appears to be in the latter stages of its recovery.

Fund Actions

As none of the investments are categorized as "Watch List" or "Recommended for Removal," no actions are recommended at this time.

Additional Comments

JPMorgan Large Cap Growth had a difficult 2016 as the fund underperformed the Russell 1000® Growth Index benchmark and its peer group average by nearly 9% and 5%, respectively. This follows on a largely positive 2015, as the fund finished the year in the top quartile of its peers. 2016 was a challenging year for Large Cap Growth as the fund's biases of higher growth and momentum were significantly out of favor throughout the year. Much of the underperformance came in the first half of the first quarter when the market became fearful of a recession, leading to a historic sell-off in stocks with higher growth characteristics while more defensive names were rewarded. The market troughed in mid-February when it became apparent that a recession was not forthcoming; However, a different cohort of stocks led the market during the ensuing rally as cyclical and stocks with poor momentum significantly outperformed while growth continued to lag. Higher growth stocks, especially in technology, were aggressively used as a source of funds post-election as investors shifted into other areas that are perceived to be more direct beneficiaries of Trump's pro-growth agenda which weighed on the fund's performance. While the underperformance has been significant, the fund's momentum focus will lead to periods of underperformance when the market becomes sensitive to risk. Historically, the fund has rewarded patient investors with strong long-term returns and remains in the top quartile of its large growth peer group over a 10-year annualized period. Multnomah Group has no concerns at this time.

Executive Summary

Multnomah Group's Investment Committee recently upgraded **T. Rowe Price Equity Income's** recommendation status from Watch List to Satisfactory. The Equity Income fund focuses on investing in established, quality companies either with a history of paying above-average dividends or that they believe are selling at a discount relative to their historical valuation. The fund has historically taken a patient approach to investment, giving their discounted holdings time to play out to full valuation. The fund was initially placed on Watch List in March 2015, based on concerns about a pending manager change as well as performance. In late 2014, T. Rowe Price announced that Brian Rogers, the fund's sole Portfolio Manager (PM) for the last 20 years, was stepping down to focus on his role as Chief Investment Officer and Chairman. After several months working alongside Rogers, John D. Linehan officially took over as the fund's PM on November 1st, 2015. T. Rowe Price Equity Income had performance challenges for much of 2014 and 2015, placing the fund in the bottom quartile of its peer group range. The largest detractor to returns in 2014 and through mid-2015 was the fund's underweight to healthcare stocks, a sector then-PM Rogers saw as largely overvalued. The fund's significantly large allocation to cash during much of the period also weighed on returns. Linehan has worked alongside Rogers for several years on other large value strategies and is well versed in his philosophy and process. While keeping much of Roger's investment philosophy intact, Linehan has previously outlined three changes investors could expect under his tenure. As Linehan believes the world has become increasing global in focus and he will likely modestly increase the portfolio's exposure to developed market stocks, particularly large multinational companies with global revenue exposure. Linehan also believes that the fund's allocation to cash has been too high in recent years and expects that he will keep cash to a range of 2-5% of the total portfolio. Lastly, Linehan stated his intent to use more of T. Rowe Price's quantitative research analysis largely to validate his fundamentally-driven investment ideas. Given the fund's emphasis on the long view and valuation sensitivity, we expect there will be periods of underperformance as Linehan, like Rogers, waits for markets to come around to his point of view. Under Linehan's direction, the Equity Income fund's performance has seen improvement, placing the fund's I share in the top quartile for the year-to-date.

Plan Fee Benchmarking

Annually, Multnomah Group conducts a fee benchmarking study for the administration and recordkeeping services provided to the Plan. Multnomah Group creates a Peer Range for fees for Plans of similar size and demographics. The Peer Range is an estimate of the total cost of plan services available in today's market. The range is calculated based on the average account balance of the plan and the number of participants with a plan balance. The Multnomah Group utilized a range of price sources, including existing clients' pricing, vendor responses to recent comparative searches, and discussions with vendors regarding their current pricing structures.

As of December 31, 2016, the 403(b) Plan pays \$92.00 per participant which equates to 0.10% for Plan services. This fee is at the bottom of the peer range, determined by Multnomah Group, of 0.10% and 0.15% and is considered reasonable for services received.

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Fund Scorecard

Fund	Asset Class	Investment Style (25%)	Expenses (20%)	Experience (10%)	Diversification (5%)	Manager Skill (20%)	Consistency (10%)	Risk (10%)	Peer Group Rank	Multnomah Group Evaluation
Fidelity MMT Retire Govt Money Mkt	Money Market-Taxable	●	▲	●	●	●	●	●	42	Satisfactory
Fidelity US Bond Idx Prem	Intermediate-term Bond	●	●	●	●	NA-Index	NA-Index	▲	31	Satisfactory
Fidelity Total Bond	Intermediate-term Bond	●	●	●	●	●	●	●	15	Satisfactory
T. Rowe Price Equity Income	Large Value	●	●	●	●	●	●	●	60	Satisfactory
Fidelity 500 Index Instl	Large Blend	●	●	●	●	NA-Index	NA-Index	●	5	Satisfactory
JPMorgan Large Cap Growth R5	Large Growth	●	●	●	▲	●	●	●	58	Satisfactory
Fidelity Extended Market Idx Prem	Mid-Cap Blend	●	●	●	●	NA-Index	NA-Index	●	20	Satisfactory
Northern Small Cap Value	Small Value	●	●	●	●	●	●	●	2	Satisfactory
Amer Beacon Stephens Sm Cap Gr Inst	Small Growth	●	●	●	●	●	▲	●	48	Satisfactory
Dodge & Cox International Stock	Foreign Large Blend	●	●	●	▲	●	●	●	7	Satisfactory
Fidelity Global Ex US Idx Prem	Foreign Large Blend	●	●	●	●	NA-Index	NA-Index	▲	9	Satisfactory
American Funds EuroPacific Gr R4	Foreign Large Growth	●	●	●	●	▲	●	●	15	Satisfactory
DFA Intl Small Company I	Foreign Small/Mid Blend	●	●	●	●	●	●	▲	2	Satisfactory
Cohen & Steers Instl Realty Shares	Real Estate	▲	▲	●	●	●	●	●	10	Satisfactory

Grades are based on a Multnomah Group proprietary evaluation methodology. For a detailed explanation of the criteria please see the Evaluation Methodology section in the back of this report.

As of March 31, 2017

Performance Overview

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Target-Date 2060+								
T. Rowe Price Retirement 2060	6.90	6.90	15.06	N/A	N/A	N/A	0.76	TRRLX
<i>S&P Target Date 2055+</i>	5.65	5.65	14.85	6.33	9.70	NA		
Target-Date 2055								
T. Rowe Price Retirement 2055	6.99	6.99	15.16	6.53	9.91	6.18	0.76	TRRNX
<i>S&P Target Date 2055+</i>	5.65	5.65	14.85	6.33	9.70	NA		
Target-Date 2050								
T. Rowe Price Retirement 2050	6.93	6.93	15.08	6.52	9.91	6.18	0.76	TTRMX
<i>S&P Target Date 2050</i>	5.51	5.51	14.44	6.25	9.45	NA		
Target-Date 2045								
T. Rowe Price Retirement 2045	7.04	7.04	15.12	6.54	9.92	6.20	0.76	TTRKX
<i>S&P Target Date 2045</i>	5.28	5.28	13.90	6.09	9.16	5.23		
Target-Date 2040								
T. Rowe Price Retirement 2040	6.89	6.89	14.90	6.46	9.88	6.17	0.76	TTRDX
<i>S&P Target Date 2040</i>	5.07	5.07	13.26	5.94	8.86	NA		
Target-Date 2035								
T. Rowe Price Retirement 2035	6.57	6.57	14.20	6.31	9.60	6.02	0.74	TTRJX
<i>S&P Target Date 2035</i>	4.81	4.81	12.51	5.74	8.49	NA		
Target-Date 2030								
T. Rowe Price Retirement 2030	6.08	6.08	13.35	6.07	9.18	5.90	0.72	TTRCX
<i>S&P Target Date 2030</i>	4.45	4.45	11.47	5.45	7.99	NA		
Target-Date 2025								
T. Rowe Price Retirement 2025	5.61	5.61	12.30	5.72	8.58	5.72	0.69	TTRHX
<i>S&P Target Date 2025</i>	4.08	4.08	10.41	5.15	7.42	5.01		
Target-Date 2020								
T. Rowe Price Retirement 2020	5.00	5.00	11.14	5.33	7.87	5.53	0.66	TTRBX
<i>S&P Target Date 2020</i>	3.68	3.68	9.23	4.88	6.83	NA		
Target-Date 2015								
T. Rowe Price Retirement 2015	4.23	4.23	9.68	4.87	7.05	5.31	0.62	TTRGX
<i>S&P Target Date 2015</i>	3.22	3.22	7.94	4.47	6.08	4.65		
Target-Date 2000-2010								
T. Rowe Price Retirement 2005	3.42	3.42	7.77	4.10	5.59	4.89	0.60	TTRFX
T. Rowe Price Retirement 2010	3.75	3.75	8.55	4.42	6.19	4.97	0.59	TTRAX
<i>S&P Target Date 2010</i>	2.74	2.74	6.57	3.96	5.22	NA		
Money Market-Taxable								
Fidelity MMT Retire Govt Money Mkt	0.06	0.06	0.10	0.04	0.03	0.75	0.42	FRTXX
<i>BofA ML 3-Month T-Bill</i>	0.10	0.10	0.36	0.17	0.14	0.68		

Performance Overview

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Stable Value								
NY Life GIA Net 35 ECH	0.49	0.49	2.03	N/A	N/A	N/A	0.35	
Principal Fix Inc Guaranteed-65bps	0.28	0.28	1.15	1.28	1.38	2.24	0.65	
<i>BofA ML 3-Month T-Bill</i>	<i>0.10</i>	<i>0.10</i>	<i>0.36</i>	<i>0.17</i>	<i>0.14</i>	<i>0.68</i>		
Intermediate-term Bond								
Fidelity Total Bond	1.32	1.32	3.90	3.33	3.27	4.88	0.45	FTBFX
Fidelity US Bond Idx Prem	0.89	0.89	0.31	2.65	2.28	3.95	0.05	FSITX
<i>Barclays US Aggregate Bond</i>	<i>0.82</i>	<i>0.82</i>	<i>0.44</i>	<i>2.68</i>	<i>2.34</i>	<i>4.27</i>		
Large Value								
T. Rowe Price Equity Income	3.30	3.30	19.94	6.76	11.07	5.88	0.66	PRFDX
<i>Russell 1000 Value</i>	<i>3.27</i>	<i>3.27</i>	<i>19.22</i>	<i>8.67</i>	<i>13.13</i>	<i>5.93</i>		
Large Blend								
Fidelity 500 Index Instl	6.05	6.05	17.14	10.34	13.27	7.47	0.04	FXSIX
<i>S&P 500 Index</i>	<i>6.07</i>	<i>6.07</i>	<i>17.17</i>	<i>10.37</i>	<i>13.30</i>	<i>7.51</i>		
Large Growth								
JPMorgan Large Cap Growth R5	11.64	11.64	17.02	9.97	10.91	9.43	0.70	JLGRX
<i>Russell 1000 Growth</i>	<i>8.91</i>	<i>8.91</i>	<i>15.76</i>	<i>11.27</i>	<i>13.32</i>	<i>9.13</i>		
Mid-Cap Blend								
Fidelity Extended Market Idx Prem	4.56	4.56	22.44	7.14	12.51	8.09	0.07	FSEVX
<i>Russell Mid-Cap</i>	<i>5.15</i>	<i>5.15</i>	<i>17.03</i>	<i>8.48</i>	<i>13.09</i>	<i>7.94</i>		
Small Value								
Northern Small Cap Value	-0.46	-0.46	23.82	8.55	12.79	7.47	1.01	NOSGX
<i>Russell 2000 Value</i>	<i>-0.13</i>	<i>-0.13</i>	<i>29.37</i>	<i>7.62</i>	<i>12.54</i>	<i>6.09</i>		
Small Growth								
Amer Beacon Stephens Sm Cap Gr Inst	4.74	4.74	21.29	2.69	8.84	7.46	1.09	STSIX
<i>Russell 2000 Growth</i>	<i>5.35</i>	<i>5.35</i>	<i>23.03</i>	<i>6.72</i>	<i>12.10</i>	<i>8.06</i>		
Foreign Large Blend								
Dodge & Cox International Stock	9.32	9.32	22.97	0.72	7.32	2.52	0.64	DODFX
Fidelity Global Ex US Idx Prem	8.27	8.27	13.51	0.56	4.25	N/A	0.11	FSGDX
<i>MSCI AC World ex USA Large Cap</i>	<i>7.88</i>	<i>7.88</i>	<i>14.42</i>	<i>0.74</i>	<i>4.58</i>	<i>1.74</i>		
Foreign Large Growth								
American Funds EuroPacific Gr R4	9.27	9.27	12.70	1.82	6.27	3.23	0.85	REREX
<i>MSCI AC World ex USA Large Growth</i>	<i>9.28</i>	<i>9.28</i>	<i>10.42</i>	<i>1.71</i>	<i>5.03</i>	<i>2.53</i>		
Foreign Small/Mid Blend								
DFA Intl Small Company I	8.40	8.40	14.24	2.98	8.54	3.48	0.53	DFISX
<i>MSCI AC World ex USA Small Cap</i>	<i>8.86</i>	<i>8.86</i>	<i>12.67</i>	<i>2.82</i>	<i>7.06</i>	<i>3.41</i>		

Performance Overview

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Real Estate								
Cohen & Steers Instl Realty Shares	1.55	1.55	3.55	10.34	9.87	5.17	0.75	CSRIX
DJ US Select Real Estate Secs Index	-0.27	-0.27	1.21	9.93	9.40	4.12		

Market Commentary

The U.S. Economy Remained Sluggish

- Real GDP grew at an annualized rate of 2.1% (quarter over quarter) in Q4, down from its brisk pace in Q3
- Core CPI (which strips out food and energy prices) increased to 2.2% in February; It remained substantially below its 50-yr average of 4.1%
- Job creation was strong in March as private sector payrolls grew by 263,000 jobs; The unemployment rate remained low at 4.7% in February
- The trade deficit declined sharply in February as imports from China fell by a record amount and American exports rose for a third straight month
- U.S. consumers increased their spending at the weakest pace in 6 months, edging up a mere 0.1% in February
- New orders for U.S. factory goods recorded a 1% increase in February amid a surge in demand for commercial aircrafts

The Fed is Back Raising Rates

- For the second time in 3 months, the Fed raised rates by a quarter point amid confidence that the economy is poised for more robust growth
- Domestic fixed income markets reported positive returns in Q1 with the Bloomberg Barclays Aggregate Index increasing 0.82%
- As of March 31, the yield on the 10-year Treasury declined modestly to 2.40% versus 2.45% at year-end 2016
- Emerging markets and developed international fixed income increased 3.90% and 1.96%, respectively, in Q1
- High yield bonds reported strong returns at 2.50% for Q1, yielding 5.84% as of March 31

The U.S. Stock Market Continued Its Rally

- The S&P 500 gained 6.07% for Q1; U.S. markets continued to rally post the U.S. presidential election
- Tech stocks reported the strongest returns in Q1 with a 12.57% gain, followed by consumer discretionary stocks which reported an 8.45% gain
- Healthcare stocks staged a comeback jumping 8.37% in Q1 after declining 2.69% in 2016; Energy and telecom stocks had negative returns in Q1
- The forward P/E for the S&P 500 inched up during Q1 to 17.5x, versus a 25-year average of 15.9x
- Large cap stocks outperformed small caps by 3.60% in Q1 reversing the trend from 2016
- Growth stocks beat out value stocks for small, mid and large cap categories in Q1, also a reversal from 2016

International Equities Outperformed Domestic Equities

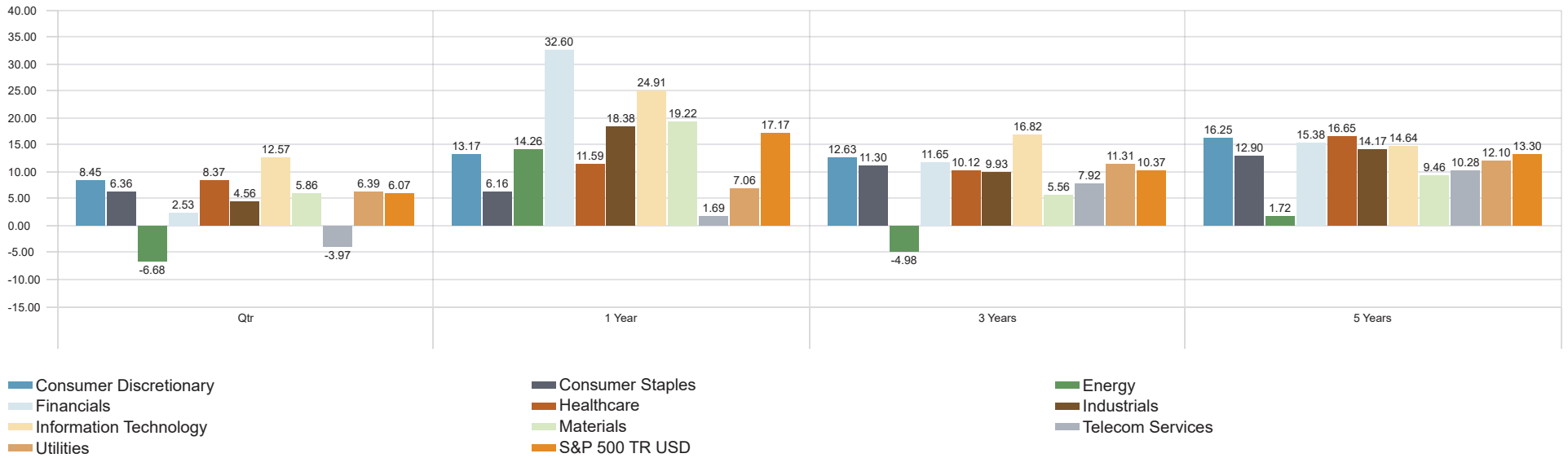
- Developed markets in Europe (ex-UK) rebounded in Q1 with a gain of 8.64% in U.S. dollars; The UK returned 5.06% for the period
- After a strong 2016, the emerging markets (EM) sector gained 11.49% in Q1, with EM Asia and Latin America up 13.40% and 12.13%, respectively
- In Q1, EM in Europe, Middle East & Africa gained only 2.83% in U.S. dollars
- Japan gained 4.64% in U.S. dollars but lost 0.03% in local currency due to the strengthening of the yen versus the dollar

Commodities Weakened

- The Bloomberg Commodity Index lost 2.33% during Q1, the worst performing asset class for the quarter
- Oil prices decreased modestly in Q1 with oil finishing at \$50.60 per barrel
- Gold prices rallied in Q1 increasing 8.64% to \$1,251.20 per troy ounce
- After spiking in mid-year 2016 then cooling off in Q4, REITs gained 2.97% in Q1
- U.S. pending home sales gained 5.5% in February amid warm weather and the potential for higher rates; Inventories are low

U.S. Equity Markets

Returns by Sector (S&P 500)



Returns by Style (Russell Indices)

Last Quarter

	Value	Blend	Growth
Large	3.05	6.38	9.61
Mid	3.76	5.15	6.89
Small	-0.13	2.47	5.35

Last 1 Year

	Value	Blend	Growth
Large	18.97	17.57	16.29
Mid	19.82	17.03	14.07
Small	29.37	26.22	23.03

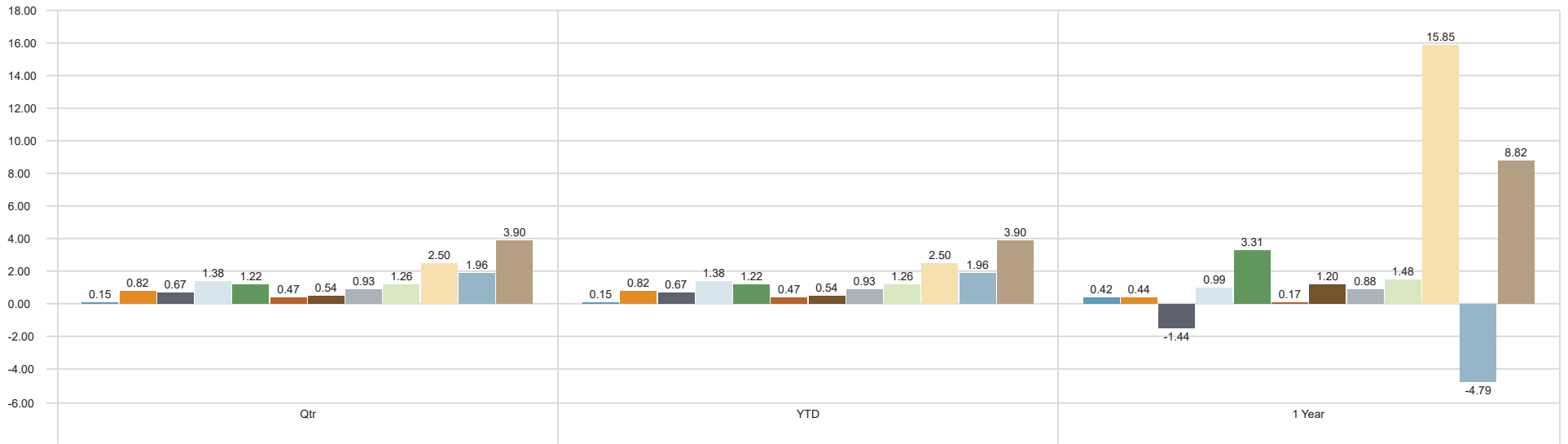
Last 3 Years

	Value	Blend	Growth
Large	8.55	10.63	12.68
Mid	8.94	8.48	7.88
Small	7.62	7.22	6.72

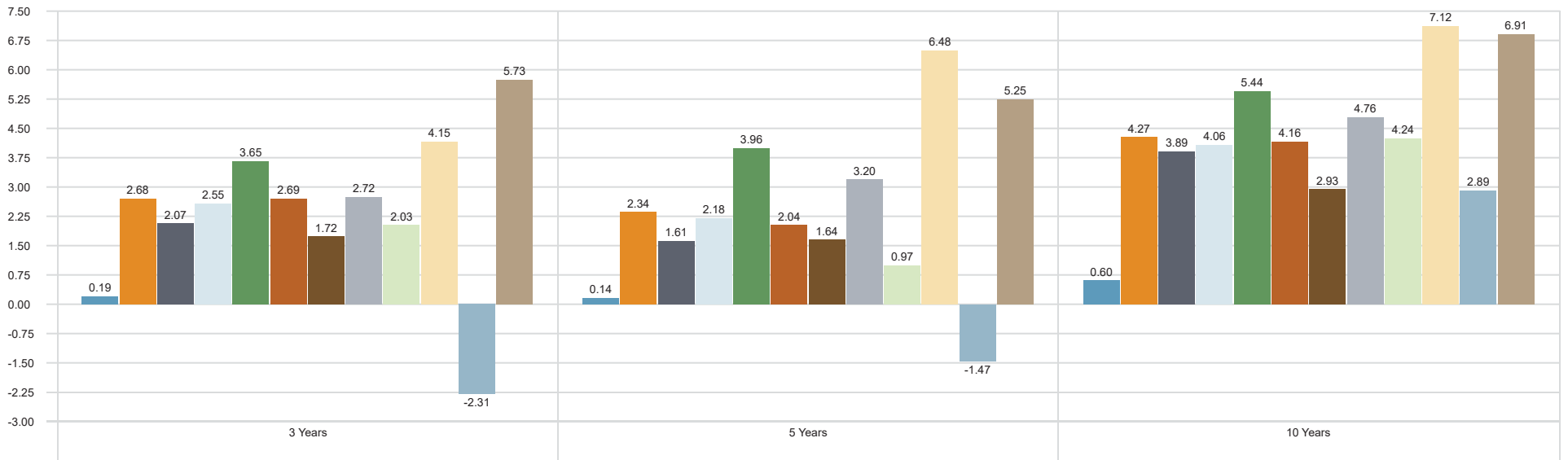
Last 5 Years

	Value	Blend	Growth
Large	12.72	13.32	13.89
Mid	14.07	13.09	11.95
Small	12.54	12.35	12.10

Fixed Income

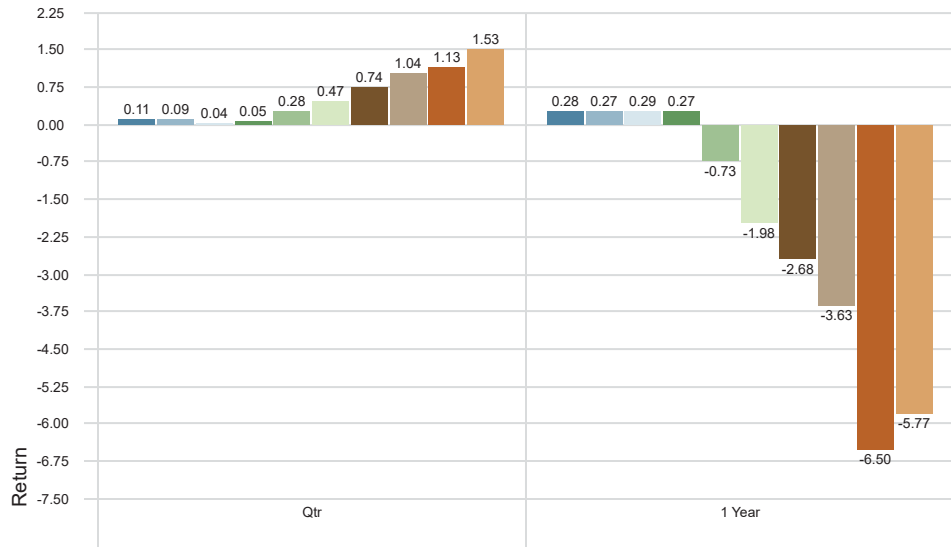


- 3-Month T-Bills
- Government-Related
- Asset-Backed Securities
- Aggregate Bonds
- Investment-Grade Corporate
- Commercial MBS
- Developed International
- Treasuries
- Mortgage-Backed Securities
- TIPS
- High Yield
- Emerging Markets



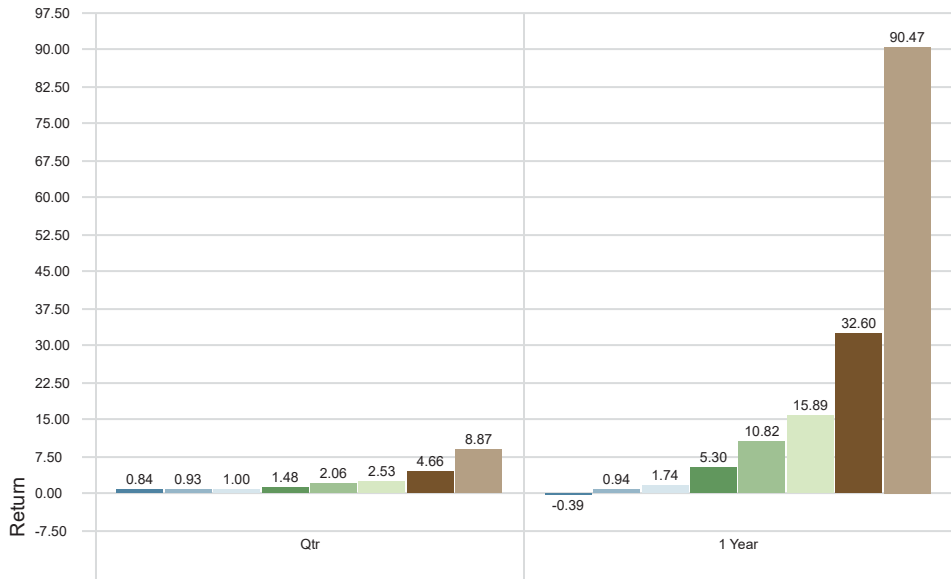
Fixed Income

Performance by Maturity



- USTREAS T-Bill Cnst Mat Rate 1 Mon
- USTREAS T-Bill Cnst Mat Rate 3 Mon
- USTREAS T-Bill Cnst Mat Rate 6 Mon
- USTREAS T-Bill Cnst Mat Rate 1 Yr
- USTREAS T-Bill Cnst Mat Rate 3 Yr
- USTREAS T-Bill Cnst Mat Rate 5 Yr
- USTREAS T-Bill Cnst Mat Rate 7 Yr
- USTREAS T-Bill Cnst Mat Rate 10 Yr
- USTREAS T-Bill Cnst Mat Rate 20 Yr
- USTREAS T-Bill Cnst Mat Rate 30 Yr

Performance by Credit Quality



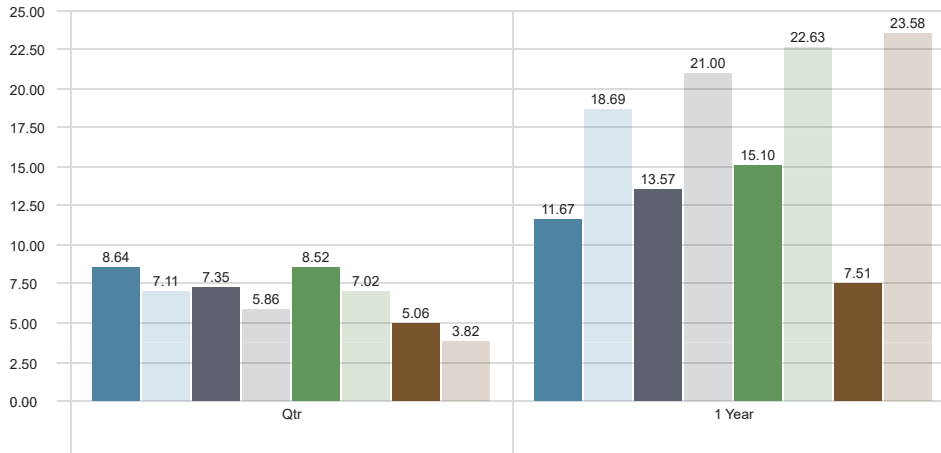
- Barclays US Corp Aaa TR USD
- Barclays US Corp Aa TR USD
- Barclays US Corp A TR USD
- Barclays US Corp Baa TR USD
- Barclays US HY Ba TR USD
- Barclays US HY B TR USD
- Barclays US HY Caa TR USD
- Barclays US HY Ca To D TR USD

Estimated Cost of \$1 of Lifetime Retirement Income at Age 65 (Adjusted for Cost of Living)

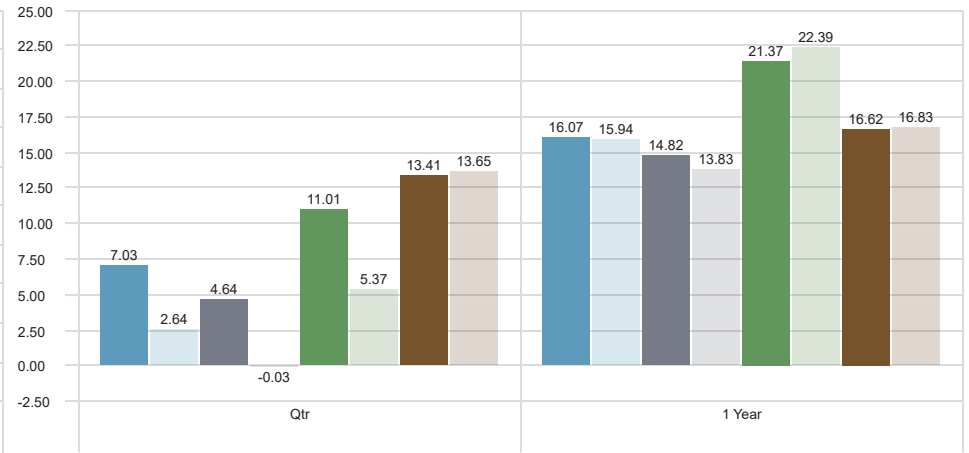
	BlackRock CoRI Retirement 2006	BlackRock CoRI Retirement 2008	BlackRock CoRI Retirement 2010	BlackRock CoRI Retirement 2012	BlackRock CoRI Retirement 2014	BlackRock CoRI Retirement 2016	BlackRock CoRI Retirement 2018	BlackRock CoRI Retirement 2020	BlackRock CoRI Retirement 2022	BlackRock CoRI Retirement 2024
3/31/2017		\$ 15.45	\$ 16.68	\$ 17.90	\$ 19.09	\$ 20.27	\$ 20.51	\$ 19.09	\$ 17.73	\$ 16.55
9/30/2016		\$ 16.74	\$ 18.12	\$ 19.50	\$ 20.91	\$ 22.22	\$ 22.09	\$ 20.81	\$ 19.55	\$ 18.45
6/30/2016	\$ 15.50	\$ 16.88	\$ 18.25	\$ 19.62	\$ 20.99	\$ 23.21	\$ 22.07	\$ 20.75	\$ 19.43	\$ 18.21
12/31/2015	\$ 14.68	\$ 15.88	\$ 17.07	\$ 18.23	\$ 19.37	\$ 20.71	\$ 19.41	\$ 18.01	\$ 16.66	\$ 15.40
9/30/2015	\$ 15.20	\$ 16.45	\$ 17.69	\$ 18.93	\$ 20.14	\$ 20.91	\$ 19.62	\$ 18.17	\$ 16.78	\$ 15.56
6/30/2015	\$ 15.07	\$ 16.28	\$ 17.47	\$ 18.63	\$ 19.82	\$ 20.17	\$ 18.83	\$ 17.36	\$ 16.04	\$ 14.88

International Equity Markets

Developed Europe



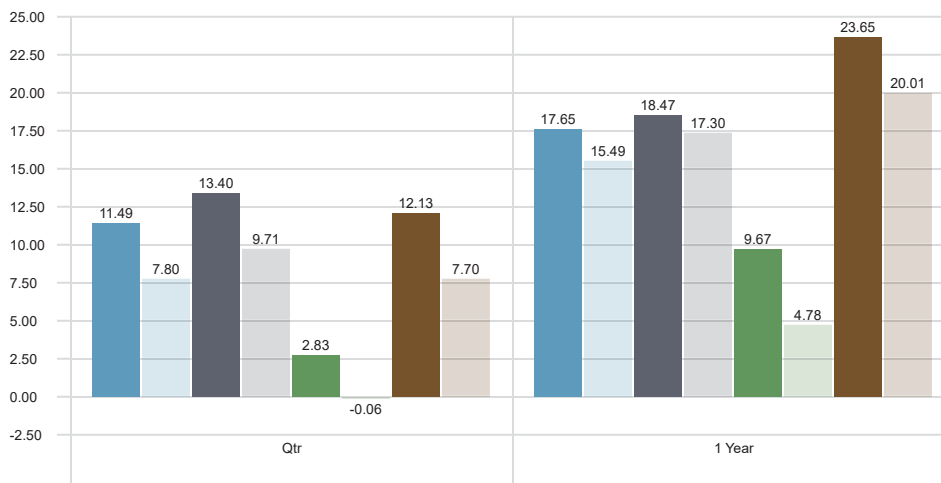
Developed Asia



- Europe ex-UK (USD)
- Europe ex-UK (Local)
- France (USD)
- France (Local)
- Germany (USD)
- Germany (Local)
- United Kingdom (USD)
- United Kingdom (Local)

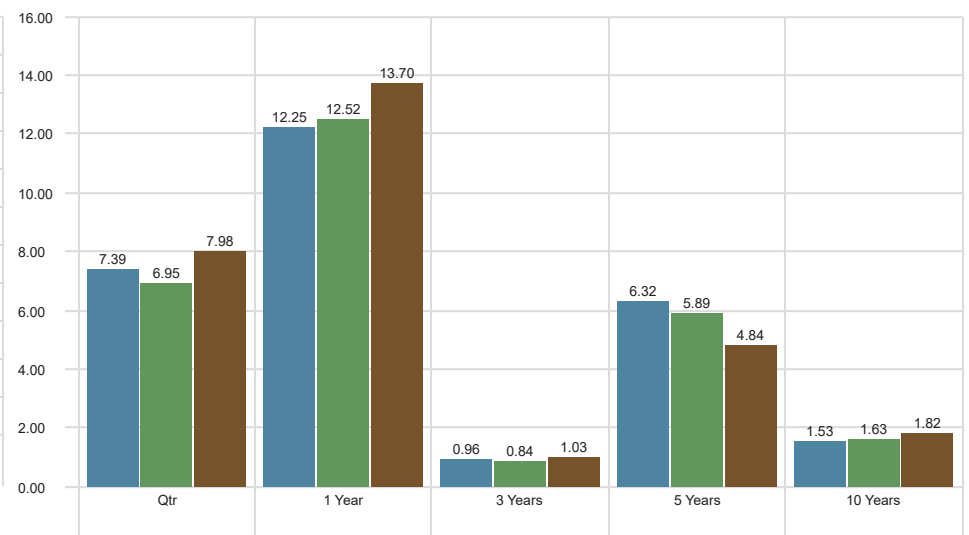
- Pacific (USD)
- Pacific (Local)
- Japan (USD)
- Japan (Local)
- Australia (USD)
- Australia (Local)
- Hong Kong (USD)
- Hong Kong (Local)

Emerging Markets



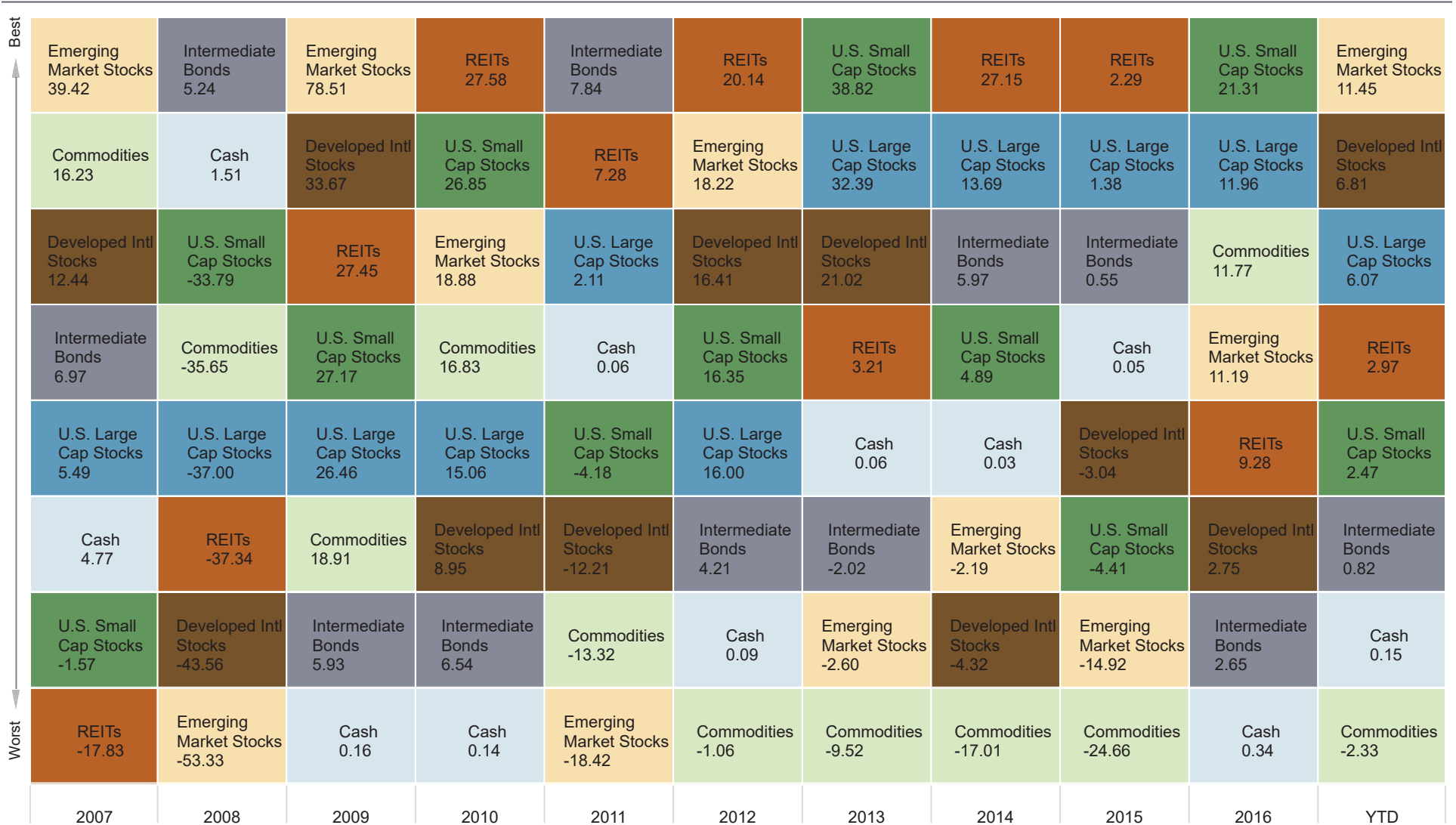
- Emerging Markets (USD)
- Emerging Markets (Local)
- Asia (USD)
- Asia (Local)
- Europe, Middle East & Africa (USD)
- Europe, Middle East & Africa (Local)
- Latin America (USD)
- Latin America (Local)

International Benchmarks



- EAFE
- World ex USA (Developed)
- ACWI ex USA (Developed & Emerging)

Unpredictability of Asset Class Returns



- Cash
- Intermediate Bonds
- U.S. Large Cap Stocks
- U.S. Small Cap Stocks
- REITs
- Developed Intl Stocks
- Emerging Market Stocks
- Commodities

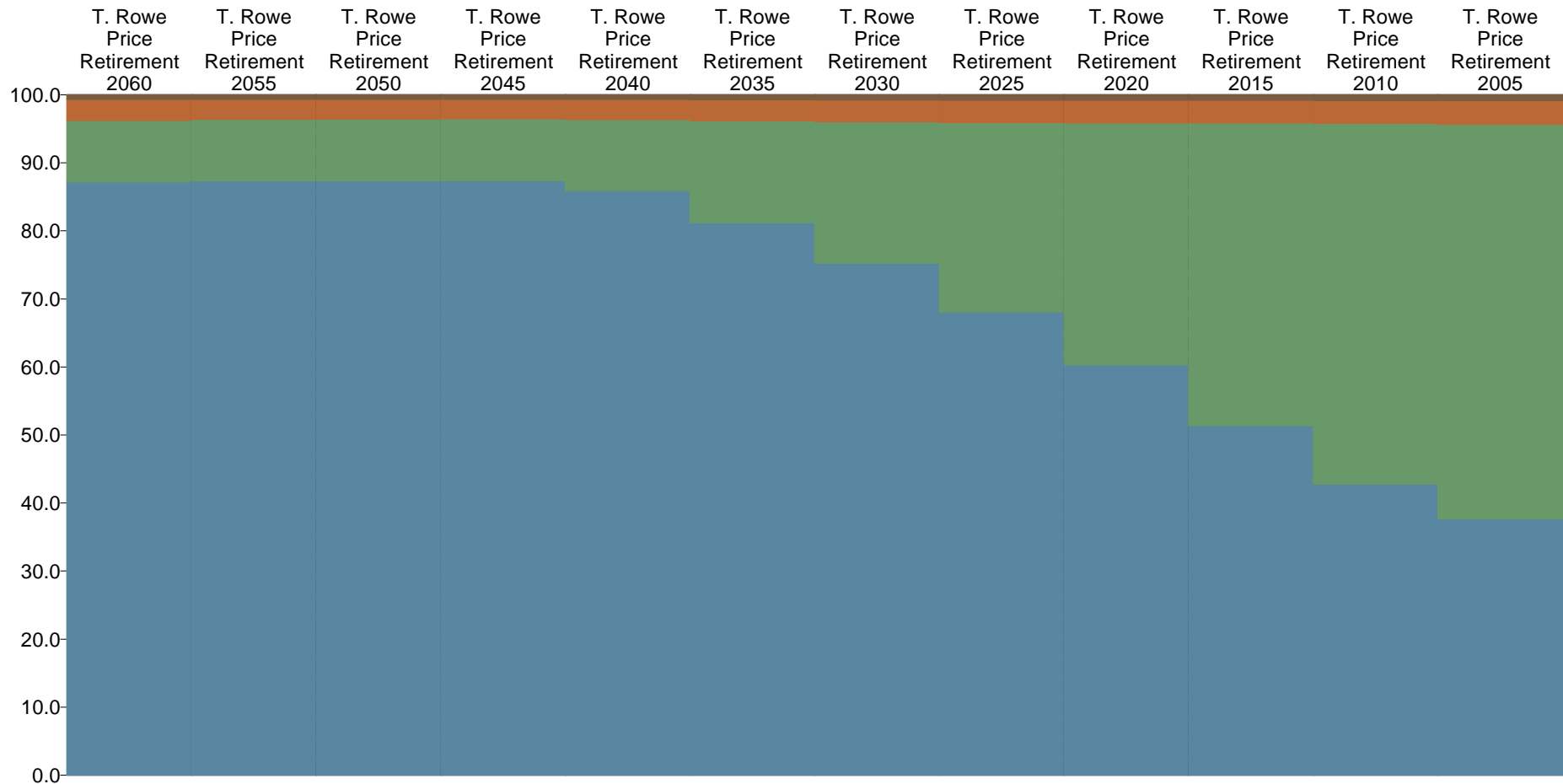
Performance Overview

	Qtr	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Expense Ratio	Ticker	Net Assets (\$MM)	Fund Incept Date
Target-Date 2060+											
T. Rowe Price Retirement 2060	6.90	6.90	15.06	N/A	N/A	N/A	N/A	0.76	TRRLX	\$205.00	06/23/2014
S&P Target Date 2055+ TR USD	5.65	5.65	14.85	6.33	9.70	9.54	N/A				
Target-Date 2055											
T. Rowe Price Retirement 2055	6.99	6.99	15.16	6.53	9.91	9.98	6.18	0.76	TRRNX	\$3,280.00	12/29/2006
S&P Target Date 2055+ TR USD	5.65	5.65	14.85	6.33	9.70	9.54	N/A				
Target-Date 2050											
T. Rowe Price Retirement 2050	6.93	6.93	15.08	6.52	9.91	9.96	6.18	0.76	TRRMX	\$7,820.00	12/29/2006
S&P Target Date 2050 TR USD	5.51	5.51	14.44	6.25	9.45	N/A	N/A				
Target-Date 2045											
T. Rowe Price Retirement 2045	7.04	7.04	15.12	6.54	9.92	9.96	6.20	0.76	TRRKX	\$9,919.00	05/31/2005
S&P Target Date 2045 TR USD	5.28	5.28	13.90	6.09	9.16	9.17	5.23				
Target-Date 2040											
T. Rowe Price Retirement 2040	6.89	6.89	14.90	6.46	9.88	9.94	6.17	0.76	TRRDY	\$18,937.00	09/30/2002
S&P Target Date 2040 TR USD	5.07	5.07	13.26	5.94	8.86	8.95	N/A				
Target-Date 2035											
T. Rowe Price Retirement 2035	6.57	6.57	14.20	6.31	9.60	9.73	6.02	0.74	TRRJX	\$16,189.00	02/27/2004
S&P Target Date 2035 TR USD	4.81	4.81	12.51	5.74	8.49	8.67	N/A				
Target-Date 2030											
T. Rowe Price Retirement 2030	6.08	6.08	13.35	6.07	9.18	9.40	5.90	0.72	TRRCX	\$27,138.00	09/30/2002
S&P Target Date 2030 TR USD	4.45	4.45	11.47	5.45	7.99	8.27	N/A				
Target-Date 2025											
T. Rowe Price Retirement 2025	5.61	5.61	12.30	5.72	8.58	8.90	5.72	0.69	TRRHX	\$21,324.00	02/27/2004
S&P Target Date 2025 TR USD	4.08	4.08	10.41	5.15	7.42	7.82	5.01				
Target-Date 2020											
T. Rowe Price Retirement 2020	5.00	5.00	11.14	5.33	7.87	8.32	5.53	0.66	TRRBX	\$26,115.00	09/30/2002
S&P Target Date 2020 TR USD	3.68	3.68	9.23	4.88	6.83	7.32	N/A				
Target-Date 2015											
T. Rowe Price Retirement 2015	4.23	4.23	9.68	4.87	7.05	7.62	5.31	0.62	TRRGX	\$9,546.00	02/27/2004
S&P Target Date 2015 TR USD	3.22	3.22	7.94	4.47	6.08	6.68	4.65				
Target-Date 2000-2010											
T. Rowe Price Retirement 2010	3.75	3.75	8.55	4.42	6.19	6.83	4.97	0.59	TRRAX	\$5,588.00	09/30/2002
T. Rowe Price Retirement 2005	3.42	3.42	7.77	4.10	5.59	6.26	4.89	0.60	TRRFY	\$1,813.00	02/27/2004
S&P Target Date 2010 TR USD	2.74	2.74	6.57	3.96	5.22	5.93	N/A				

Calendar Year Performance

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Target-Date 2060+										
T. Rowe Price Retirement 2060	6.90	7.63	0.24	NA	NA	NA	NA	NA	NA	NA
S&P Target Date 2055+ TR USD	5.65	9.94	-0.54	5.64	24.96	15.81	-2.87	15.62	26.40	-35.24
Target-Date 2055										
T. Rowe Price Retirement 2055	6.99	7.73	0.18	6.18	25.86	17.60	-3.35	16.41	38.97	-38.89
S&P Target Date 2055+ TR USD	5.65	9.94	-0.54	5.64	24.96	15.81	-2.87	15.62	26.40	-35.24
Target-Date 2050										
T. Rowe Price Retirement 2050	6.93	7.71	0.19	6.19	25.90	17.55	-3.36	16.41	38.92	-38.80
S&P Target Date 2050 TR USD	5.51	9.74	-0.47	5.69	24.13	15.49	NA	NA	NA	NA
Target-Date 2045										
T. Rowe Price Retirement 2045	7.04	7.69	0.17	6.14	25.93	17.62	-3.47	16.44	39.10	-38.83
S&P Target Date 2045 TR USD	5.28	9.54	-0.46	5.67	23.13	15.15	-2.56	15.62	26.40	-35.24
Target-Date 2040										
T. Rowe Price Retirement 2040	6.89	7.63	0.17	6.18	25.93	17.55	-3.49	16.51	39.07	-38.85
S&P Target Date 2040 TR USD	5.07	9.23	-0.40	5.69	22.10	14.69	-2.17	15.38	25.97	-34.00
Target-Date 2035										
T. Rowe Price Retirement 2035	6.57	7.64	0.13	6.07	24.86	17.35	-3.26	16.34	39.04	-38.88
S&P Target Date 2035 TR USD	4.81	8.85	-0.35	5.69	20.84	14.12	-1.71	15.02	24.99	-32.60
Target-Date 2030										
T. Rowe Price Retirement 2030	6.08	7.69	-0.02	6.05	23.09	16.82	-2.70	16.01	37.99	-37.79
S&P Target Date 2030 TR USD	4.45	8.35	-0.30	5.63	19.14	13.43	-1.17	14.52	23.70	-30.48
Target-Date 2025										
T. Rowe Price Retirement 2025	5.61	7.55	-0.17	5.84	20.78	16.00	-2.06	15.37	36.29	-35.90
S&P Target Date 2025 TR USD	4.08	7.82	-0.25	5.56	17.03	12.51	-0.28	13.82	22.03	-27.75
Target-Date 2020										
T. Rowe Price Retirement 2020	5.00	7.41	-0.31	5.63	18.05	15.01	-1.20	14.74	34.19	-33.48
S&P Target Date 2020 TR USD	3.68	7.22	-0.19	5.67	14.76	11.48	0.58	12.93	19.95	-24.78
Target-Date 2015										
T. Rowe Price Retirement 2015	4.23	7.31	-0.58	5.37	15.18	13.81	-0.32	13.79	31.35	-30.22
S&P Target Date 2015 TR USD	3.22	6.55	-0.16	5.49	12.16	10.32	1.53	11.85	17.48	-21.32
Target-Date 2000-2010										
T. Rowe Price Retirement 2010	3.75	7.11	-0.76	4.98	11.93	12.44	0.54	12.70	27.95	-26.71
T. Rowe Price Retirement 2005	3.42	6.72	-0.75	4.72	9.74	11.35	1.43	11.51	24.55	-22.24
S&P Target Date 2010 TR USD	2.74	5.82	-0.21	5.07	9.42	8.94	2.61	10.56	14.61	-17.42

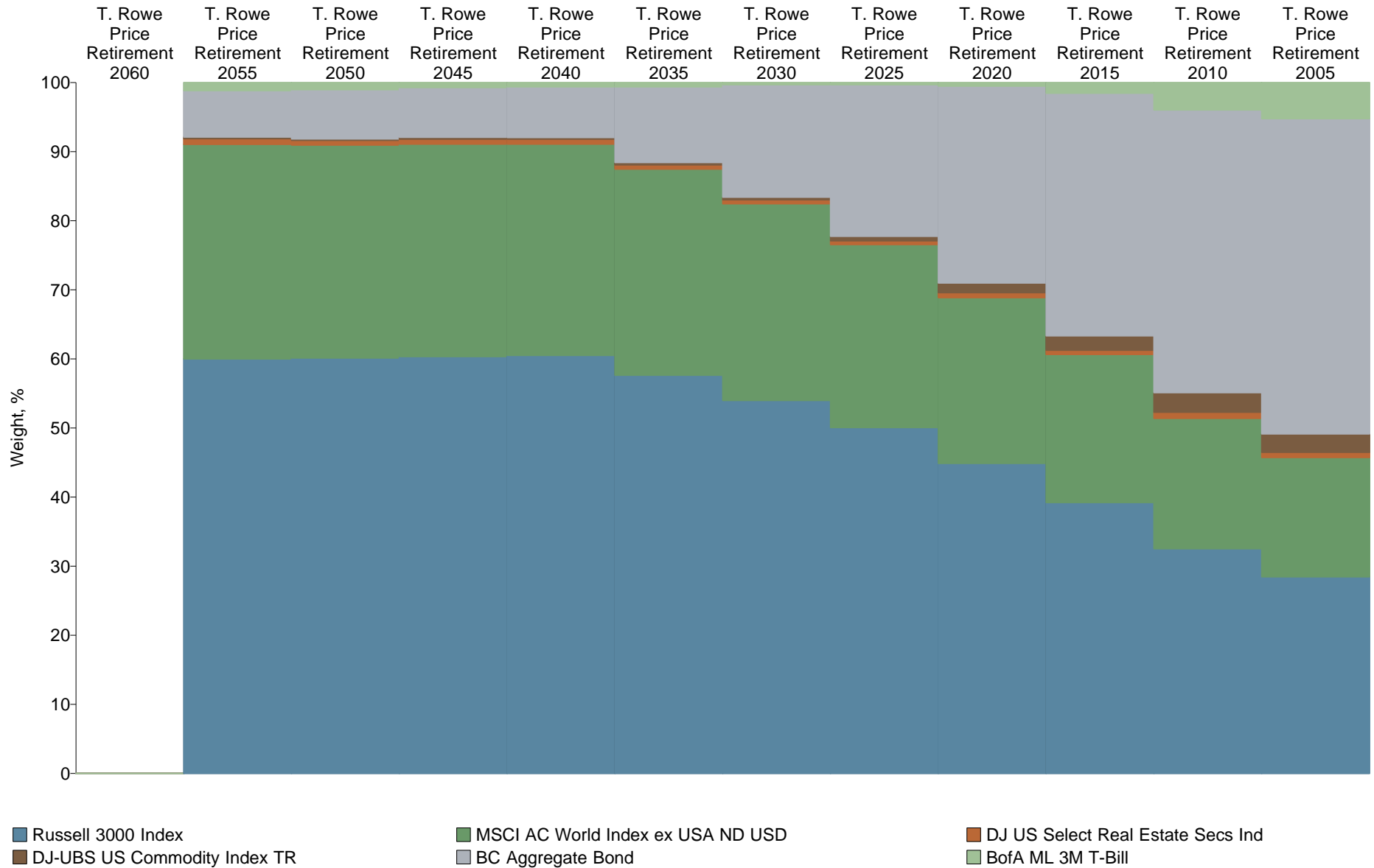
Glide Path (Current Holdings)



■ Equities ■ Bonds ■ Cash ■ Other

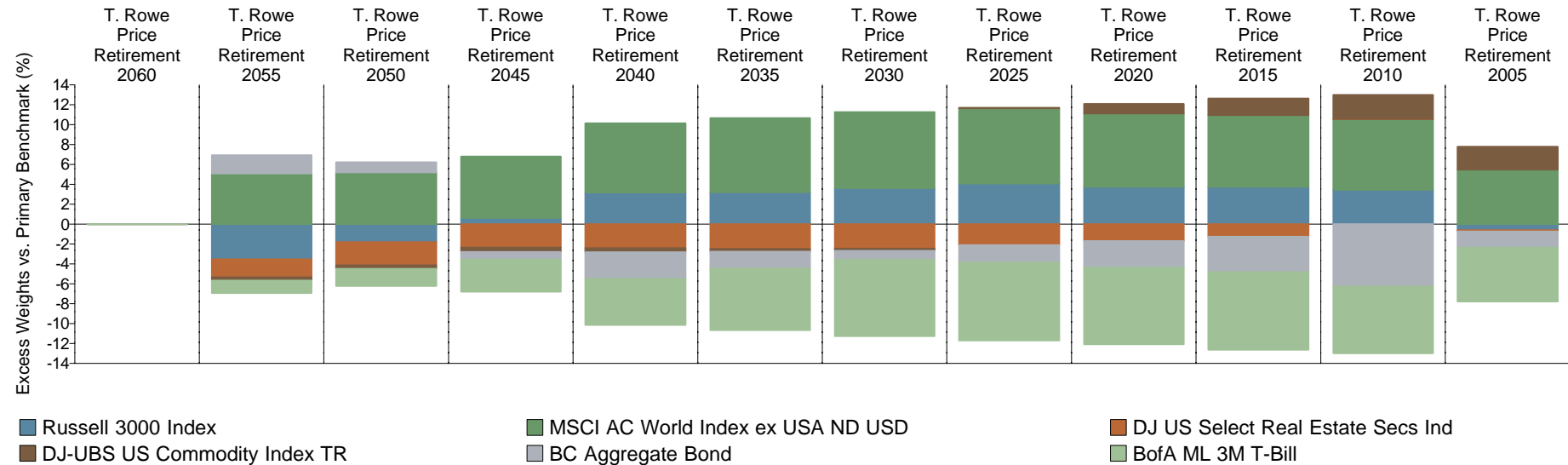
	T. Rowe Price Retirement 2060	T. Rowe Price Retirement 2055	T. Rowe Price Retirement 2050	T. Rowe Price Retirement 2045	T. Rowe Price Retirement 2040	T. Rowe Price Retirement 2035	T. Rowe Price Retirement 2030	T. Rowe Price Retirement 2025	T. Rowe Price Retirement 2020	T. Rowe Price Retirement 2015	T. Rowe Price Retirement 2010	T. Rowe Price Retirement 2005
Equities	87.25	87.40	87.38	87.45	85.96	81.26	75.29	68.12	60.33	51.41	42.83	37.72
Bonds	9.01	9.04	9.09	9.06	10.43	14.99	20.80	27.83	35.59	44.52	53.01	57.96
Cash	3.12	2.94	2.91	2.87	2.97	3.07	3.20	3.30	3.33	3.31	3.38	3.51
Other	0.62	0.62	0.62	0.62	0.64	0.68	0.71	0.75	0.76	0.77	0.79	0.82

Global Asset Weightings (Returns-Based Style Analysis / Last 60 Months)



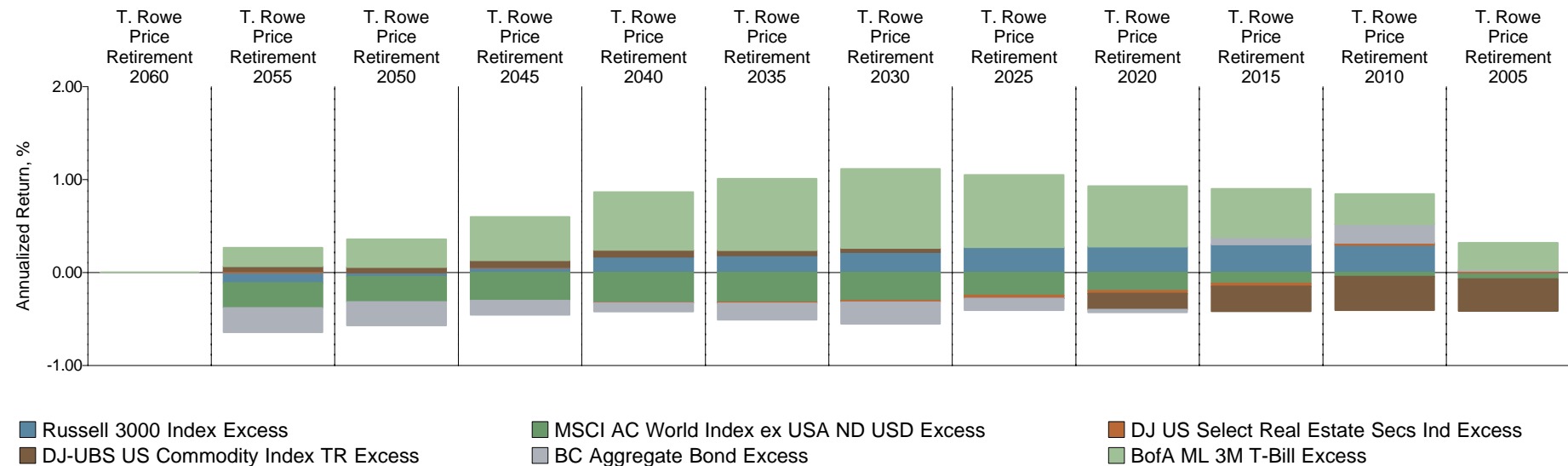
USD, 36-month centered window; exp. weighted

Excess Weightings Relative to Primary Benchmark (Last 60 Months)



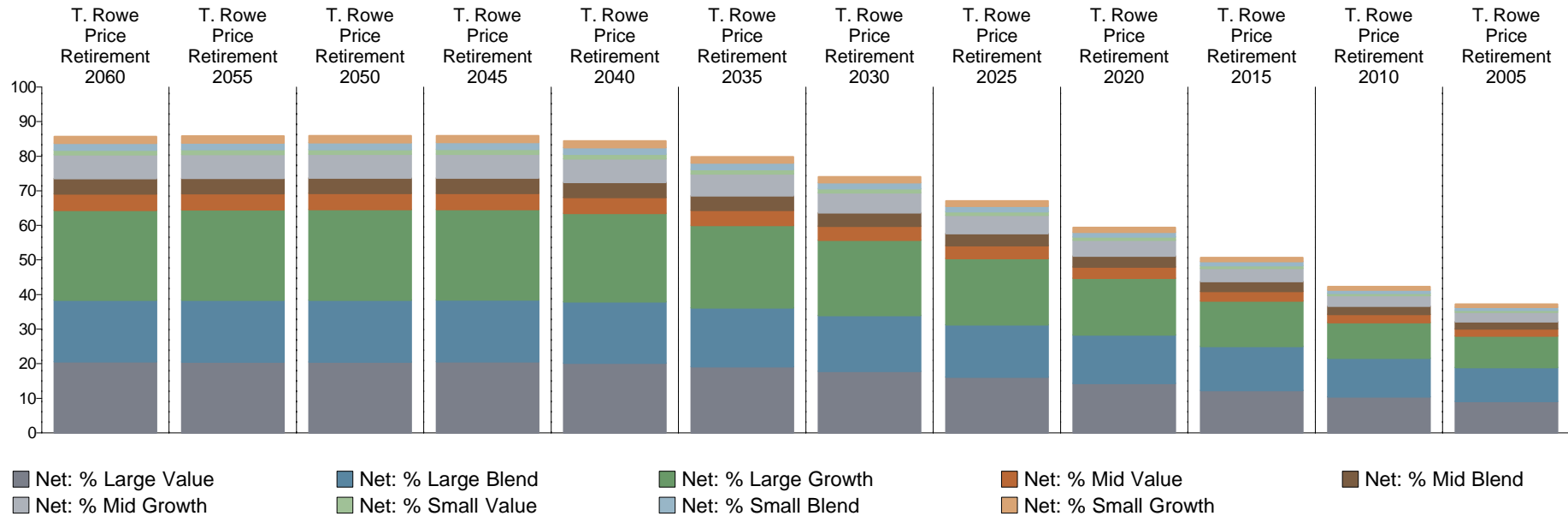
USD, 36-month centered window; exp. weighted

Excess Returns Attribution (Last 60 Months)

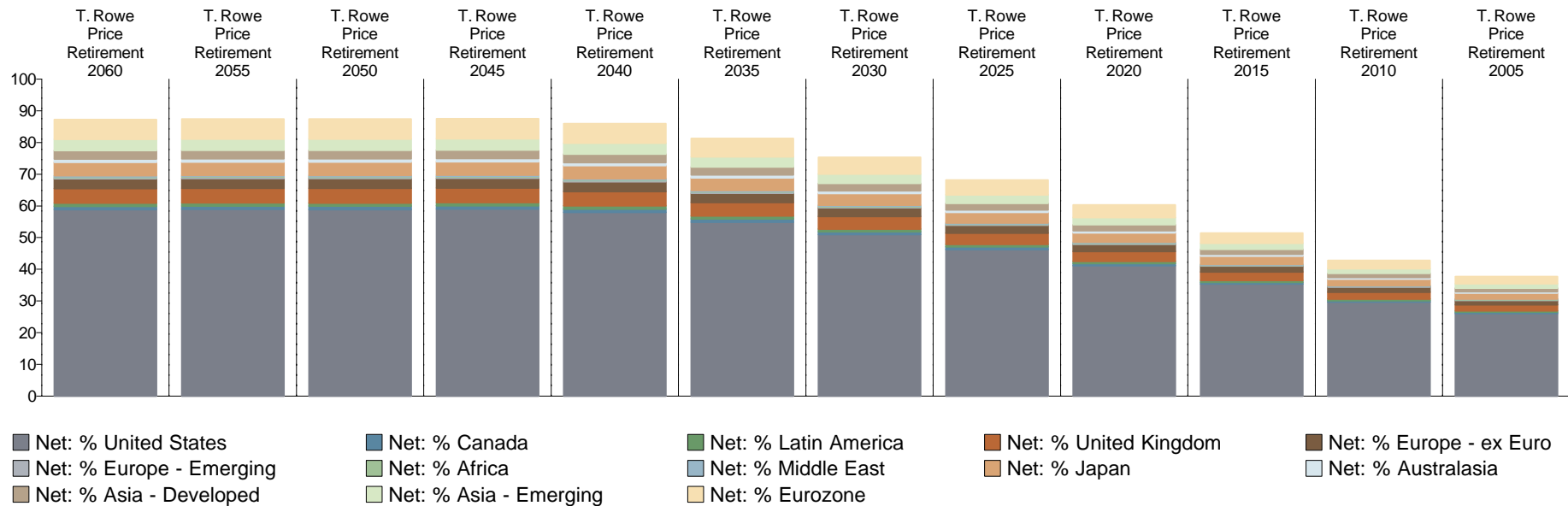


USD, 36-month centered window; exp. weighted

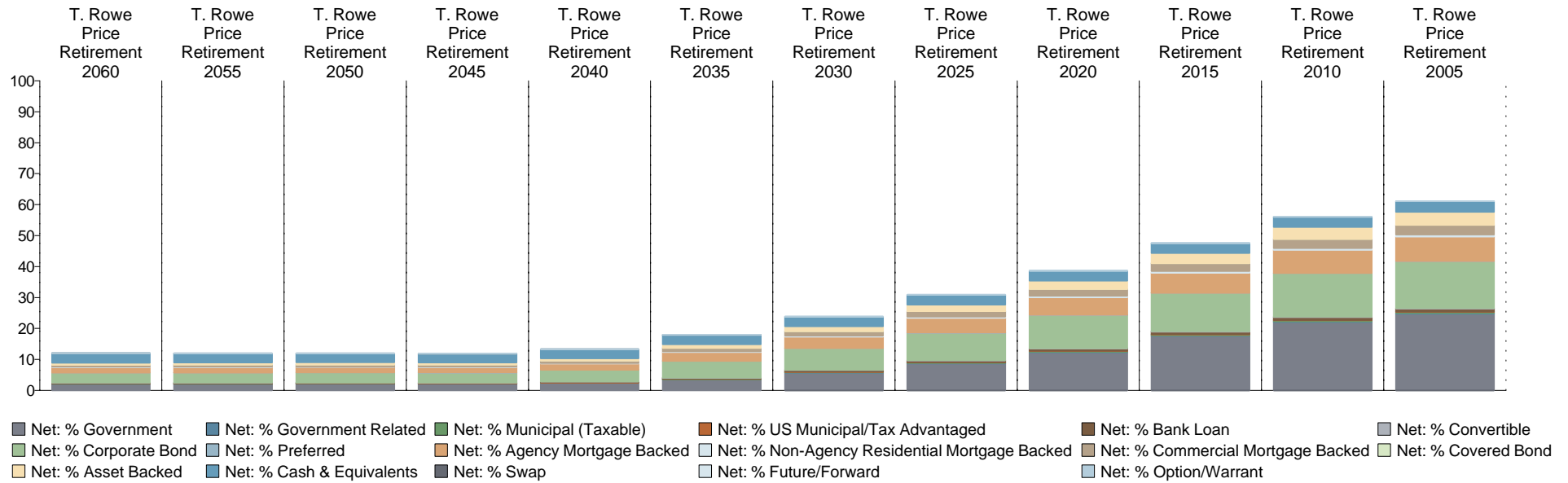
Equity Style Exposure



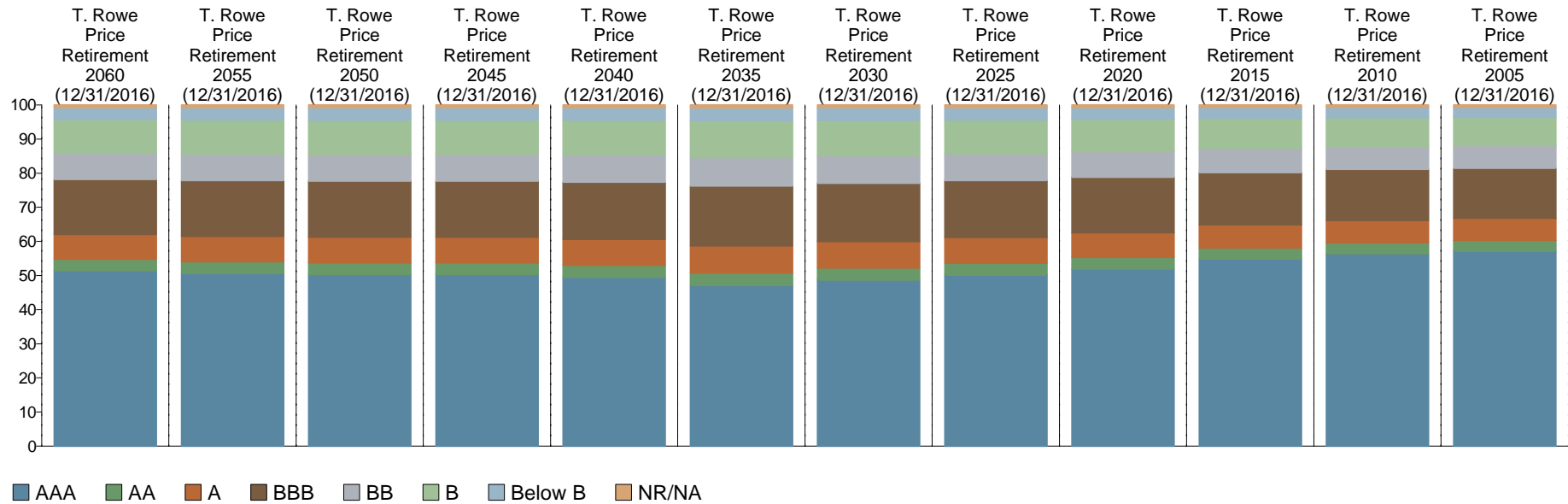
Geographic Equity Exposure



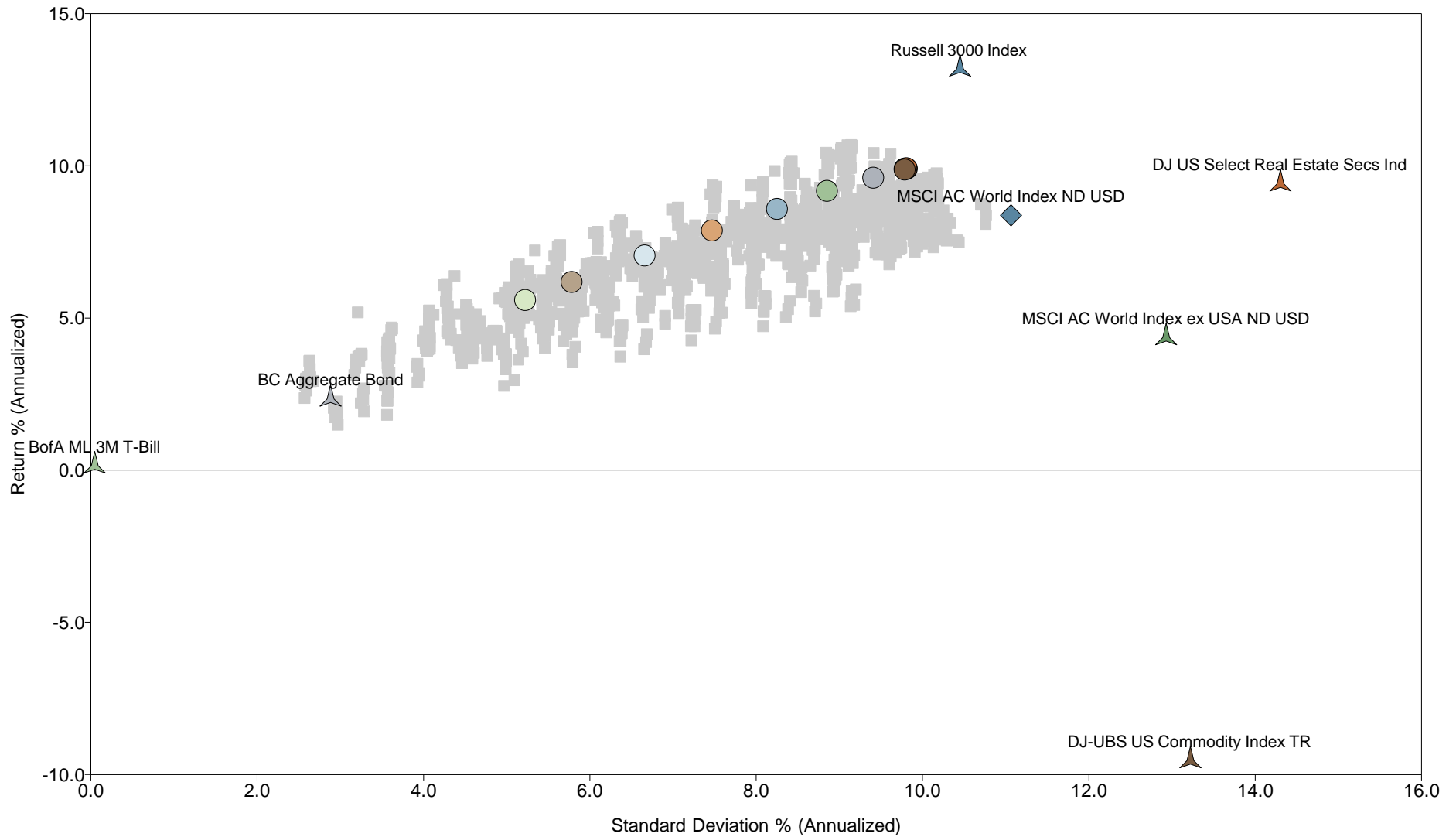
Fixed Income Sector Weights



Credit Quality

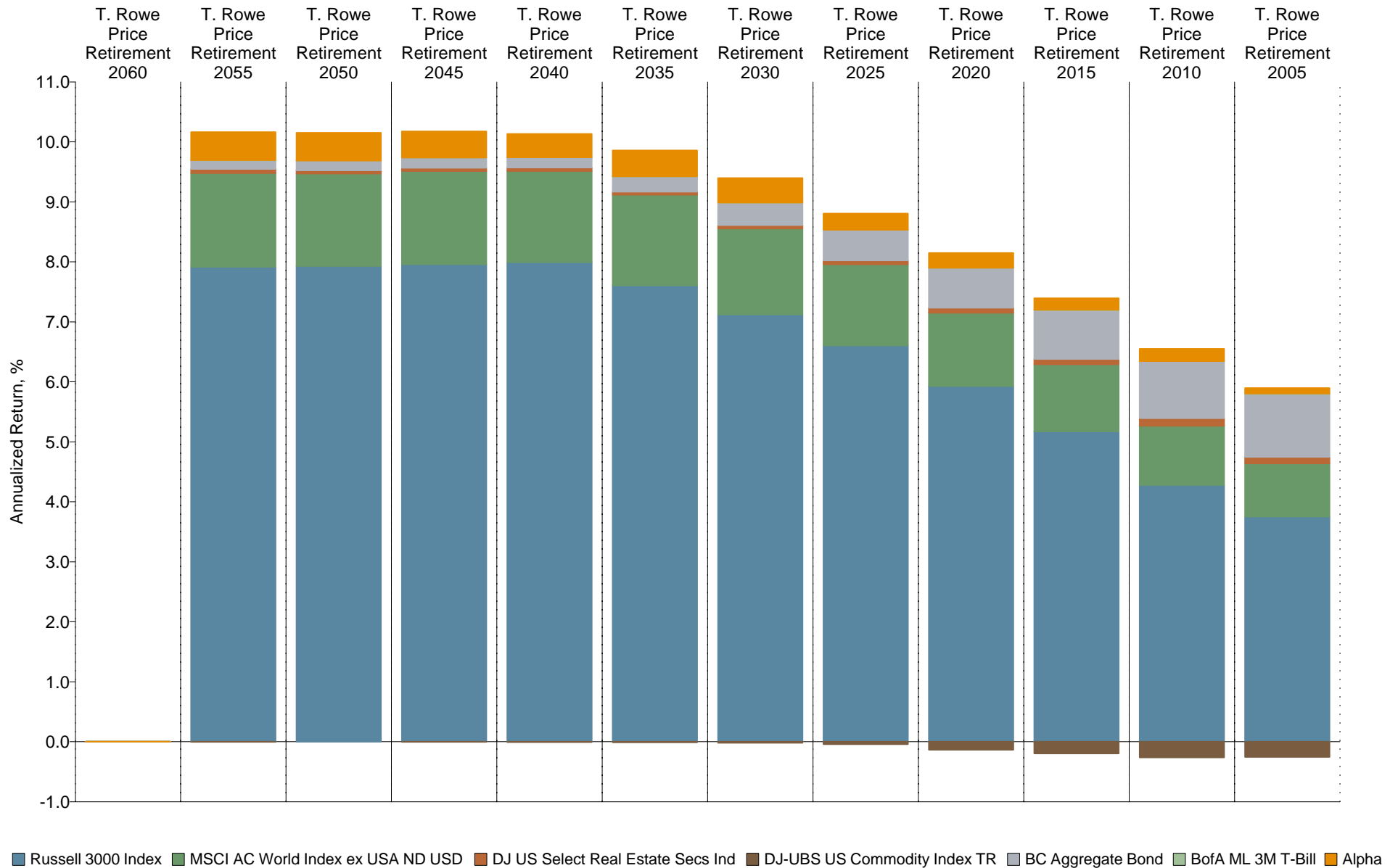


Performance vs. Risk (Last 60 Months)



- T. Rowe Price Retirement 2060
- T. Rowe Price Retirement 2040
- T. Rowe Price Retirement 2020
- ▲ Russell 3000 Index
- ▲ BC Aggregate Bond
- T. Rowe Price Retirement 2055
- T. Rowe Price Retirement 2035
- T. Rowe Price Retirement 2015
- ▲ T. Rowe Price Retirement 2050
- ▲ T. Rowe Price Retirement 2030
- ▲ T. Rowe Price Retirement 2010
- ▲ MSCI AC World Index ex USA ND USD
- ▲ BofA ML 3M T-Bill
- T. Rowe Price Retirement 2045
- T. Rowe Price Retirement 2025
- T. Rowe Price Retirement 2005
- ▲ DJ US Select Real Estate Secs Ind
- ▲ DJ-UBS US Commodity Index TR
- ◆ MSCI AC World Index ND USD

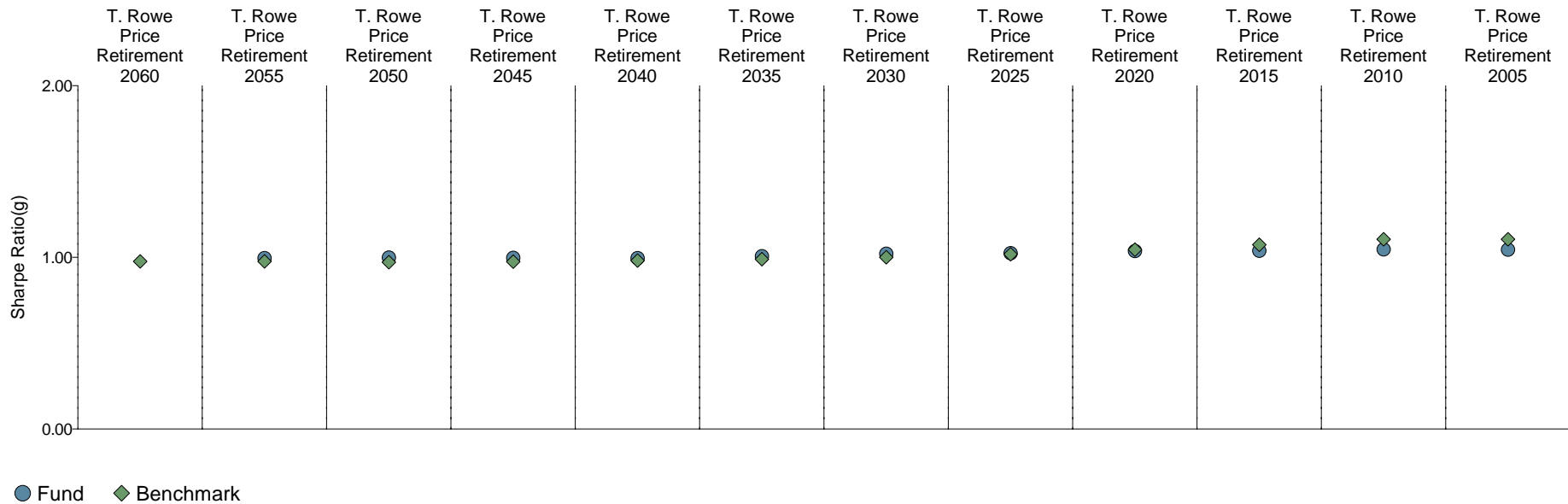
Performance Attribution (Last 60 Months)



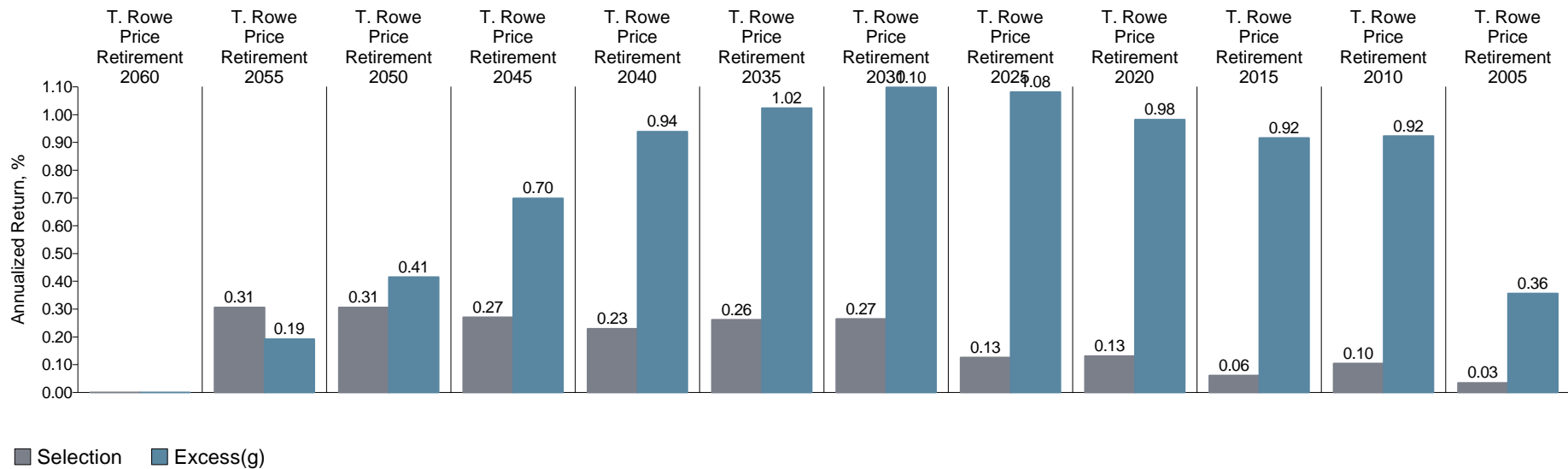
USD, 36-month centered window; exp. weighted

As of March 31, 2017

Sharpe Ratio (Last 60 Months)



Selection and Excess Returns (Last 60 Months)



USD, 36-month centered window; exp. weighted

As of March 31, 2017

Plan Asset Details - Fidelity

	Sep-16		Dec-16		Mar-17	
	Amount (\$)	% of Total	Amount (\$)	% of Total	Amount (\$)	% of Total
Target Date Funds	\$196,070,079.78	57.36	\$200,208,459.30	57.71	\$222,213,262.86	58.75
T. Rowe Price Retirement 2005	\$4,094,122.22	1.20	\$4,048,314.36	1.17	\$4,265,883.66	1.13
T. Rowe Price Retirement 2010	\$6,538,358.59	1.91	\$6,229,465.45	1.80	\$6,654,979.96	1.76
T. Rowe Price Retirement 2015	\$18,593,308.70	5.44	\$19,565,429.16	5.64	\$20,155,967.43	5.33
T. Rowe Price Retirement 2020	\$38,893,415.62	11.38	\$40,053,404.24	11.54	\$42,935,493.37	11.35
T. Rowe Price Retirement 2025	\$24,915,552.76	7.29	\$24,787,745.56	7.14	\$27,680,078.25	7.32
T. Rowe Price Retirement 2030	\$34,864,889.45	10.20	\$35,159,720.32	10.13	\$39,752,090.17	10.51
T. Rowe Price Retirement 2035	\$22,345,769.65	6.54	\$22,846,559.15	6.59	\$25,735,508.15	6.80
T. Rowe Price Retirement 2040	\$21,171,359.29	6.19	\$22,075,579.68	6.36	\$25,130,953.65	6.64
T. Rowe Price Retirement 2045	\$13,855,882.98	4.05	\$14,292,436.78	4.12	\$16,777,364.30	4.44
T. Rowe Price Retirement 2050	\$9,403,800.83	2.75	\$9,707,094.87	2.80	\$11,264,688.38	2.98
T. Rowe Price Retirement 2055	\$1,008,332.60	0.30	\$1,057,217.50	0.30	\$1,417,899.29	0.37
T. Rowe Price Retirement 2060	\$385,287.09	0.11	\$385,492.23	0.11	\$442,356.25	0.12
Core Index Array	\$40,657,722.45	11.90	\$42,364,743.52	12.21	\$45,890,686.33	12.13
Fidelity US Bond Idx Prem	\$1,596,554.46	0.47	\$1,540,242.50	0.44	\$1,580,035.83	0.42
Fidelity 500 Index Instl	\$26,472,717.50	7.75	\$27,402,519.73	7.90	\$29,991,422.83	7.93
Fidelity Extended Market Idx Prem	\$12,412,746.78	3.63	\$13,246,089.89	3.82	\$14,058,726.62	3.72
Fidelity Global Ex US Idx Prem	\$175,703.71	0.05	\$175,891.40	0.05	\$260,501.05	0.07
Core Active Array	\$98,008,298.91	28.67	\$96,702,256.77	27.87	\$101,506,588.79	26.84
NY Life GIA Net 35 ECH	\$13,970,643.87	4.09	\$14,493,611.12	4.18	\$19,144,570.92	5.06
Principal Fix Inc Guaranteed-65bps	\$10,404,484.96	3.04	\$10,008,492.54	2.88	\$4,997,731.47	1.32
Fidelity MMT Retire Govt Money Mkt	\$13,825,625.31	4.04	\$13,749,809.79	3.96	\$14,131,444.86	3.74
Fidelity Total Bond	\$9,891,844.38	2.89	\$9,192,362.74	2.65	\$9,737,501.24	2.57
T. Rowe Price Equity Income	\$5,337,381.23	1.56	\$5,657,312.32	1.63	\$5,978,252.21	1.58
JPMorgan Large Cap Growth R5	\$18,217,540.00	5.33	\$17,427,003.02	5.02	\$19,996,852.92	5.29
Northern Small Cap Value	\$8,076,129.45	2.36	\$9,021,766.20	2.60	\$9,164,491.92	2.42
Amer Beacon Stephens Sm Cap Gr Inst	\$4,091,223.97	1.20	\$3,992,977.61	1.15	\$4,207,375.61	1.11
Cohen & Steers Instl Realty Shares	\$5,548,453.55	1.62	\$5,075,076.49	1.46	\$5,100,332.24	1.35
Dodge & Cox International Stock	\$235,937.43	0.07	\$273,484.43	0.08	\$344,273.28	0.09
American Funds EuroPacific Gr R4	\$8,236,583.23	2.41	\$7,632,659.00	2.20	\$8,490,004.62	2.24
DFA Intl Small Company I	\$172,451.53	0.05	\$177,701.51	0.05	\$213,757.50	0.06
Self-Directed Brokerage Accounts	\$7,065,587.15	2.07	\$7,660,464.52	2.21	\$8,649,337.75	2.29
Fidelity Mutual Fund Window	\$7,065,587.15	2.07	\$7,660,464.52	2.21	\$8,649,337.75	2.29
Total	\$341,801,688.29	100.00	\$346,935,924.11	100.00	\$378,259,875.73	100.00

This supplemental report is provided for informational purposes only and is not a substitute for the custodian's statement.

As of March 31, 2017

Evaluation Methodology

The Multnomah Group has developed a proprietary evaluation methodology that analyzes funds within a given investment category utilizing seven distinct criteria. The table below describes the evaluation standards utilized and their weight in the overall score for each fund. For each category a fund is assigned a score based on the specific proprietary criteria for the given category. Individual category scores are summed to create a fund score and then funds are ranked based on their score to the funds in their peer group.

Evaluation Criteria	Weight	Description of Evaluation Process
Investment Style	25%	Funds are selected primarily to represent a specific asset class as a component within a structured portfolio. They are therefore evaluated to determine how effectively they adhere to that asset class and investment style. Each fund's adherence to its benchmark is evaluated on an absolute basis utilizing a rolling r-squared measure to evaluate how well the assigned benchmark explains the performance of the fund. A higher r-squared measure is indicative of a fund that tracks its assigned benchmark closely and therefore is appropriately categorized within the correct asset class. Each fund is also evaluated for how consistently it adheres to its investment style compared to the peer group. In order to measure this we compare the frequency and size of the changing style allocation to the peer group. Funds with fewer changes in style allocation are considered more consistent.
Expenses	20%	A fund is evaluated based on its stated expense ratio and its turnover ratio. Funds with lower expenses score higher as they create less of a drag on the net of fee performance experienced by the investor. Turnover ratio is utilized as a proxy for the undisclosed trading and market impact costs that a fund incurs for implementing the manager's investment strategy. Depending on the liquidity of the asset class and the fund's investment style, these costs may exceed the explicit costs included in the expense ratio. Both factors are weighted equally in determining a fund's score in this category.
Manager Experience	10%	Manager experience is evaluated based on the longest tenure of the portfolio manager(s). Managers with longer track records have increased experience, provide greater stability to the investment product, and make analysis of the investment product's historical performance more meaningful.
Diversification	5%	A fund is evaluated to determine whether it has sufficient diversification to be a suitable investment option for the investor. Diversification is measured by the total number of securities held by the portfolio as well as by the concentration of the portfolio's assets in its top ten holdings.
Manager Skill	20%	The primary reason for selecting a fund that is actively managed is the expectation that the manager will be able to add excess returns (alpha) relative to its benchmark index that are greater than the costs incurred by the manager in pursuit of those excess returns. A portfolio manager is able to add value through the security selection or market timing process. Security selection involves the manager identifying the individual securities within the given benchmark opportunity set that will generate the highest returns in the future while market timing involves the manager identifying those asset classes expected to over-/underperform and rotating the holdings of the portfolio into and out of those asset classes. A fund is evaluated for the value it has added through the security selection process, the overall value (alpha) it has added, as well as the efficiency and consistency (as measured by Information Ratio) with which it has added value. Active funds that have historically added value are evaluated relative to their peer group while funds with negative added value net of fees and index funds are unable to score any points in this category. As with other relative return measurements rolling period analysis is utilized to avoid the impact a single exceptional period may have on the analysis.
Consistency	10%	Evaluating active returns on a stand-alone basis is insufficient without determining whether the outcome was a result of random luck or a demonstration of consistent skill. We evaluate the efficiency of the manager to determine whether active returns a manager adds are consistent through time or a result of a few strong time periods. In order to measure this we calculate the Batting Average of the fund against its benchmark. Batting Average is a ratio measure that calculates the frequency of monthly positive excess returns for a fund out of the total possible number of months. The resulting average is a measure of how frequently the fund outperforms its given benchmark.
Risk	10%	Risk is measured by the volatility (as measured by standard deviation) of the portfolio relative to its peer group. Funds with lower standard deviations relative to their peers score higher while funds with higher volatility receive lower scores. As with other relative return measurements rolling period analysis is utilized to avoid the impact a single variant period may have on the analysis.

Definitions

Alpha – Alpha is used as a measure of the value added by a manager. It measures the difference between a portfolio's actual returns and its expected performance. A positive alpha implies value-added by the portfolio manager relative to the specified benchmark, given its level of market risk as measured by beta.

Average Credit Quality – An average of the credit quality of the bonds in the fund's portfolio. U.S. Government bonds carry the highest credit rating, while bonds issued by speculative companies usually carry the lowest credit ratings. Anything at or below BB is considered a high-yield or "junk" bond. A fund's average quality is a reflection of the amount of credit risk a fund is willing to incur.

Average Effective Duration – This is a measure of a fund's total interest rate sensitivity. Funds with higher durations are more sensitive to changes in interest rates than funds with lower effective durations.

Batting Average – The Batting Average measures the percentage frequency with which the manager has beaten the benchmark over time. Specifically it is the ratio between the number of months that the manager outperforms the benchmark and the total number of months in the time range.

Benchmark Index – A fund's benchmark index is a passive pool of securities that represents the asset class the fund targets. Indices are statistical measures and cannot be invested in directly.

Down Market Capture – The capture ratio calculates the portion of the benchmark performance that was captured by the fund under certain conditions. The down market capture is the average return of the portfolio calculated using only periods where the benchmark return is negative. A down market capture of less than 100% is considered desirable.

Excess Asset Weightings – This graph compares the asset allocation of the portfolio as shown in the Global Asset Weighting graph against the asset allocation of the benchmark index that the portfolio is compared with to show variances in style from the benchmark. The area above the x-axis represents asset classes that the portfolio has greater weight in than the benchmark and the area below the x-axis represents asset classes that the portfolio has less weight in than the benchmark.

Excess Returns – Excess return is the portfolio's return less the benchmark's return. It is the simplest form of performance evaluation and is used to determine whether the portfolio has outperformed its benchmark.

Expense Ratio – For a fund, operating costs, including management fees, expressed as a percentage of the fund's average net assets for a given time period. The expense ratio does not include brokerage costs and various other transaction costs that may also contribute to a fund's total expense.

Global Asset Weighting – The Global Asset Weighting graph displays the asset weighting of the fund over the past 10 years, or since inception if less than 10 years. The asset weighting is determined utilizing returns-based style analysis methodology. Returns-based style analysis is a statistical process of comparing the returns series of a portfolio against the returns series of a set of benchmarks representing various asset classes to determine which combination of asset classes creates a returns series that most closely matches the movements of the portfolio. This allows an investor to determine the effective mix of asset classes the fund held during various time periods. Depending on the fund being analyzed, the set of benchmark indices used will vary to provide greater detail within certain asset classes (i.e. for a fund invested primarily in domestic equities the analysis utilizes the four Russell large-small style indices as opposed to the broad Russell 3000 index).

Definitions

Information Ratio – The information ratio is the ratio of the excess returns of a portfolio divided by the tracking error (standard deviation of the excess returns) of the portfolio. It is an efficiency measure used to determine how consistently a manager has been able to add excess returns.

Manager Tenure – The number of years that the current portfolio manager has been managing the fund. For funds with more than one manager, the tenure for the longest manager is shown.

Morningstar Category – The Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). It is used to provide peer comparisons for funds with similar investment styles and holdings.

Net Assets \$MM – The total assets in the fund or the specific share class of the fund shown expressed in millions of dollars.

P/E Ratio – The price/earnings ratio is a calculation of the portfolio's market value compared to the portfolio's share of the underlying stocks' earnings in aggregate. P/E ratio is a rough estimate of the growth/value exposure of the fund. Higher P/E ratios indicate greater growth exposure while lower ratios indicate greater value exposure.

Percentage of Assets in Top 10 Holdings – The sum of the assets in the fund's top 10 holdings as a percentage of the total assets in the portfolio. It is used as a measure of the risk of the fund as represented by its concentration in a limited number of holdings. A higher percentage indicates a fund has more of its assets invested in a fewer number of holdings and is thus less diversified than other funds with lower percentages.

Predicted R-Squared – R-squared is a statistical measure that represents the percentage of volatility in a portfolio's returns which can be explained by the volatility of the style indices. R-squared is used as the measure of the quality of fit of the regression that is shown in the Global Asset Weighting graph. R-squared values range from 0 to 100. An R-squared of 100% states that the movements of a portfolio are completely explained by the movements in the benchmark or style indices. A high R-squared indicates greater confidence in the regression analysis while a low R-squared means that the explanatory power of the measurements for the investment product are of limited value or significance.

Selection Returns – Selection return is the portfolio's return less the portfolio's Style Return. In this case the portfolio's style return is utilized as a proxy for the asset allocation position of the manager and enables the selection return series to be used as an indicator of a manager's security selection ability (whether or not the manager is adding value on top of the asset allocation exposures the manager has selected).

Sharpe Ratio – The Sharpe ratio is a risk/return metric which measures the fund's excess return per unit of total risk as measured by standard deviation. It is the ratio of the fund's geometric average returns in excess of the risk free rate to the standard deviation of the fund's returns in excess of the risk free rate.

Significance Level of Selection Returns – This graph compares the annualized selection returns of the portfolio against the significance level of the T-statistic for those selection returns. A higher significance level for the portfolio indicates a higher likelihood that the selection returns (either positive or negative) were not random. In other words, we learn if the return contribution from selection is due to a consistent pattern of stock selection decisions versus the benchmark, or if it's due to some random extreme selection return contributions during the period specified.

Standard Deviation – Standard deviation is a statistical measure of dispersion about a mean. It is used to measure the volatility of the returns over a given time period. For investors, it is used as a risk measure. Portfolios with higher standard deviation are more volatile and are considered more risky.

Definitions

Style Return – Style return utilizes the regression analysis shown in the Global Asset Weighting graph and is a calculated return series consisting of the product of portfolio's weight in each style index and the style index return. The style return represents the asset allocation decisions of a manager and is utilized in calculating the selection and timing returns.

Timing Return – Timing return is the portfolio's style return less the benchmark's style return. If the returns of the style index and the benchmark index differ, then the fund manager has structured the fund in a way that is different from the structure of the benchmark index. The timing return demonstrates whether the portfolio was over- or underweight in under- or outperforming segments of the market versus the benchmark.

Total Number of Holdings – The total number of securities held by the fund as of the last reporting date. It is used as a measure of the diversification of the fund. Those portfolios with fewer holdings are typically more concentrated and less diversified.

Tracking Error – Tracking error is the standard deviation of the excess return series for the portfolio. It is used to measure how well a fund is tracking its benchmark and it is particularly helpful when the fund's tracking error is compared with the tracking error of its peers. If the assigned benchmark is a good representation of the market, then the tracking error should be within a reasonable range. If tracking error is high due to stock specific or style factors, then the return contribution may not be what was expected from that particular investment.

Turnover Ratio – This is a measure of the fund's trading activity which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year. Funds with higher turnover ratios tend to have higher trading costs.

Up Market Capture - The Capture Ratio calculated the relative performance of the portfolio versus the benchmark performance that was captured by the fund under certain conditions. The up market capture is the average return of the portfolio calculated using only periods where the market return was positive. An up market capture of greater than 100% is considered desirable.

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Investment Committee Charter

Purpose

The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital (ECH) Board of Directors (“Board”) the organization’s investment policies, maintain current knowledge of the management and investment of the invested funds of the hospital and its pension plan(s), provide guidance to management in its investment management role, and provide oversight of the allocation of the investment assets.

Authority

All governing authority for ECH resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee or subcommittee. All of the recommendations of the Committee flow to the El Camino Hospital Board for action. Reports of the Committee will be provided to the subsequently scheduled Board meeting. The Committee has the authority to recommend one or more investment managers for the hospital, monitor the performance of such investment managers, and monitor adherence to the investment policies of the hospital.

Voting members of the Committee shall include the directors assigned to the Committee and external (non-director) members appointed to the Committee.

The Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Membership

The Investment Committee shall be comprised of at least 2 Hospital Board members. The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.

The Committee may also include 2- 4 external (non-director) members with expertise in areas such as finance, banking, and investment management.

All Committee members shall be appointed by the Board Chair, subject to approval by the Board, for a term of one year expiring on June 30th each year, renewable annually.

It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member. All members of the Committee must be independent with no conflict of interest regarding hospital investments. Should there be

a potential conflict, the determination regarding independence shall follow the criteria approved by the Board.

Staff Support and Participation

The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the management team may participate in the Committee meetings as deemed necessary.

General Responsibilities

The Committee's primary role is to provide oversight and to advise the management team and the Board on matters pertaining to this Committee. With input from the Committee, the management team shall work with its investment advisor(s) to develop dashboard metrics that will be used to measure and track investment performance for the Committee's review and subsequent approval by the Board. It is the management team's responsibility to develop and provide the Committee with reports, plans, assessments, and other pertinent materials to inform, educate, and update the Committee, thereby allowing Committee members to engage in meaningful, data-driven discussions. The Committee is responsible for ensuring that performance metrics are being met to the Board's expectations and that the Board is apprised of any deviations therefrom.

Specific Duties

The specific duties of the Investment Committee include the following:

A. Investment

- Review and recommend for approval by the Board the investment policies for corporate assets and Cash Balance Plan assets.
- Review and make recommendations to the Board regarding the selection of an independent investment advisor. The Board will appoint the investment advisor, and management, in consultation with the Committee, will appoint the investment managers.
- Monitor the performance of the investment managers through reports from the independent investment advisor, and make recommendations for change when appropriate.
- Monitor investment allocations and make recommendations to the Board if assets are managed inconsistently with approved investment policies.
- Monitor the financial stability and safety of the institutions which have custody of the Hospital's assets, and make recommendations for change when appropriate.
- Monitor the investment performance of the specific investment vehicles made available to employees through their 403(b) Retirement Plan.

- Review recommendations from the Retirement Plan Administrative Committee (RPAC) regarding the selection of an independent investment advisor for the employees' 403(b) Retirement Plan and make recommendations to the Board. The Board will appoint the investment advisor, and the RPAC will monitor, select, and replace the Core investment choices.

B. Ongoing Education

- Endorse and encourage Investment Committee education and dialog relative to the work of the Committee.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and work plan in alignment with the Board and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair, in collaboration with hospital management, shall determine the frequency of meetings based on the Committee's annual goals and work plan, and the operating needs of the organization. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee. Minutes may be approved via email by unanimous consent of those attending the meeting, or by majority vote at regular meetings, as determined by the Committee Chair. The approved minutes shall be forwarded to the Board for review and approval.

Meetings and actions of all advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of committees may also be called by resolution of the Board or by the Committee Chair. Notice of special meetings of advisory committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the Committee. Notice of any special meetings of the Committee requires a 24 hour notice.

Approved as Revised: November 12, 2014, June 10, 2015



INVESTMENT COMMITTEE

Goals for FY 2018

Purpose

The purpose of the Investment Committee is to develop and recommend to El Camino Hospital Board of Director the investment policies governing the Hospital’s assets, maintain current knowledge of the management and investment of the invested funds of the Hospital, and provide oversight of the allocation of the investment assets.

Staff: Iftikhar Hussain, CFO

The CFO shall serve as the primary staff support to the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the hospital staff may participate in the Committee meetings upon the recommendation of the CFO and subsequent approval from the Committee Chair. The CEO is an ex-officio member of this Committee.

Goals	Timeline by Fiscal Year (Timeframe applies to when the Board approves the recommended action from the Committee, if applicable)	Metrics
1. Review performance of consultant recommendations of managers and asset allocations.	<ul style="list-style-type: none"> ▪ Each quarter –Ongoing 	<ul style="list-style-type: none"> ▪ Investment Committee to review selection of money managers; recommendations are made to CFO
2. Educate Board and Committee: Hedge Fund trends and allocation review	<ul style="list-style-type: none"> ▪ Q1 	<ul style="list-style-type: none"> ▪ Complete by end of Q1
3. Review/revise Executive Dashboard.	<ul style="list-style-type: none"> ▪ Each quarter - Ongoing 	<ul style="list-style-type: none"> ▪ Completed by June 2018
4. Meet with the Finance Committee to help align investment philosophy with capital and cash flow needs.	<ul style="list-style-type: none"> ▪ Q4 	<ul style="list-style-type: none"> ▪ Completed by end of Q4

Submitted by: Iftikhar Hussain, Executive Sponsor, Investment Committee

DRAFT – Pending Committee and Board Approval

**INVESTMENT COMMITTEE
FY 2018 PACING - DRAFT**

FY2018: Q1		
JULY – NO MEETING	AUGUST 14, 2017 Meeting	SEPTEMBER – NO MEETING
N/A	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ Educate Committee on Investment Strategy in low return environments ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY2018: Q2		
OCTOBER – NO MEETING	NOVEMBER 13, 2017 Meeting	DECEMBER – NO MEETING
<i>October 25, 2018 – Board and Committee Educational Session</i>	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY2018: Q3		
JANUARY 29, 2018	FEBRUARY 12, 2018 Meeting	MARCH – NO MEETING
<ul style="list-style-type: none"> ▪ <i>Joint Finance Committee and Investment Committee meeting.</i> 	<ul style="list-style-type: none"> ▪ Review hospital financial performance ▪ Review investment performance ▪ Review manager selection as needed ▪ CFO Report Out – Open Session Finance Committee Materials ▪ Propose FY2019 Goals/ Pacing Plan ▪ 403(b) Investment Performance 	N/A
FY2018: Q4		
APRIL – NO MEETING	MAY 14, 2018 Meeting	JUNE – NO MEETING
<i>April 25, 2018 – Board and Committee Educational Session</i>	<ul style="list-style-type: none"> ▪ Review investment performance ▪ Review manager selection as needed ▪ Review performance of investment advisor ▪ Review self-assessment results ▪ CFO Report Out – Open Session Finance Committee Materials ▪ Proposed FY19 Meeting Dates ▪ Review Biennial Committee Self-Assessment 	N/A