



Orange County Sanitation District

ADMINISTRATION COMMITTEE

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Agenda Report

File #: 2019-565

Agenda Date: 9/11/2019

Agenda Item No: 5.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

ORANGE COUNTY EMPLOYEE RETIREMENT SYSTEM (OCERS) INFORMATION UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

OCERS will present information regarding its investment policies, 2018 investment results, and impacts on the Orange County Sanitation District.

BACKGROUND

For the year ended December 31, 2018, OCERS' actuarial assumed rate of return was 7%, but actual investment returns were a loss of approximately 2%. The Orange County Sanitation District's (Sanitation District) allocated share of this shortfall resulted in a Unfunded Actuarial Accrued Liability (UAAL) and Net Pension Liability (NPL) of \$9 million and \$29 million, respectively.

At the August Board meeting, staff recommended, and the Board approved, reducing its investment portfolio to fund its current total UAAL and NPL of approximately \$38 million. The Board also requested OCERS present information regarding its investment policies, 2018 investment results, and impacts on the Sanitation District.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Resolution No. OCSD 18-23 - Sanitation District's adopted Investment Policy - prudent investor standard

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A