

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



ORANGE COUNTY SANITATION DISTRICT

PARS 115 Trust Client Review

November 8, 2023

CONTACTS



Jennifer Meza, CEBS
Senior Manager, Consulting
(800) 540-6369 x141
jmeza@pars.org

Keith Stribling, CFA
Senior Portfolio Manager
(714) 315-0685
james.stribling@usbank.com

Ashley Baires
Client Services Coordinator
(800) 540-6369 x170
abaires@pars.org

PARS 115 TRUST TEAM

Trust Administrator & Consultant



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

39 Years of Experience (1984-2023)	2,000+ Plans under Administration	1,000+ Public Agency Clients	500+ 115 Trust Clients	500K+ Plan Participants	\$7.0B Assets under Administration
---	--	---	----------------------------------	-----------------------------------	---

Trustee



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

160 Years of Experience (1863-2023)	\$9.5T Assets under Trust Custody
--	--

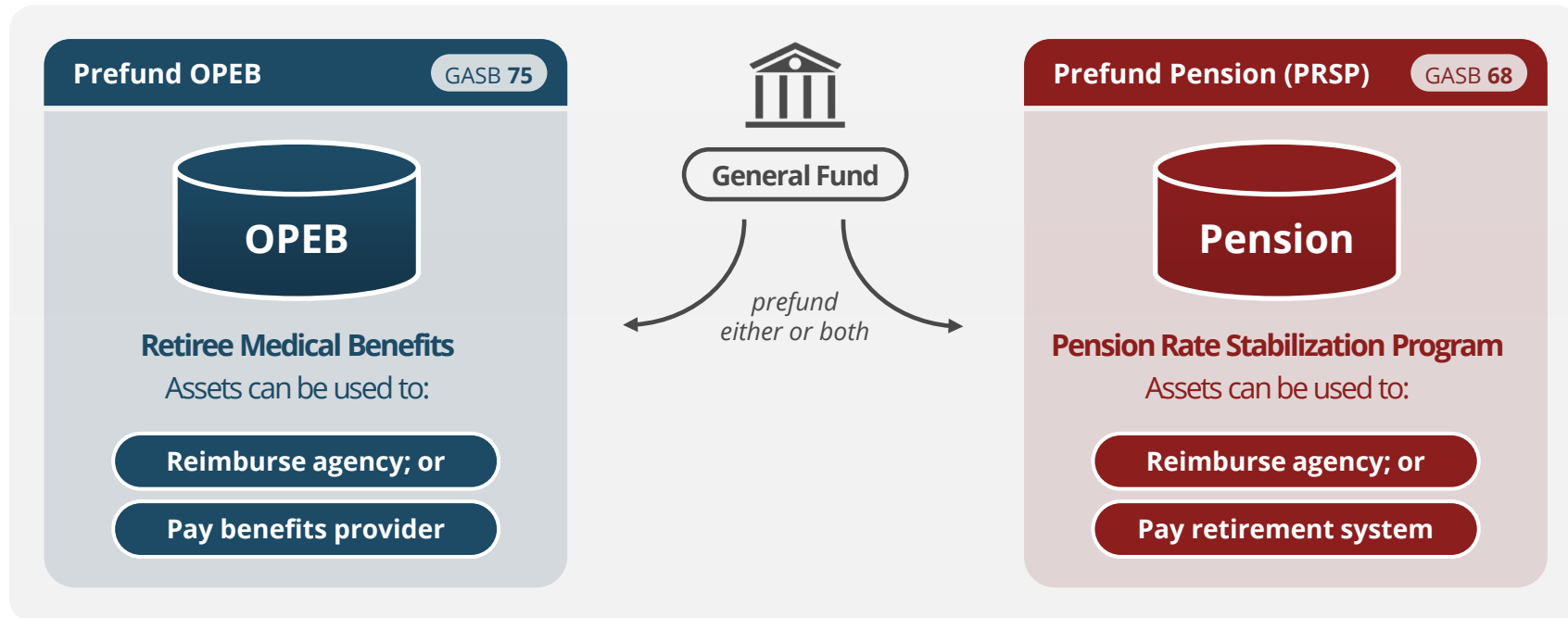
Investment Manager



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

104 Years of Experience (1919-2023)	\$8.7B Assets under Management
--	---

PARS IRS-APPROVED SECTION 115 TRUST



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

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

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

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

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

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

SUMMARY OF AGENCY'S 115 TRUST

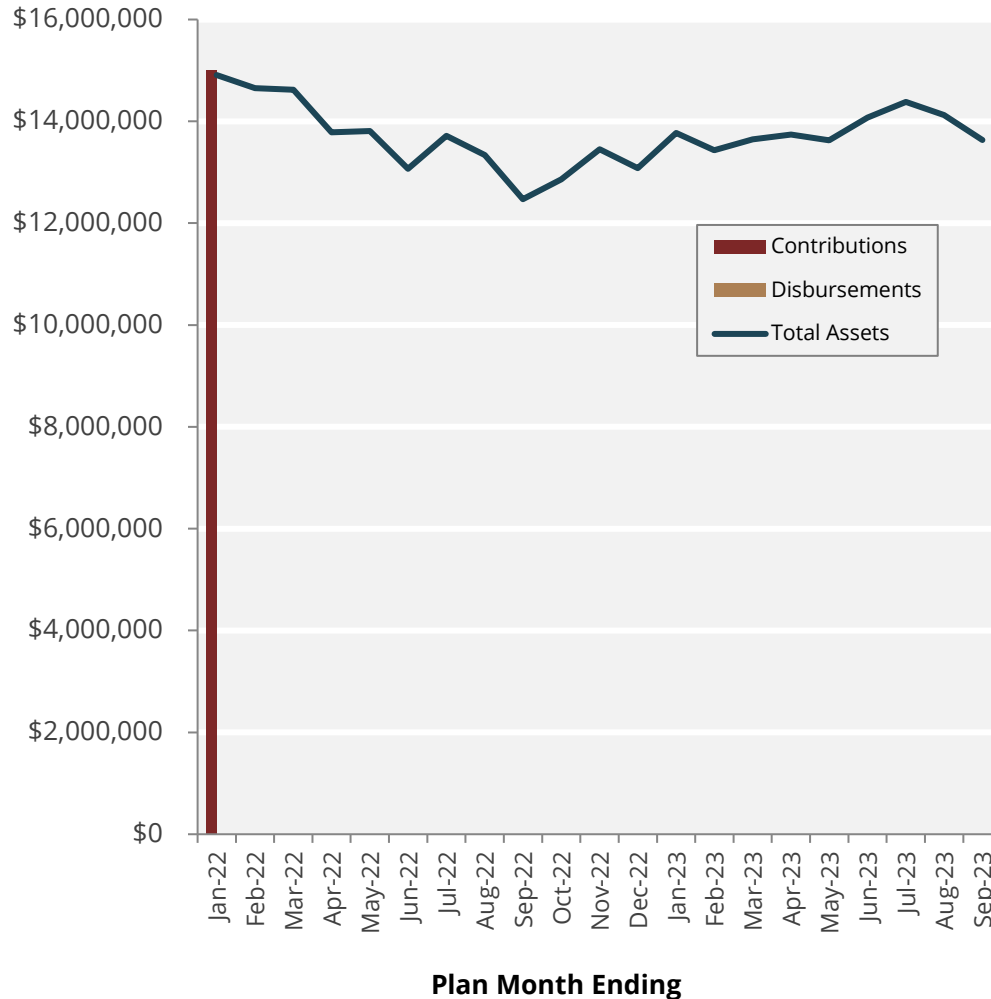
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	November 17, 2021
Plan Administrator:	General Manager
Current "OC SAN A1" Investment Strategy:	Moderate HighMark PLUS (Active) Strategy; Individual Account
Current "OC SAN B1" Investment Strategy:	Balanced HighMark PLUS (Active) Strategy; Individual Account

AS OF SEPTEMBER 30, 2023:

	OC SAN A1	OC SAN B1	TOTAL
Initial Contribution:	January 2022: \$10,000,000	January 2022: \$5,000,000	January 2022: \$15,000,000
Additional Contributions:	\$0	\$0	\$0
Total Contributions:	\$10,000,000	\$5,000,000	\$15,000,000
Disbursements:	\$0	\$0	\$0
Total Investment Earnings:	(\$849,807)	(\$408,700)	(\$1,258,507)
Account Balance:	\$9,078,628	\$4,555,669	\$13,634,297

SUMMARY OF AGENCY'S 115 TRUST

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF SEPTEMBER 30, 2023:



Month	Contributions	Disbursements	Total Assets
Jan-22	\$15,000,000	\$0	\$14,910,223
Feb-22	\$0	\$0	\$14,649,008
Mar-22	\$0	\$0	\$14,623,146
Apr-22	\$0	\$0	\$13,784,198
May-22	\$0	\$0	\$13,810,584
Jun-22	\$0	\$0	\$13,070,591
Jul-22	\$0	\$0	\$13,715,516
Aug-22	\$0	\$0	\$13,339,975
Sep-22	\$0	\$0	\$12,469,379
Oct-22	\$0	\$0	\$12,861,764
Nov-22	\$0	\$0	\$13,449,662
Dec-22	\$0	\$0	\$13,082,100
Jan-23	\$0	\$0	\$13,769,178
Feb-23	\$0	\$0	\$13,434,801
Mar-23	\$0	\$0	\$13,645,922
Apr-23	\$0	\$0	\$13,737,708
May-23	\$0	\$0	\$13,629,567
Jun-23	\$0	\$0	\$14,073,051
Jul-23	\$0	\$0	\$14,383,732
Aug-23	\$0	\$0	\$14,121,531
Sep-23	\$0	\$0	\$13,634,297



PENSION FUNDING STATUS

As of June 30, 2022, Orange County Sanitation District’s ARBA pension plan is funded as *:

	2021 ACFR Valuation Date: June 30, 2020	2022 ACFR Valuation Date: June 30, 2021
Total Pension Liability	\$23.3 M	\$20.4 M
Fiduciary Net Position (Asset)	\$0	\$0
Net Pension Liability	\$23.3 M	\$20.4 M
Funded Ratio	0.00%	0.00%
Service Cost	\$703 K (FY 20-21)	\$835 K (FY 21-22)
Discount Rate	1.92%	3.69%

* Data from Agency’s Annual Comprehensive Financial Report for FYE 2021 and 2022.



PENSION FUNDING STATUS

As of June 30, 2022, Orange County Sanitation District’s OCERS pension plan is funded as *:

	2021 ACFR Valuation Date: June 30, 2020	2022 ACFR Valuation Date: June 30, 2021
Approximate Total Pension Liability	\$63.2 M	\$146.8 M
Proportionate Share for OCERS	(1.63%)	(8.72%)
Fiduciary Net Position (Asset)	\$68.6 M	\$178.7 M
Proportionate Share of Net Pension Liability	(\$5.4 M)	(\$31.9 M)
Funded Ratio	108.5%	121.74%
Employer Contribution Amount	\$8.5 M (FY 20-21)	\$8.5 M (FY 21-22)
Discount Rate	7.00%	7.00%

* Data from Agency’s Annual Comprehensive Financial Report for FYE 2021 and 2022.

HIGHMARK CAPITAL MANAGEMENT INVESTMENT REVIEW

PARS: OC Sanitation District

October 18, 2023

**Presented by
Keith Stribling, CFA**

DISCUSSION HIGHLIGHTS – OC Sanitation District

Investment objective - OC Sanitation District A1

Asset Allocation: PARS/Moderate Index PLUS (As of 9.30.23)

- Allocation Target – 47.03% stocks (40-60% range), 48.51% bonds (40-60% range), 4.46% cash (0-20% range)
- Large cap 25.55%, Mid-cap 4.15%, Small cap 6.75%, International 9.73%, REIT 1.60%

Performance: OC Sanitation District A1

(as of 9-30-23) gross of investment management fees, net of fund fees

- 3-months: -3.01%
- 9-months (YTD): 4.34%
- 1 Year: 9.36%
- 1-1-22 (ITD): -4.93%

Investment objective- OC Sanitation District B1

Asset Allocation: PARS/Balanced (As of 9.30.23)

- Allocation Target – 56.51% stocks (50-70% range), 38.53% bonds (30-50% range), 4.96% cash (0-20% range)
- Large cap 30.85%, Mid-cap 4.95%, Small cap 7.68%, International 11.40%; REIT 1.63%

Performance: OC Sanitation District B1

(as of 9-30-23) gross of investment management fees, net of fund fees

- 3-months: -3.09%
- 9-months (YTD): 5.21%
- 1 Year: 10.89%
- 1-1-22 (ITD): -4.75%

Asset Allocation:

- Modestly underweight equities
- Favoring value style over growth
- Recently added to international
- Neutral duration fixed income
- Added mortgages & eliminated high yield

DISCUSSION HIGHLIGHTS – OC Sanitation District

Economic Review

- Aggressive fiscal policy
- Monetary policy changing from inflationary to restrictive with rate hikes and a pullback on QE
- Rate hikes expected to curb inflation expectations but is the Fed done hiking
- Yield curve inverted implying a recession is in the offing
- Regional banks under duress
- Eventually global economies will improve
- Risks: Inflation...further policy mistake at the Fed; China slowing; Russian aggression in Ukraine

PARS/OC SANITATION 115P-A1 (****065800)
Performance Report

As of: September 30, 2023



	3 Months	Year to Date (9 Months)	1 Year	Inception to Date 01/01/2022
Cash Equivalents	1.30	3.60	4.50	2.91
Lipper Money Market Funds Index	1.30	3.63	4.53	2.93
Total Fixed Income	-2.68	.00	1.80	-6.06
Bloomberg US Aggregate Bd Index (USD)	-3.23	-1.21	.64	-8.29
Total Equities	-3.60	9.41	18.80	-4.53
Large Cap Funds	-2.69	14.68	22.46	-2.78
S&P 500 Composite Index	-3.27	13.07	21.62	-4.30
Mid Cap Funds	-4.79	3.91	13.48	-5.58
Russell Midcap Index	-4.68	3.91	13.45	-8.31
Small Cap Funds	-4.91	2.25	11.03	-6.16
Russell 2000 Index (USD)	-5.13	2.54	8.93	-10.98
International Equities	-4.60	4.24	19.18	-7.48
MSCI EAFE Index (Net)	-4.11	7.08	25.65	-4.89
MSCI EM Free Index (Net USD)	-2.93	1.82	11.70	-11.12
Real Estate - ETFs / Sctr Fds	-8.60	-4.89	-.67	-14.67
Wilshire REIT Index	-6.41	-.10	3.94	-16.38
Total Managed Portfolio	-3.01	4.34	9.36	-4.93

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.



PARS: OC Sanitation District

ASSET ALLOCATION- OC Sanitation District A1

	Ticker	Investment Vehicle	Weight
Equity			47.03%
Large Cap Core	COFYX	Columbia Contrarian Core Cl Y	4.61%
	VGIAX	Vanguard Gro & Inc Admiral Shares	9.14%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	4.42%
	IVE	iShares S&P 500 Value ETF	1.88%
Large Cap Growth	HNACX	Harbor CP Appre Rtrmt Cl	2.69%
	IVW	iShares S&P 500 Growth ETF	2.73%
Mid Cap Growth	IWR	iShares Russell Mid Cap ETF	4.07%
Small Cap Value	UBVFX	Undiscovered Mgrs Behavrl R6	3.40%
Small Cap Growth	FGROX	Emerald Growth Fund	3.07%
International Core	DFALX	DFA Large Cap International Port	3.57%
International Value	DODFX	Dodge & Cox International Stock Fund	1.24%
International Growth	MGRDX	MFS International Growth Fund	1.17%
Emerging Markets	HHHFX	Hartford Schrodr Mkts Eq	3.59%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	1.46%
Fixed Income			48.51%
Intermediate-Term	PTRQX	Prudential Total Return BD	14.14%
	DBLFX	Doubleline Core Fixed Inc Cl I	14.13%
	DODIX	Dodge & Cox Income	14.07%
	GOVT	Ishares US Treasury ETF	3.10%
Mortgage Backed	MBB	iShares MBB ETF	3.08%
Cash			4.46%
	FGXXX	First Amern Govt Oblig Fd CL X	4.46%
TOTAL			100.00%

PARS/OC SANITATION 115P-B1 (**065801)**
Performance Report

As of: September 30, 2023



	3 Months	Year to Date (9 Months)	1 Year	Inception to Date 01/01/2022
Cash Equivalents	1.30	3.60	4.49	2.91
Lipper Money Market Funds Index	1.30	3.63	4.53	2.93
Total Fixed Income	-2.71	.01	1.81	-6.15
Bloomberg US Aggregate Bd Index (USD)	-3.23	-1.21	.64	-8.29
Total Equities	-3.59	9.39	18.75	-4.48
Large Cap Funds	-2.69	14.63	22.41	-2.78
S&P 500 Composite Index	-3.27	13.07	21.62	-4.30
Mid Cap Funds	-4.78	3.90	13.47	-5.33
Russell Midcap Index	-4.68	3.91	13.45	-8.31
Small Cap Funds	-4.90	2.20	10.98	-5.99
Russell 2000 Index (USD)	-5.13	2.54	8.93	-10.98
International Equities	-4.60	4.19	19.09	-7.54
MSCI EAFE Index (Net)	-4.11	7.08	25.65	-4.89
MSCI EM Free Index (Net USD)	-2.93	1.82	11.70	-11.12
Real Estate - ETFs / Sctr Fds	-8.60	-5.06	-.84	-14.63
Wilshire REIT Index	-6.41	-1.10	3.94	-16.38
Total Managed Portfolio	-3.09	5.21	10.89	-4.75

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.



PARS: OC Sanitation District

ASSET ALLOCATION- OC Sanitation District B1

	Ticker	Investment Vehicle	Weight
Equity			56.51%
Large Cap Core	COFYX	Columbia Contrarian Core Cl Y	5.63%
	VGIAX	Vanguard Gro & Inc Admiral Shares	11.15%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	5.30%
	IVE	iShares S&P 500 Value ETF	2.26%
Large Cap Growth	HNACX	Harbor CP Appre Rtrmt Cl	3.23%
	IWW	iShares S&P 500 Growth ETF	3.28%
Mid Cap Growth	IWR	iShares Russell Mid Cap ETF	4.95%
Small Cap Value	UBVFX	Undiscovered Mgrs Behavrl R6	4.04%
Small Cap Growth	FGROX	Emerald Growth Fund	3.64%
International Core	DFALX	DFA Large Cap International Port	4.25%
International Value	DODFX	Dodge & Cox International Stock Fund	1.45%
International Growth	MGRDX	MFS International Growth Fund	1.36%
Emerging Markets	HHHFX	Hartford Schrodr Mkts Eq	4.34%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	1.63%
Fixed Income			38.53%
Intermediate-Term	PTRQX	Prudential Total Return BD	11.21%
	DBLFX	Doubleline Core Fixed Inc Cl I	11.19%
	DODIX	Dodge & Cox Income	11.14%
	GOVT	Ishares US Treasury ETF	2.50%
Mortgage Backed	MBB	iShares MBB ETF	2.49%
Cash			4.96%
	FGXXX	First Amern Govt Oblig Fd CL X	4.96%
TOTAL			100.00%

OC Sanitation District For Period Ending September 30, 2023

LARGE CAP EQUITY FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-4.93	-2.96	17.18	24.70	10.74	10.55	11.71
Vanguard Growth & Income Adm	-4.39	-3.16	11.87	19.94	10.44	9.49	11.82
Dodge & Cox Stock I	-2.57	-0.17	6.98	20.88	16.47	8.61	10.64
iShares S&P 500 Value ETF	-4.66	-4.13	7.43	21.98	13.18	8.23	9.46
Harbor Capital Appreciation Retirement	-5.49	-3.40	32.28	30.35	2.43	10.46	13.66
iShares S&P 500 Growth ETF	-4.88	-2.63	17.94	19.60	6.61	10.25	13.26
S&P 500 TR USD	-4.77	-3.27	13.07	21.62	10.15	9.92	11.91

MID CAP EQUITY FUNDS

iShares Russell Mid-Cap ETF	-5.04	-4.72	3.80	13.30	7.93	6.23	8.82
-----------------------------	-------	-------	------	-------	------	------	------

SMALL CAP EQUITY FUNDS

Undiscovered Managers Behavioral Val R6	-5.30	-1.04	-0.69	12.99	23.70	6.09	9.07
Emerald Growth Institutional	-6.68	-8.54	3.58	10.08	1.05	2.43	7.73
Russell 2000 TR USD	-5.89	-5.13	2.54	8.93	7.16	2.40	6.65

INTERNATIONAL EQUITY FUNDS

Dodge & Cox International Stock I	-2.69	-1.32	9.26	26.74	12.13	4.43	4.08
DFA Large Cap International I	-3.26	-3.87	6.87	25.26	6.73	3.71	4.10
MFS International Growth R6	-6.51	-7.80	3.69	18.46	2.54	4.69	5.72
MSCI EAFE NR USD	-3.42	-4.11	7.08	25.65	5.75	3.24	3.82
Hartford Schoders Emerging Mkts Eq F	-3.68	-6.03	0.69	11.26	-3.29	0.58	2.35
MSCI EM NR USD	-2.62	-2.93	1.82	11.70	-1.73	0.55	2.07

REAL ESTATE FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	-7.35	-8.55	-5.40	-1.32	2.31	2.40	5.50

BOND FUNDS

Dodge & Cox Income I	-2.46	-2.77	0.35	3.11	-3.15	1.32	2.18
DoubleLine Core Fixed Income I	-2.44	-2.93	-0.07	1.10	-4.03	-0.06	1.57
PGIM Total Return Bond R6	-2.34	-2.52	0.57	2.90	-4.66	0.61	2.03
iShares MBS ETF	-3.12	-4.03	-2.19	-0.22	-5.15	-0.80	0.50
iShares US Treasury Bond ETF	-2.21	-3.07	-1.22	-0.75	-5.90	-0.14	0.54

Source: SEI Investments, Morningstar Investments

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

PARS: OC Sanitation District