



# Orange County Sanitation District

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## Agenda Report

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**FROM:** James D. Herberg, General Manager  
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**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](http://www.ocsd.com)) with the complete agenda package:*

N/A