

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



TOWN OF LOS ALTOS HILLS

PARS 115 Trust – OPEB Prefunding Program & Pension Rate Stabilization Program (PRSP)
February 6, 2023

CONTACTS



Mitch Barker
Senior Consultant
(949) 310-4876
mbarker@pars.org



Andrew Brown, CFA
Director, Senior Portfolio Manager
(415) 705-7605
andrew.brown@highmarkcapital.com

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

490+

115 Trust Clients

500K+

Plan Participants

\$6.5B

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)

\$9.0T

Assets under
Administration

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)

\$17.4B

Assets under
Management &
Advisement

115 TRUST – OPEB/PENSION CLIENT LIST

Updated February 2023

CITIES & TOWNS (158)

Alameda
 Alhambra
 Anaheim
 Angels Camp
 Atherton
 Atwater
 Bakersfield
 Beaumont
 Bell Gardens
 Benicia
 Beverly Hills
 Bishop
 Brea
 Brisbane
 Burlingame
 Calabasas
 Camarillo
 Capitola
 Carmel
 Chino Hills
 Chula Vista
 Claremont
 Colma
 Commerce
 Corcoran
 Coronado
 Costa Mesa
 Covina
 Crescent City
 Cudahy
 Cupertino
 Cypress
 Daly City
 Dana Point
 Del Rey Oaks
 Dinuba
 Duarte
 Dublin
 El Cajon
 El Centro
 El Segundo
 Elk Grove
 Emeryville
 Escondido
 Fairfax
 Fairfield
 Fort Bragg
 Fountain Valley
 Fullerton
 Galt
 Garden Grove
 Gilroy
 Glendale
 Glendora
 Goleta
 Grand Terrace
 Grass Valley
 Half Moon Bay
 Hawthorne
 Healdsburg
 Hemet
 Hercules
 Hermosa Beach
 Huntington Beach
 Indian Wells
 Imperial
 Indio
 Ione
 La Habra
 Lakeport
 La Mesa
 La Quinta
 Laguna Niguel
 Lake Forest
 Lakewood
 Lemon Grove
Livermore
 Lodi

Los Alamitos
Los Altos Hills
 Mammoth Lakes
 Manhattan Beach
 Merced
 Modesto
 Monrovia
 Moraga
 Moreno Valley
 Morgan Hill
 Morro Bay
 Napa
 National City
 Norco
 Norwalk
 Novato
 Oakley
 Orinda
 Oroville
 Pacifica
 Palmdale
 Palo Alto
 Pasadena
 Patterson
 Perris
 Pico Rivera
 Piedmont
 Pinole
 Pittsburg
 Placentia
 Pleasant Hill
 Pleasanton
 Port Hueneme
 Rancho Cucamonga
 Redding
 Redwood City
 Rialto
 Richmond
 Rio Vista
 Ripon

Riverside
 Rohnert Park
 Rolling Hills
 Rosemead
 Ross
 San Anselmo
 San Jacinto
 San Leandro
 San Ramon
 Santa Ana
 Santa Clara
 Santa Clarita
 Sausalito
 Selma
 Solana Beach
 South El Monte
 Stanton
 Stockton
 Sutter Creek
 Taft
 Temecula
 Temple City
 Thousand Oaks
 Tiburon
 Tustin
Twentynine Palms
 Union City
 Upland
 Vallejo
 Villa Park
 Walnut
 West Covina
 West Sacramento
 Westminster
 Winters
 Woodland
Woodside
 Yountville
 Yuba City
 Yucca Valley

COUNTIES (36)

Alpine
 Amador
 Calaveras
 Colusa
 Contra Costa
 Glenn
 Humboldt
 Imperial
 Inyo
 Kern
 Kings
 Lake
Lassen
 Madera
 Mariposa
 Mendocino
 Merced
 Mono
 Monterey
Napa
 Nevada
Placer
 Plumas
 Riverside
San Benito
 San Joaquin
Shasta
 Siskiyou
 Solano
 Sonoma
 Sutter
 Tehama
 Trinity
 Tulare
 Yolo
 Yuba

Red = Transferred assets from CERBT

115 TRUST – OPEB/PENSION CLIENT LIST

Updated February 2023

SPECIAL DISTRICTS (112)

Agoura Hills/Calabasas Community Center Authority
Alameda County Mosquito Abatement District
Alpine Fire Protection District
Beach Cities Health District
Bighorn-Desert View Water Agency
Bodega Bay Public Utilities District
Calaveras County Water District
California Joint Powers Insurance Authority
California Joint Powers Risk Management Authority
Central Contra Costa Sanitary District
Central Contra Costa Transit Authority
Coastline Regional Occupational Program
Coastside Fire Protection District
Colusa Mosquito Abatement District
Contra Costa County EEs' Retirement Association
Contra Costa Mosquito and Vector Control District
Crestline Village Water District
Delta Diablo
Desert Recreation District
East Bay Regional Park District
East Orange County Water District
Eastern Sierra Community Services District
Eastern Sierra Transit Authority
El Dorado Hills County Water (& Fire) District
Fallbrook Public Utility District
Fresno Irrigation District
Fresno Metropolitan Flood Control District
Glenn-Colusa Irrigation District
Goleta Cemetery District
Goleta West Sanitary District
Great Basin Unified Air Pollution Control District
Greater Vallejo Recreation District
Hayward Area Recreation & Park District
Hesperia Fire Protection District
Housing Authority of the County of Butte
Housing Authority of the County of Contra Costa
Housing Authority of the County of San Bernardino
Housing Authority of the County of Santa Cruz
Humboldt Bay Fire Joint Powers Authority
Humboldt Bay Municipal Water District

Humboldt No. 1 Fire Protection District
Menlo Park Fire Protection District
Mesa Water District
Metropolitan Transportation Commission
Midpeninsula Regional Open Space District
Mid-Peninsula Water District
Mojave Desert Air Quality Management District
Montecito Fire Protection District
Monterey Bay Unified Air Pollution Control District
Monterey County Mosquito Abatement District
Moraga-Orinda Fire Protection District
Mosquito & Vector Mgmt Dist. of Santa Barbara Co.
Municipal Pooling Authority
Municipal Water District of Orange County
Napa County Mosquito Abatement District
Nevada County Consolidated Fire District
North Central Fire Protection District
North County Fire Protection District
Novato Sanitary District
Orange County Fire Authority
Orange County LAFCO
Orange County Mosquito and Vector Control District
Orange County Sanitation District
Orange County Water District
Orchard Dale Water District
Public Agency Risk Sharing Authority of CA (PARSAC)
Pebble Beach Community Services District
Placentia Library District
Placer County Air Pollution Control District
Placer County Resource Conservation District
Rancho Cucamonga Fire Protection District
Rancho Murieta Community Services District
Redwood Empire Municipal Insurance Fund (REMIF)
Regional Housing Authority
Rowland Water District
Sacramento Area Flood Control Agency
San Andreas Sanitary District
San Elijo Joint Powers Authority
San Mateo County Mosquito & Vector Control District
Santa Barbara County Law Library

Santa Cruz Regional 9-1-1 JPA
Santa Fe Irrigation District
Sewer Authority Mid-Coastside
Shasta Valley Cemetery District
South Coast Water District
South Montebello Irrigation District
South Orange County Wastewater Authority
South Placer Fire Protection District
Southern Marin Fire Protection District
State Water Contractors
Superior Court of CA, County of Imperial
Superior Court of CA, County of Inyo
Superior Court of CA, County of Kern
Superior Court of CA, County of Marin
Superior Court of CA, County of Merced
Superior Court of CA, County of Orange
Superior Court of CA, County of San Mateo
Superior Court of CA, County of Shasta
Superior Court of CA, County of Siskiyou
Superior Court of CA, County of Sonoma
Sweetwater Springs Water District
Three Valleys Municipal Water District
Twentynine Palms Water District
Union Sanitary District
Ventura Regional Sanitation District
Walnut Valley Water District
West Bay Sanitary District
West County Wastewater District
Western Riverside Council of Governments
Yolo-Solano Air Quality Management District
Yorba Linda Water District
Zone 7 Water Agency

EDUCATION DISTRICTS (3)

Shasta County Office of Education
Sonoma County Office of Education
Intelecom

Red = Transferred assets from CERBT

115 TRUST – OPEB/PENSION CLIENT LIST

Updated February 2023

SCHOOL DISTRICTS (59)

Alisal Union School District
Alta Loma School District
Auburn Union School District
Bass Lake Joint Union Elementary School District
Bellflower Unified School District
Beverly Hills Unified School District
Brea Olinda Unified School District
Calistoga Joint Unified School District
Campbell Union High School District
Compton Unified School District
Corning Union Elementary School District
Coronado Unified School District
Cotati-Rohnert Park Unified School District
Dry Creek JESD
El Dorado Union High School District
El Monte Union High School District
Folsom Cordova Unified School District
Fontana Unified School District
Fowler Unified School District
Hermosa Beach City School District
Hesperia Unified School District
Hughes-Elizabeth Lakes Union E. School District
John Swett Unified School District
Lakeside Union School District (San Diego)
Le Grand Union HSD
Lemon Grove School District
Lindsay Unified School District
Madera Unified School District
Manteca Unified School District
Moreno Valley Unified School District
Napa Valley Unified School District
Natomas Unified School District

Newport-Mesa Unified School District
Ocean View School District (Ventura)
Ontario-Montclair School District
Orcutt Union School District
Palmdale School District
Palos Verdes Peninsula Unified School District
Paramount USD
Placer Union High School District
Porterville Unified School District
Poway Unified School District
Red Bluff Joint Union High School District
Red Bluff Union Elementary School District
River Delta Unified School District
Riverdale Joint Unified School District
Roseville Joint Union High School District

San Bruno Park School District
San Dieguito Union High School District
San Marino Unified School District
Santa Barbara Unified School District
Santa Rita Union School District
Taft Union HSD
Trona Joint Unified School District
Upland USD
Visalia Unified School District
Westside Union School District
Whittier City School District
Wilsona School District

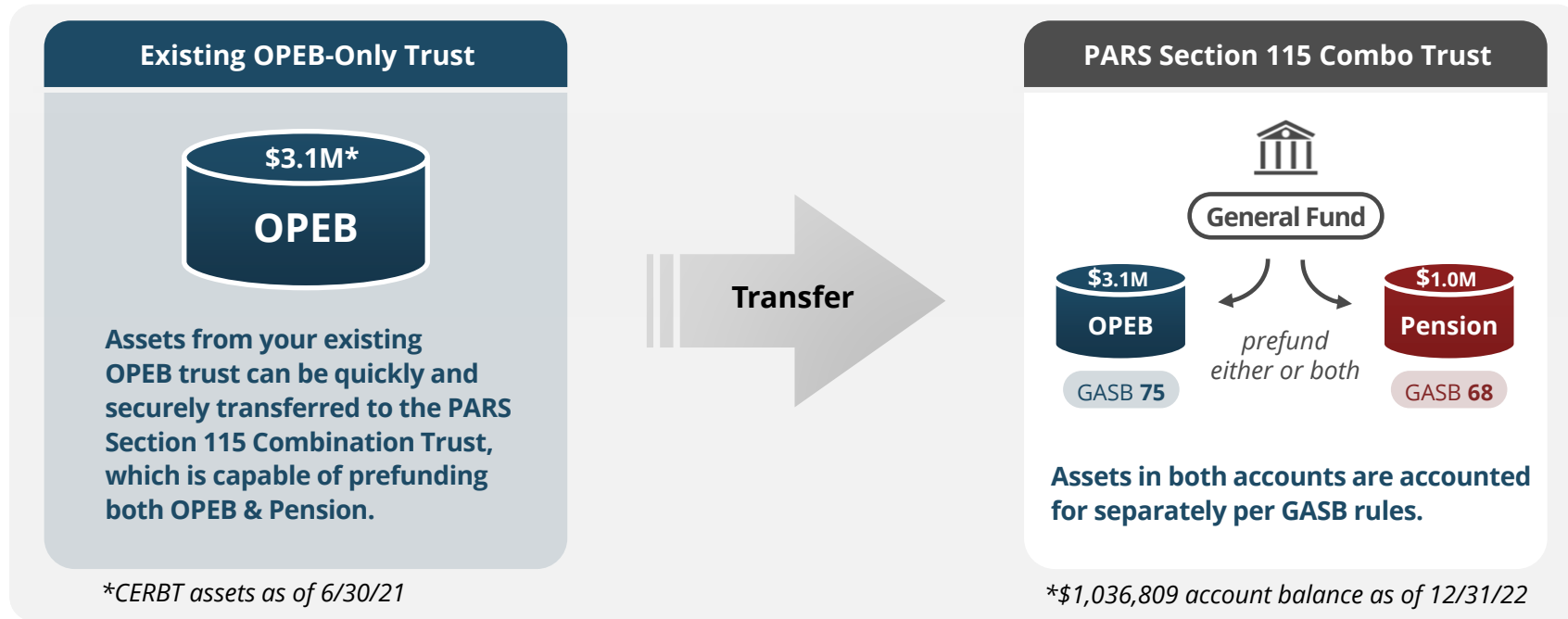
COMMUNITY COLLEGE DISTRICTS (19)

Allan Hancock CCD
Citrus CCD
Coast CCD
Grossmont-Cuyamaca CCD
Hartnell CCD
Imperial CCD
Marin CCD
Palo Verde CCD
Pasadena Area CCD
Rancho Santiago CCD

Rio Hondo CCD
San Bernardino CCD
San Luis Obispo County CCD (Cuesta)
Shasta-Trinity-Tehama Joint CCD
State Center CCD
Victor Valley CCD
West Valley-Mission CCD
Yosemite CCD
Yuba CCD

Red = Transferred assets from CERBT

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.

OPEB ACTUARIAL RESULTS

Data from 2022 ACFR Valuation Date: June 30, 2021	Prefunding Discount Rate: 6.00%
Total OPEB Liability (TOL)	\$2,151,834
Fiduciary Net Position	\$3,106,101
Net OPEB Liability (NOL)	(\$954,267)
Funded Ratio (%)	144.4%
Service Cost for FY 2020-21	\$68,834
Annual Benefit Payments (Pay-as-you-Go) for FY 2019-20	\$166,338

Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

SIMPLE BUT FLEXIBLE INVESTMENT APPROACH

1. Input Phase

- Target discount rate
- Risk tolerance
- Investment philosophy
- Asset allocation
- Timing on use of funds

2. Model Portfolios

Strategy	Equity	10-YR Returns*
Capital Appreciation	65-85%	7.03%
Balanced	50-70%	5.93%
Moderate	40-60%	5.10%
Moderately Conservative	20-40%	3.51%
Conservative	5-20%	2.35%
<i>vs. LAIF</i>	<i>0%</i>	<i>0.91%**</i>

or

2b. Custom Portfolios

- Specially designed for Agency
- Lower fee options
- Individual securities
- Alternatives

3. Dedicated Portfolio Manager

- Makes recommendation
- Fiduciary responsibility
- Drafts investment policy
- Annual on-site reviews
- Cell phone access

*10-Year returns as of September 30, 2022

**Avg. LAIF apportionment rate (released quarterly) over the 10-Year period ending September 30, 2022

NET PERFORMANCE FEE ANALYSIS

As of September 30, 2022

Over 1 Year		Over 3 Years		Over 5 Years		Over 10 Years	
PARS/HIGHMARK		PARS/HIGHMARK		PARS/HIGHMARK		PARS/HIGHMARK	
Capital Appreciation (25% Fixed Income/Cash)	-16.95%	Capital Appreciation (25% Fixed Income/Cash)	3.43%	Capital Appreciation (25% Fixed Income/Cash)	4.57%	Capital Appreciation (25% Fixed Income/Cash)	7.03%
minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%
1-Year Net Return	-17.55%	3-Year Net Return	2.83%	5-Year Net Return	3.97%	10-Year Net Return	6.43%

CALPERS CERBT		CALPERS CERBT		CALPERS CERBT		CALPERS CERBT	
Strategy 1 (30% Fixed Income/Cash)	-19.31%	Strategy 1 (30% Fixed Income/Cash)	1.58%	Strategy 1 (30% Fixed Income/Cash)	3.25%	Strategy 1 (30% Fixed Income/Cash)	5.45%
minus fees	(-) 0.10%	minus fees	(-) 0.10%	minus fees	(-) 0.10%	minus fees	(-) 0.10%
1-Year Net Return	-19.38%	3-Year Net Return	1.50%	5-Year Net Return	3.16%	10-Year Net Return	5.34%

* Subject to change due to rebalancing; fees are based on assets under \$5 million.
Past performance does not guarantee future results.

PROGRAM FEES

As of September 30, 2022

Trust Administration/Consulting Fees*



Plan Set-Up Fee:

None

Ongoing Fees:

0.25%	for assets \$0-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

Discretionary Trustee/Investment Management Fees**



Plan Set-Up Fee:

None

Ongoing Fees:

0.35%	for assets under \$5 million
0.25%	for assets \$5-10 million
0.20%	for assets \$10-15 million
0.15%	for assets \$15-50 million
0.10%	for assets over \$50 million

* PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

** Subject to change due to rebalancing, as fees are waived for plan assets in First American Funds (money market)

WHY PARS?

1. 115 Trust services for Prefunding Pension and OPEB is our Core business, unlike CalPERS
 2. Market pioneer and leader with 288 PRSP client agencies in California (\$1.5 Billion in assets) vs. approximately 77 client agencies (\$97 Million in assets)
 3. 1st IRS-approved Section 115 Combination Trust (1 of only 2 in the nation capable of prefunding both OPEB and Pension in the same trust); CalPERS CERBT & CEPPT are separate trusts that do not communicate with each other and have different fee schedules.
 4. We offer mutual indemnification clause in agreements, unlike CalPERS
 5. Can reimburse Agency for up to 2 years of OPEB and/or Pension expenses (current year + prior year) vs. CalPERS who only reimburses for 1 year; helpful in an emergency or tough budget year
- Dedicated Portfolio Manager
6.
 - Fiduciary responsibility
 - Investment policy assistance
 - Annual onsite reviews
 - Cell phone access
 7. Choice of 5 active or 5 passive portfolios or custom option vs. 3 passive options only for CERBT and 2 passive options only for CEPPT
 8. Greater Net Performance (6.43% vs. 5.34% for CalPERS; 10-Year Returns as of 9/30/22)