



OPEB PRE-FUNDING PROGRAM & PENSION RATE STABILIZATION PROGRAM



March 22, 2023

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Summary of Agency's OPEB Plan

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	April 10, 2014
Plan Administrator:	District Treasurer
Current Investment Strategy:	Capital Appreciation HighMark PLUS (Active) Strategy; Individual Account
AS OF JANUARY 31, 2023:	
Initial Contribution:	June 2014: \$150,000
Additional Contributions:	\$1,290,000
Total Contributions:	\$1,440,000
Disbursements:	\$0
Total Investment Earnings:	\$705,544
Account Balance:	\$2,085,903

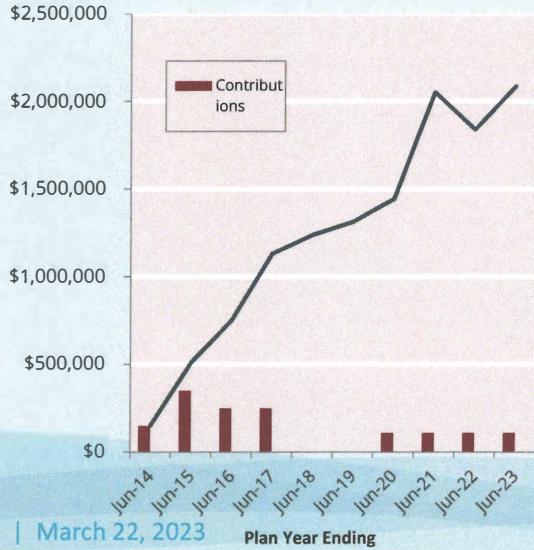
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Summary of Agency's OPEB Plan

History of Contributions, Disbursements, and Total Assets as of January 31, 2023:



Year	Contributions	Disbursements	Total Assets
Jun-14*	\$150,000	\$0	\$150,000
Jun-15	\$350,000	\$0	\$510,025
Jun-16	\$250,000	\$0	\$751,849
Jun-17	\$250,000	\$0	\$1,131,243
Jun-18	\$0	\$0	\$1,237,589
Jun-19	\$0	\$0	\$1,312,312
Jun-20	\$110,000	\$0	\$1,442,823
Jun-21	\$110,000	\$0	\$2,050,739
Jun-22	\$110,000	\$0	\$1,837,531
Jun-23**	\$110,000	\$0	\$2,085,903

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Plan Year Ending

*Plan Year Ending June 2014 is based on 1 month of activity.
**Plan Year Ending June 2023 is based on 7 months of activity.



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OPEB Actuarial Results

- We have received the actuarial report by GovInvest dated August 19, 2022, with a valuation date as of June 30, 2021. In the table below, we have summarized the results.

Demographic Study	Measurement Date June 30, 2020	Measurement Date June 30, 2021
Actives	57	60
Retirees	26	31
Total	83	91

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OPEB Actuarial Results

	Measurement Date June 30, 2020 Discount Rate: 6.75%	Measurement Date June 30, 2021 Discount Rate: 6.75%
Total OPEB Liability (TOL) <i>Actuarial Accrued Liability (AAL)</i>	\$1,790,353	\$1,581,640
Fiduciary Net Position <i>Actuarial Value of Assets</i>	\$1,442,823*	\$2,050,739*
Net OPEB Liability (NOL) <i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$347,530	(\$469,099)
Funded Ratio	80.6%	129.7%
Actuarially Determined Contribution (ADC)	\$119,039 <i>For FY 2020-21</i>	\$122,916 <i>For FY 2021-22</i>
Annual Benefit Payments (Pay-as-you-Go)	\$94,212 <i>For FY 2020-21</i>	\$107,255 <i>For FY 2021-22</i>

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*As of January 31, 2022, assets at **\$2,085,903** (approx. **-131.9%** funded).

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



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Summary of Agency's Pension Plan

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	June 8, 2017
Plan Administrator:	District Treasurer
Current Investment Strategy:	Capital Appreciation HighMark PLUS (Active) Strategy; Individual Account
AS OF JANUARY 31, 2023:	
Initial Contribution:	July 2017: \$1,000,000
Additional Contributions:	\$12,000,000
Total Contributions:	\$13,000,000
Disbursements:	(\$2,972,182)
Total Investment Earnings:	\$4,377,458
Account Balance:	\$14,061,570

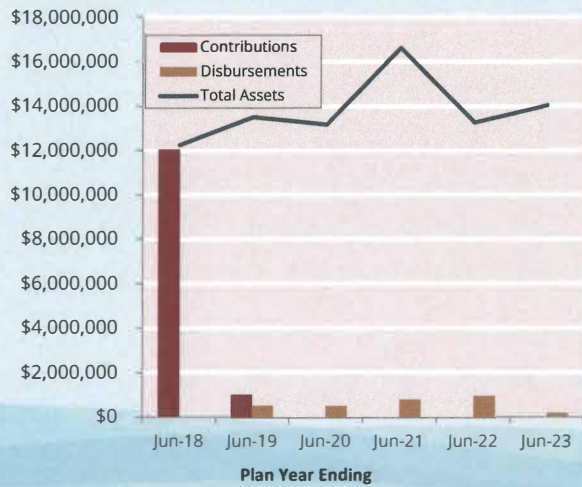
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Summary of Agency's Pension Plan

History of Contributions, Disbursements, and Total Assets as of January 31, 2023:



Year	Contributions	Disbursements	Total Assets
Jun-18	\$12,000,000	\$0	\$12,278,123
Jun-19	\$1,000,000	\$531,042	\$13,528,061
Jun-20	\$0	\$517,312	\$13,188,800
Jun-21	\$0	\$795,933	\$16,615,556
Jun-22	\$0	\$945,887	\$13,277,654
Jun-23**	\$0	\$182,008	\$14,061,570

*Plan Year Ending June 2023 is based on 7 months of activity.

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Pension Funding Status

As of June 30, 2021, Mesa Water District's CalPERS pension plan is funded as follows*:

Combined Miscellaneous Groups	Valuation as of June 30, 2020	Valuation as of June 30, 2021	Change
Actuarial Liability	\$50.2 M	\$53.3 M	6.3% ↑
Assets	\$36.3 M	\$43.7 M	20.6% ↑
Unfunded Liability	\$13.9 M	\$9.6 M**	31.1% ↓
Funded Ratio	72.3%	82.1%	13.5% ↑
Employer Contribution Amount	\$1.5 M (FY 21-22)	\$1.7 M (FY 22-23)	11.4% ↑
Employer Contribution Amount	---	\$1.7 M (FY 28-29)	0.6% ↑

* Data through 2028-29 from Agency's latest CalPERS actuarial valuation
 ** As of January 31, 2023, assets with PARS Trust at \$14,061,570 (approx. ~108.4% funded).

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PARS: MESA WATER DISTRICT



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Discussion Highlights: Mesa Water District

Investment objective – Mesa Water District – OPEB

Asset Allocation: PARS/Capital Appreciation HM Plus (Active)

- Allocation Target – 71.84% stocks (65-85% range), 22.37% bonds (10-30% range), 5.79% cash (0-20% range)
- Large cap 39.18%, Mid-cap 6.35%, Small cap 8.67%, International 15.91%; REIT 1.73%

Performance: Mesa Water District (OPEB)

(as of 1-31-2023 gross of investment management fees, net of fund fees)

• 1-Month (YTD):	6.30%
• 1-Year:	-7.15%
• 3-Years:	5.54%
• 5-Years:	5.35%
• Inception to Date (8-1-2014):	6.89%

Investment objective – Mesa Water District – PENSION

Asset Allocation: PARS/Capital Appreciation HM Plus (Active)

- Allocation Target – 71.83% stocks (65-85% range), 22.33% bonds (10-30% range), 5.84% cash (0-20% range)
- Large cap 39.18%, Mid-cap 6.34%, Small cap 8.67%, International 15.91%; REIT 1.73%

Performance: Mesa Water District (Pension)

(as of 1-31-2023 gross of investment management fees, net of fund fees)

• 1-Month (YTD):	6.33%
• 1-Year:	-7.28%
• 3-Years:	5.45%
• 5-Years:	5.32%
• Inception to Date (8-1-2017):	6.78%

Asset Allocation:

- Underweight equities
- Favoring value style over growth
- Recently added to international
- Underweight high yield
- Neutral duration fixed income

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Discussion Highlights: Mesa Water District

Economic Review

- Aggressive fiscal policy stoking inflation
- Monetary policy – Fed tightening to curb inflation and moving from QE to QT
- Unprecedented Rate hikes in 2022 should slow both inflation and economic growth in 2023
- China abandons zero covid moving toward herd immunity potentially reigniting inflation
- Entire yield curve becomes inverted...implying recession is forthcoming
- Risks: Inflation...Fed goes too far; Russian aggression with Ukraine & NATO; China

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Contacts



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

Rachael Sanders, CEBS
Vice President, Consulting
(800) 540-6369 x121
rsanders@pars.org



Keith Stribling, CFA
Senior Portfolio Manager
(949) 553-2591
keith.stribling@highmarkcapital.com

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