MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
18700 Ward Street, Conference Room 101, Fountain Valley, CA 92708
October 14, 2026, 8:30 a.m.

Teleconference Sites:
17420 Walnut Street, Fountain Valley, CA 92708
25652 Paseo De La Paz, San Juan Capistrano, CA 92675

This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Computer Audio: You can join the Zoom meeting by clicking on the following link:
https://zoom.us/j/8828665300

Telephone Audio: **(669) 900 9128**
Webinar ID: **882 866 5300#**

A&F Committee:
Director Thomas, Chair
Director Nederhood
Director Crane

Staff: H. De La Torre, M. Baum-Haley, A. Crespi, C. Harris, H. Chumpitazi, K. Pham

Ex Officio Member: President Dick

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

ROLL CALL

PUBLIC COMMENTS
Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED
Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee).

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO THE MEETING
Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than 72 hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Website, accessible at http://www.mwdoc.com.

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
   a. Revenue/Cash Receipt Report – September 2026
   b. Disbursement Approval Report for the month of October 2026
   c. Disbursement Ratification Report for the month of September 2026
   d. GM Approved Disbursement Report for the month of September 2026
   e. Consolidated Summary of Cash and Investment – August 2026
   f. OPEB and Pension Trust Fund statement

2. FINANCIAL REPORT
   a. Combined Financial Statements and Budget Comparative for the Period Ending August 31, 2026

PRESENTATION ITEM

3. OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST AND PENSION RATE STABILIZATION PROGRAM (PRESENTATION BY PUBLIC AGENCY RETIREMENT SERVICES)

ACTION ITEMS

4. ADOPT A RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CONTRACT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)

5. MINOR SAFETY AND PROTECTION POLICY

6. 2027 HEALTH SAVINGS ACCOUNT CONTRIBUTIONS

7. APPROVAL OF ON-CALL ENTERPRISE RESOURCE PLANNING (ERP) POST-IMPLEMENTATION SUPPORT SERVICES PRE-QUALIFIED CONSULTANTS

8. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) PROPOSED AMENDED AND RESTATED BYLAWS – AUTHORIZATION TO VOTE

INFORMATION ITEMS

9. INDIVIDUAL CHARGES DISCLOSURE REPORT

10. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) ANNUAL VALUATION REPORT AS OF JUNE 30, 2025

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) ACTUARIAL REPORT AS OF JUNE 30, 2026

12. DEPARTMENT ACTIVITIES REPORTS
    a. Administration
    b. Finance and Information Technology

OTHER ITEMS

13. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE, AND INSURANCE

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Angela Crespi, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at 18700 Ward Street, Unit B, Fountain Valley, CA 92708. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2026

WATER REVENUES

Date	From	Description		Amount
9/01/2026	Trabuco Canyon Water District	July 2026 Water deliveries	$	240,541.74
9/02/2026	City of La Palma	July 2026 Water deliveries		1,073.55
9/04/2026	City of Orange	July 2026 Water deliveries		78,105.19
9/04/2026	Irvine Ranch Water District	July 2026 Water deliveries		1,837,419.56
9/04/2026	Santa Margarita Water District	July 2026 Water deliveries		1,112,260.44
9/04/2026	Santa Margarita Water District (ID9)	July 2026 Water deliveries		855,441.77
9/08/2026	City of Garden Grove	July 2026 Water deliveries		1,296,811.27
9/08/2026	Laguna Beach County Water District	July 2026 Water deliveries		550,384.21
9/09/2026	East Orange Co Water District	July 2026 Water deliveries		316,760.84
9/10/2026	City of Seal Beach	July 2026 Water deliveries		13,367.37
9/11/2026	City of San Clemente	July 2026 Water deliveries		1,135,076.84
9/11/2026	El Toro Water District	July 2026 Water deliveries		694,408.36
9/11/2026	South Coast Water District	July 2026 Water deliveries		668,919.47
9/15/2026	Golden State Water Company	July 2026 Water deliveries		681,179.88
9/15/2026	Moulton Niguel Water District	July 2026 Water deliveries		3,435,303.50
9/15/2026	Orange County Water District	July 2026 Water deliveries		111,798.77
9/15/2026	Yorba Linda Water District	July 2026 Water deliveries		117,656.10
9/22/2026	Serrano Water District	August 2026 Water deliveries		5,077.66
9/24/2026	City of Westminster	August 2026 Water deliveries		3,021.94
9/25/2026	City of Buena Park	August 2026 Water deliveries		405,603.13
9/30/2026	City of Fountain Valley	August 2026 Water deliveries		6.85
9/30/2026	City of Newport Beach	August 2026 Water deliveries		981,494.64
		TOTAL WATER REVENUES	**$**	**14,541,713.08**

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2026

MISCELLANEOUS REVENUES

Date	From	Description	Amount
9/30/2026	Laguna Beach County Water District	5 sessions Supervisor training	$4,800.00
9/08/2026	South Coast Water District	5 sessions Supervisor training	2,400.00
9/15/2026	Yorba Linda Water District	5 sessions Supervisor training	1,200.00
9/24/2026	City of Westminster	5 sessions Supervisor training	7,200.00
9/10/2026	Venture Strategic, Inc.	9/25/2026 OC Water Summit sponsorship	1,575.00
9/15/2026	Mesa Water District	9/25/2026 OC Water Summit sponsorship	8,500.00
9/22/2026	Misc Customer	9/25/2026 OC Water Summit sponsorship	1,100.00
9/01/2026	Stripe	9/25/2026 OC Water Summit sponsorships and registrations	19,437.51
9/22/2026	Hydropoint Data Systems	9/25/2026 OC Water Summit sponsorships and registrations	1,275.00
9/28/2026	Square	9/25/2026 OC Water Summit registration	194.65
9/01/2026	Keith Lyon	September 2026 Retiree Health insurance	245.65
9/02/2026	Joseph Berg	September 2026 Retiree Health insurance	420.74
9/03/2026	Judy Pfister	September 2026 Retiree Health insurance	39.85
9/03/2026	Steve Hedges	September 2026 Retiree Health insurance	57.17
9/08/2026	Maribeth Goldsby	September 2026 Retiree Health insurance	245.65
9/24/2026	Karl Seckel	October 2026 Retiree Health insurance	245.65
9/30/2026	Keith Lyon	October 2026 Retiree Health insurance	245.65
9/16/2026	Igoe and Company Inc	COBRA insurance	937.17
9/21/2026	US Bank Custodial Account	Citigroup Interest payment	5,625.01
9/22/2026	US Bank Custodial Account	Toyota Financial Interest payment	4,600.00
9/30/2026	US Bank Custodial Account	Leaders Credit Union Interest payment	849.32
9/30/2026	US Bank	Monthly Interest	182.71
9/11/2026	City of Brea	July 2026 Turf Removal rebate program	104.00
9/18/2026	City of Seal Beach	July 2026 Spray to Drip rebate program	441.56
9/22/2026	City of Fountain Valley	July 2026 Spray to Drip rebate program	3,857.76
9/22/2026	Trabuco Canyon Water District	July 2026 Smartimer and Spray to Drip rebate program	132.63
9/11/2026	City of Orange	July 2026 Turf Removal and Spray to Drip rebate program	853.00
9/15/2026	Golden State Water Company	July 2026 Turf Removal and Spray to Drip rebate program	2,425.23
9/15/2026	Mesa Water District	July 2026 Turf Removal and Spray to Drip rebate program	749.76
9/24/2026	City of La Habra	July 2026 Turf Removal and Spray to Drip rebate program	208.00
9/25/2026	City of Buena Park	July 2026 Turf Removal and Spray to Drip rebate program	208.00
9/25/2026	Irvine Ranch Water District	July 2026 Smartimer, Spray to Drip and Rotating Nozzles rebate program	3,306.75
9/10/2026	Moulton Niguel Water District	July 2026 Smartimer, Turf Removal and Clothes Washers rebate program	9,207.00
9/01/2026	County of Orange	Residential and Commercial Rainwater Collection Incentives Pilot Program	100,000.00
9/15/2026	Department of Water Resources	Jan-Jun 2026 Prop 1 Round 2 South	168,079.44
9/18/2026	Department of Water Resources	Upfront funding Prop 1 Round 2 South	118,936.09
9/01/2026	City of Anaheim	FY 2024-26 Conservation Framework TAP	4,164.34
9/03/2026	City of Westminster	FY 2026-28 Conservation Framework TAP	50,592.78
9/03/2026	City of Westminster	FY 2026-27 Meter Area Measurement program	50,177.14
9/18/2026	City of Brea	FY 2026-27 Meter Area Measurement Program	8,016.00
9/03/2026	City of Fountain Valley	Water Loss Control Shared Services FY 2026-27	13,168.00
9/15/2026	City of Garden Grove	Water Loss Control Shared Services FY 2026-27	45,659.00
9/25/2026	City of Fullerton	Water Loss Control Shared Services FY 2026-27	23,430.00
9/30/2026	Laguna Beach County Water District	Water Loss Control Shared Services FY 2026-27	9,000.00
9/30/2026	South Coast Water District	Water Loss Control Shared Services FY 2026-27	6,596.00
9/03/2026	City of Fountain Valley	Water Loss Control Technical Assistance FY 2025-26 - E Source	13,425.00
9/03/2026	City of Fountain Valley	Water Loss Control Technical Assistance FY 2026-27 - E Source	22,970.00
9/28/2026	City of La Habra	Water Loss Control Technical Assistance FY 2026-27 - E Source	23,350.15

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2026

MISCELLANEOUS REVENUES

Date	From	Description	Amount
9/18/2026	City of Santa Ana	Jan-Jun 2026 School Billing	35,271.75
9/21/2026	City of Anaheim	Jan-Jun 2026 School Billing	10,303.05
9/01/2026	South Coast Water District	FY 2026-27 Choice Programs Billing	14,881.62
9/01/2026	Trabuco Canyon Water District	FY 2026-27 Choice Programs Billing	708.46
9/02/2026	City of La Palma	FY 2026-27 Choice Programs Billing	3,822.49
9/03/2026	City of Fountain Valley	FY 2026-27 Choice Programs Billing	4,026.59
9/03/2026	City of Westminster	FY 2026-27 Choice Programs Billing	33,482.41
9/03/2026	Golden State Water Company	FY 2026-27 Choice Programs Billing	8,275.35
9/04/2026	Santa Margarita Water District	FY 2026-27 Choice Programs Billing	126,320.55
9/08/2026	Laguna Beach County Water District	FY 2026-27 Choice Programs Billing	1,087.66
9/11/2026	City of Buena Park	FY 2026-27 Choice Programs Billing	47,513.25
9/11/2026	City of San Clemente	FY 2026-27 Choice Programs Billing	34,728.79
9/15/2026	City of Garden Grove	FY 2026-27 Choice Programs Billing	38,390.50
9/15/2026	Mesa Water District	FY 2026-27 Choice Programs Billing	56,024.96
9/18/2026	City of Huntington Beach	FY 2026-27 Choice Programs Billing	54,083.19
9/18/2026	El Toro Water District	FY 2026-27 Choice Programs Billing	11,951.38
9/22/2026	Moulton Niguel Water District	FY 2026-27 Choice Programs Billing	116,634.81
9/24/2026	City of Seal Beach	FY 2026-27 Choice Programs Billing	2,187.22
9/30/2026	Yorba Linda Water District	FY 2026-27 Choice Programs Billing	41,637.57
9/08/2026	City of Anaheim	WEROC Funding for FY 2026-27	27,792.14
9/15/2026	SOCWA	WEROC Funding for FY 2026-27	27,792.14
9/18/2026	City of Fullerton	WEROC Funding for FY 2026-27	27,792.14
9/14/2026	Laguna Beach County Water District	AWIA Emergency Response Plan	63,250.00
9/18/2026	City of Seal Beach	AWIA Emergency Response Plan	34,500.00
9/22/2026	Serrano Water District	AWIA Emergency Response Plan	34,500.00
9/22/2026	Trabuco Canyon Water District	AWIA Emergency Response Plan	17,250.00

TOTAL MISCELLANEOUS REVENUES	**$**	**1,614,642.38**
TOTAL REVENUES	**$**	**16,156,355.46**

Harvey De La Torre, General Manager

Hilary Chumpitazi, Treasurer

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2026

Vendor/ Invoice	Description	Amount to Pay
Core Expenditures:		
Ackerman Consulting-Richard C Ackerman		
1481	September 2026 Legal and regulatory specialized consulting services	3,500.00
Total		**3,500.00**
Alta FoodCraft		
12642819	September 2026 Coffee and supplies	156.72
Total		**156.72**
American Water Works Association		
SO322860	2027 Annual membership renewal	2,267.00
Total		**2,267.00**
Best Best and Krieger LLP		
55401-AUG2026	August 2026 Legal Services	20,431.57
Total		**20,431.57**
Carollo Engineers Inc		
FB87886	August 2026 Urban Water Management Plan Development services	9,444.80
Total		**9,444.80**
Consultadd Inc		
43789	September 2026 Enterprise Resource Planning (ERP) Implementation services	9,000.00
43789R	10% Retention September 2026 Enterprise Resource Planning (ERP) Implementation services	(900.00)
Total		**8,100.00**
Cristo Rey Orange County Work Study Program, Inc.		
2658	Semi-annual Billing for FY 26-27 Corporate Work Study Program	6,836.50
Total		**6,836.50**
Green Thumb (Indoor Plant Care) LLC-Dedo Verde Interior		
20260779	October 2026 Indoor plant service	350.50
Total		**350.50**
Dopudja & Wells Consulting Inc		
2879	August 2026 Consulting service on MET Strategic Issues and Priorities	10,892.61
Total		**10,892.61**
E Source Companies LLC		
E15244	August 2026 Retail Agency Technician Assistance services	2,715.00
Total		**2,715.00**
Eastside Services Inc.		
42108	09/25/26 Window Cleaning	795.00
Total		**795.00**
Maribeth Goldsby		
082826	July-September 2026 Retiree medical premium	2,434.80
Total		**2,434.80**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2026

Vendor/ Invoice	Description	Amount to Pay
GovConnection Inc		
77993859	September 2026 Monthly Charge for SharePoint storage & annual charge for Microsoft 365 Copilot AI license	2,708.05
Total		**2,708.05**
Hashtag Pinpoint Corporation		
2086	September 2026 Strategic Digital Communications Consulting services	7,913.00
Total		**7,913.00**
Hazen and Sawyer, DPC		
0000001	July-August 2026 Geographic Information System Implementation Assistance	19,080.00
Total		**19,080.00**
Steve Hedges		
092026	July-September 2026 Retiree medical premium	608.70
Total		**608.70**
Highroad Information Tech LLC		
24370	September 2026 Managed IT support services	2,326.25
Total		**2,326.25**
Inland Group LLC		
264330011	Podium signs for OC Water Summit	217.50
Total		**217.50**
LastPass US LP		
INV-811-3023343455	Two year subscription for password vault including advanced SSO and MFA	6,838.50
Total		**6,838.50**
Lawnscape Systems Inc		
461465	August 2026 Landscape maintenance for Atrium (additional)	495.00
461466	August 2026 Landscape maintenance for Atrium	495.00
462064	September 2026 Landscape maintenance for the Atrium	495.00
462065	September 2026 Landscape maintenance for Atrium	495.00
Total		**1,980.00**
Phil Letrong		
092226	July-September 2026 Retiree medical premium	608.70
Total		**608.70**
Keith Lyon		
092926	July-September 2026 Retiree medical premium	1,217.40
Total		**1,217.40**
Natural Resource Results LLC		
6124	September 2026 Federal Advocacy Agreement services	8,000.00
Total		**8,000.00**
NDS		
873263	09/04/26 Board packet delivery service	177.22
873340	09/11/26 Board packet delivery service	177.22
874416	10/02/26 Board packet delivery service	177.22
Total		**531.66**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2026

Vendor/ Invoice	Description	Amount to Pay
ODP Business Solutions LLC		
480823832001	09/14/26 Office supplies	152.85
Total		**152.85**
Office Solutions		
I-20079868	09/11/26 Office supplies	452.13
I-20080210	09/14/26 Office supplies	131.37
I-20080584	09/15/26 Office supplies	23.29
I-20082675	09/22/26 Office supplies	151.06
I-20083434	09/24/26 Office supplies	339.28
I-20085549	10/02/26 Office supplies	212.15
I-20085284	10/02/26 Office supplies	112.24
Total		**1,421.52**
Orange County Business Council		
9000164	2027 Annual membership renewal	5,000.00
Total		**5,000.00**
Orange County Water District		
28721	August 2026 Postage, shared office & maintenance expense	12,296.12
Total		**12,296.12**
Packet Fusion Inc		
PB17900	Annual Zoom cloud-based phone service	15,421.64
Total		**15,421.64**
Project WET Foundation		
2018224-2	People & Water Educator's Guide	33.52
Total		**33.52**
California Data Collaborative-SEE Inc		
431	September 2026 Water Use Efficiency Final Project Delivery - Phase 3	5,000.00
Total		**5,000.00**
Sapphire Check LLC		
2026018501	September 2026 Background Check for staff work-study program participation, 1 intern, and 1 new hire	152.62
Total		**152.62**
Mary Snow		
92826	July-September 2026 Retiree medical premium	608.70
Total		**608.70**
Soto Resources-Joey C Soto		
2026-MWDOC-GA-SEP-120	September 2026 Grant Research and Acquisition	3,250.00
Total		**3,250.00**
Department of Justice		
092026	FY 2025-26 RRF-1 Filing for Water Facilities Corporation	25.00
Total		**25.00**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2026

Vendor/ Invoice	Description	Amount to Pay
The Centre for Org Effectiveness		
TCFOE5666	Supervisors Academy - September-November 2026	37,169.00
Total		**37,169.00**
The Howard E. Nyhart Company, Inc		
160696HW_20260930	FY 2025-26 OPEB Actuarial Consulting services	4,000.00
Total		**4,000.00**
Pauline D Wennerstrom		
090326	July-September 2026 Retiree medical premium	608.70
Total		**608.70**
West Coast Advisors		
14691	September 2026 Legislative Advocacy services	8,500.00
14707	June-August 2026 Lobbying disclosure reports	107.26
Total		**8,607.26**
Whittingham Public Affairs Advisors-WPAA		
3646	October 2026 Strategic guidance on local & regional issues	5,000.00
Total		**5,000.00**
Total Core Expenditures		**218,701.19**

Choice Expenditures:

Bryton Printing Inc		
19419	Water Use Efficiency Fall 2026 bill inserts for member agencies	6,410.66
Total		**6,410.66**
E Source Companies LLC		
E15244	August 2026 Retail Agency Technician Assistance services	56,380.00
Total		**56,380.00**
Mission RCD		
3584	September 2026 Field inspection and verification for Water Use Efficiency rebate programs	3,498.75
Total		**3,498.75**
Orange County Water District		
28721	August 2026 Postage for Water Use Efficiency rebate programs	45.88
Total		**45.88**
Total Choice Expenditures		**66,335.29**

Other Funds Expenditures:

Environmental Incentives Inc		
MWDOC TAP-19	August 2026 Frameworks Technical Assistance Program services	86,702.11
Total		**86,702.11**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2026

Vendor/ Invoice	Description	Amount to Pay
Herndon Solutions Group LLC		
INV-0000012293	August 2026 services to assist with AWIA compliance (ERP)-Brea	8,625.00
INV-0000012294	August 2026 services to assist with AWIA compliance (ERP)-SB	8,625.00
INV-0000012295	August 2026 services to assist with AWIA compliance (ERP)-SWD	8,625.00
INV-0000012296	August 2026 services to assist with AWIA compliance (ERP)-TCWD	8,625.00
INV-0000012371	September 2026 services to assist with AWIA compliance (ERP) - LBCWD	21,083.33
Total		**55,583.33**
Mission RCD		
3584	September 2026 Field inspection and verification for Water Use Efficiency rebate programs	14,128.32
Total		**14,128.32**
NV5 Geospatial		
541882	August 2026 Meter Area Measurement services (Newport Beach)	22,083.45
Total		**22,083.45**
Packet Fusion Inc		
PB17900	Annual Zoom cloud-based phone service	510.00
Total		**510.00**
Total Other Funds Expenditures		**179,007.21**
Total Expenditures		**464,043.69**

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
David Anderson				
9/30/2026	144921	91026	06/08/26-09/02/26 Education reimbursement	2,627.35
Total				**2,627.35**
Tiffany Baca				
9/15/2026	EFT	73026	July 2026 Business expense	237.30
9/30/2026	EFT	82926	August 2026 Business expense	937.01
Total				**1,174.31**
Heather Baez				
9/30/2026	EFT	73026	July 2026 Business expense	261.08
9/30/2026	EFT	82726	August 2026 Business expense	251.19
Total				**512.27**
Cristal Castro				
9/30/2026	EFT	80126	August 2026 Business expense	9.12
Total				**9.12**
Hilary Chumpitazi				
9/30/2026	EFT	81226	August 2026 Business expense	126.72
Total				**126.72**
Corodata Records Management Inc				
9/30/2026	EFT	RS7197246	August 2026 Records Storage Fees	78.12
Total				**78.12**
Jared Dawson				
9/30/2026	EFT	82526	August 2026 Business expense	221.01
Total				**221.01**
Larry Dick				
9/30/2026	EFT	82826	August 2026 Business expense	281.20
Total				**281.20**
Frontier Communications Holdings LLC				
9/15/2026	144900	120125-5-SEP26	September 2026 Internet expense	675.00
Total				**675.00**
Cassidy Harding				
9/30/2026	EFT	80626	August 2026 Business expense	223.33
9/30/2026	EFT	82426	August 2026 Business expense	57.50
Total				**280.83**
Al Nederhood				
9/30/2026	EFT	82626	August 2026 Business expense	505.75
Total				**505.75**
Jasmine Orozco				
9/30/2026	EFT	82726	August 2026 Business expense	32.38
Total				**32.38**
Ricoh USA Inc				
9/30/2026	EFT	9033921265	05/28/26-08/27/26 Ricoh copier maintenance	132.36
Total				**132.36**
Megan Schneider				
9/30/2026	EFT	82726	August 2026 Business expense	105.89
Total				**105.89**

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Karl Seckel				
9/30/2026	EFT	81926	August 2026 Business expense	48.64
Total				**48.64**
Petra Sosa				
9/30/2026	144923	92826	Lunch for Water Use Efficiency Workgroup Meeting on 10/01/26	730.00
Total				**730.00**
Jeffery Thomas				
9/30/2026	EFT	82126	August 2026 Business expense	229.52
Total				**229.52**
US Bank				
9/30/2026	144924	1189/4192/7973/8910/3790-AUG26	07/23/26-08/24/26 Cal Card Charges	35,362.87
Total				**35,362.87**
Verizon Wireless				
9/09/2026	144864	6151807519	August 2026 4G Mobile plans and broadband services	275.37
Total				**275.37**
Sarah Wilson				
9/30/2026	EFT	82926	August 2026 Business expense	160.30
Total				**160.30**
Total Core Disbursements				**43,569.01**

Choice Disbursements:

Red Wing Business Advantage Account				
9/15/2026	EFT	20260810112477	Boots for Water Loss Control Technicians	578.57
Total				**578.57**
US Bank				
9/30/2026	144924	8910-AUG26	07/23/26-08/24/26 Cal Card Charges	309.36
Total				**309.36**
US Bank Voyager Fleet Systems				
9/15/2026	EFT	8694349932635	07/25/26-08/24/26 Fuel for Water Loss Control Shared Services Vehicles	658.49
Total				**658.49**
Total Choice Disbursements				**1,546.42**

Other Funds Disbursements:

Miriam L Aldana Vargas				
9/30/2026	144920	72326	July 2026 Business expense	127.67
9/30/2026	144920	82626	August 2026 Business expense	147.44
Total				**275.11**
AT&T				
9/15/2026	144898	25741573	August 2026 Telephone expense for WEROC N. EOC	36.15
Total				**36.15**

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Metropolitan Water District				
9/30/2026	EFT09302026	12285	July 2026 Water deliveries	15,605,544.89
Total				**15,605,544.89**
Santiago Aqueduct Commission				
9/30/2026	144922	82026	August 2026 SAC Pipeline Operation Surcharge	4,026.72
Total				**4,026.72**
Santa Margarita Water District				
9/30/2026	EFT	82026	Aug 2026 SCP Operation Surcharge	34,029.26
Total				**34,029.26**
Spray to Drip Rebate				
9/15/2026	144868	S2D7-C-GSWC-4463-23977	Briar Oaks HOA	27,364.00
9/15/2026	144875	S2D7-C-IRWD-44135-23914	Koll Center Newport	38,526.00
9/15/2026	144873	S2D7-C-IRWD-44331-23827	Irvine Business Center Association	25,421.00
9/15/2026	144895	S2D7-C-IRWD-4463-23751	Westpark Las Palmas HOA	32,453.00
9/15/2026	144882	S2D7-C-IRWD-4463-23904	Rowland Neighborhood Association	2,805.00
9/15/2026	144865	S2D7-C-IRWD-4463-23929	AJ West Association	10,499.56
9/15/2026	144866	S2D7-C-IRWD-54611-23870	Baker Ranch Area I	50,000.00
9/15/2026	144885	S2D7-C-IRWD-54831-23767	Shady Canyon HOA	7,765.00
9/15/2026	144886	S2D7-C-IRWD-54831-23918	Shady Canyon HOA	8,400.00
9/15/2026	144887	S2D7-C-IRWD-54831-23920	Shady Canyon HOA	3,159.00
9/15/2026	144888	S2D7-C-IRWD-55156-23932	St. Andrew's Episcopal Church	38,267.00
9/15/2026	144867	S2D7-C-MESA-55038-23852	Beg Holdings LP	7,494.62
9/15/2026	144871	S2D7-C-O-54611-24003	Carriage Park Maintenance	2,160.00
9/15/2026	144879	S2D7-C-SC-4463-23879	Plastics Development	1,913.00
9/30/2026	144911	S2D7-R-GSWC-55255-24166	K. Johnson	428.00
9/30/2026	144914	S2D7-R-MESA-56324-24147	K. Lampe	725.00
9/30/2026	144918	S2D7-R-TUST-55269-24067	X. Wang	978.00
9/30/2026	144909	S2D7-R-TUST-56320-24209	C. Feliciano	2,205.50
9/30/2026	144916	S2D7-R-TUST-56339-24137	C. Robinson	371.00
Total				**260,934.68**
Turf Rebate				
9/30/2026	144908	TR15-R-O-47279-46488-ADJ	B. Dinh	873.00
9/15/2026	144893	TR17-C-BP-55188-54064	Trellis Lane	9,148.00
9/15/2026	144890	TR17-C-ETWD-54338-54002	Third Laguna Hills Mutual	9,752.00
9/15/2026	144876	TR17-C-GG-54611-54055	Les Jardins HOA	20,156.00
9/15/2026	144869	TR17-C-GSWC-4463-53992	Briar Oaks HOA	95,136.00
9/15/2026	144872	TR17-C-GSWC-54399-53944	ICM-JAE Investments LTD	24,452.00
9/15/2026	144877	TR17-C-IRWD-38663-54029	Montecido At Portola Hills	58,951.00
9/15/2026	144878	TR17-C-IRWD-4332-54021	Old Trabuco Highlands	76,512.45
9/15/2026	144874	TR17-C-IRWD-44331-53681	Irvine Business Center Association	112,980.00
9/15/2026	144891	TR17-C-IRWD-4463-54005	Townhomes Maint Assn	107,284.00
9/15/2026	144892	TR17-C-IRWD-4463-54006	Townhomes Maint Assn	136,392.00
9/15/2026	144894	TR17-C-IRWD-46395-54027	TW Los Angeles LLC	100,506.66
9/15/2026	144896	TR17-C-IRWD-49870-55269	Woodbridge Village Association	1,450.00
9/15/2026	144870	TR17-C-IRWD-55116-53819	Business Properties Partnership	79,128.00
9/15/2026	144889	TR17-C-SM-38663-54023	Sycamore Grove Neighborhood	27,392.00
9/15/2026	144881	TR17-C-SM-42878-53772	Rancho Santa Margarita Landscape and Recreation C	158,275.00
9/15/2026	144884	TR17-C-SOCO-45948-54041	Seascape Village Owners Association	32,084.00
9/15/2026	144897	TR17-C-TC-42407-54152	Khalil Zadeh	14,976.00
9/15/2026	144880	TR17-C-TC-55202-54007	Rancho Cielo Homeowners Association	51,364.00
9/15/2026	144883	TR17-C-YLWD-4332-54056	Savi Ranch Association	46,108.00
9/30/2026	144907	TR17-R-BREA-55140-53864	A. Chun	4,465.00
9/30/2026	144913	TR17-R-FV-54585-53179	D. Kanehira	7,569.00
9/30/2026	144919	TR17-R-GSWC-55247-54117	C. Yang	1,221.00
9/30/2026	144912	TR17-R-GSWC-55255-54130	K. Johnson	3,634.00
9/30/2026	144906	TR17-R-HB-47600-56356	L. Bebault	2,787.00
9/30/2026	144915	TR17-R-MESA-56324-55289	K. Lampe	1,278.00

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Turf Rebate (continued)				
9/30/2026	144910	TR17-R-TUST-56320-55284	C. Feliciano	14,709.00
9/30/2026	144917	TR17-R-TUST-56339-55308	C. Robinson	955.00
Total				**1,199,538.11**
US Bank				
9/30/2026	144924	3115-AUG26	07/23/26-08/24/26 Cal Card Charges - WEROC	2,400.98
Total				**2,400.98**
Verizon Wireless				
9/09/2026	144864	6151807519	August 2026 4G Mobile plans and broadband services	180.07
Total				**180.07**
Total Other Funds Disbursements				**17,106,965.97**
Total Disbursements				**17,152,081.40**

Harvey De La Torre, General Manager

Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: August 24, 2026
Payment Date: September 30, 2026

Date	Description	Amount
General Manager Card:		
7/16/2026	California Council for Environmental and Economic Balance 2026 Summer Issues Seminar in Olympic Valley, CA from 07/13/26-07/16/26 - Accommodations for M. Yoo Schneider	1,179.93
7/21/2026	CSDA 2026 Annual Conference in Palm Desert, CA from 08/24/26-08/27/26 - Registration for A. Nederhood	890.00
7/23/2026	ISDOC Quarterly Luncheon on 07/30/26 - Registration for R. Crane	17.00
7/24/2026	CSDA 2026 Annual Conference in Palm Desert, CA from 08/24/26-08/27/26 - Accommodations for A. Nederhood	182.41
7/25/2026	CSDA 2026 Annual Conference in Palm Desert, CA from 08/24/26-08/27/26 - Accommodations for M. Baum-Halev. H. Baez. T. Baca. and S. Wilson	729.64
7/27/2026	ISDOC Quarterly Luncheon on 07/30/26 - Registration for B. McVicker	20.00
8/04/2026	July 2026 Meals for H. De La Torre's meetings	255.89
8/04/2026	Department of Water Resources Education Committee Conference in San Luis Obispo, CA, from 08/04/26-08/07/26 - Accommodations for T. Baca	541.41
8/04/2026	Department of Water Resources Education Committee Conference in San Luis Obispo, CA, from 08/04/26-08/07/26 - Accommodations for S. Wilson	541.41
8/11/2026	AWWA Water Smart Innovations in Portland, OR, from 10/21/26-10/23/26 - Registration for C. Castro	685.00
8/11/2026	AWWA Water Smart Innovations in Portland, OR, from 10/21/26-10/23/26 - Registration for T. Fann	685.00
8/12/2026	August 2026 Meals for H. De La Torre's meetings	130.93
8/12/2026	Urban Water Institute Annual Conference 2026 in Coronado, CA from 08/19/26-08/21/26 - Accommodations for A. Nederhood, L. Dick, R. Crane, and J. Thomas	2,963.52
8/12/2026	Urban Water Institute Annual Conference 2026 in Coronado, CA from 08/19/26-08/21/26 - Accommodations for D. Micalizzi and J. Dawson	1,481.76
8/13/2026	CSDA 2026 Annual Conference in Palm Desert, CA from 08/24/26-08/27/26 - Accommodations for A. Nederhood	433.22
8/14/2026	Alliance for Water Efficiency 4th Annual Water Efficiency & Conservation Symposium in Chicago, IL, on 08/04/26- 08/06/26 - Accommodations for C. Harding	480.36
8/19/2026	OCTax & SOCEC The Morning Ballot Briefing in Newport Beach, CA on 08/28/26 - Registration for H. Baez	50.00
8/19/2026	AWWA Water Smart Innovations in Portland, OR, from 10/21/26-10/23/26 - Airfare for T. Fann	246.80
8/19/2026	AWWA Water Smart Innovations in Portland, OR, from 10/21/26-10/23/26 - Airfare for C. Castro	236.79
8/20/2026	OCTax Morning Ballot Briefing on 08/28/26 - Registration for L. Dick	50.00
8/21/2026	Urban Water Institute Annual Conference 2026 in Coronado, CA from 08/19/26-08/21/26 - Meals and Parking for L. Dick, J. Thomas, A. Nederhood, D. Micalizzi, and J. Dawson	271.15
Total:		**12,072.22**

Cal Card Charges
Statement Date: August 24, 2026
Payment Date: September 30, 2026

Date	Description	Amount
Assistant General Manager Card:		
8/04/2026	Water Use Efficiency Workgroup luncheon on 08/06/26	1,400.26
8/07/2026	August 2026 M. Baum-Haley's business expense	205.43
8/18/2026	Mandated Reporter Training Certificate for M. Baum-Haley	10.00
Total:		**1,615.69**
Public Affairs Card:		
7/23/2026	Storage bins for the new storage unit	234.40
7/23/2026	PRSA Membership renewal for J. Orozco	373.00
7/28/2026	Storage bins for the new storage unit	212.87
7/29/2026	August 2026 D. Micalizzi business expense	263.48
7/30/2026	August 2026 Open AI monthly subscription, language processing tool	20.00
8/03/2026	Appreciation gift cards	173.85
8/06/2026	Padlet subscription for online surveys and message boards for WEEA	99.99
8/18/2026	CA Assoc of Public Information Officials (CAPIO) annual membership renewal for S. Wilson	300.00
8/21/2026	AWWEE Climate Communications 101: How to Communicate Climate Science Effectively webinar on 09/22/26 - Registration for J. Orozco	20.00
Total:		**1,697.59**
Administration Card:		
7/22/2026	Admin team building dessert	40.36
7/22/2026	Lunch for CPR training on 07/30/26	678.05
7/22/2026	Admin team building lunch	59.37
7/24/2026	Board Ad Hoc Committee Lunch on 07/23/26	165.75
7/25/2026	Office supplies	86.88
7/26/2026	Water Loss Control Supplies	20.61
7/27/2026	Birthday bagels	64.48
7/27/2026	Digital MICR font file for Dynamics 365	49.00
7/27/2026	Branding Your Organization as an Employer of Choice Online staff training on 07/30/26	50.00
7/27/2026	ISDOC Quarterly Luncheon in Fountain Valley, CA on 07/30/26 - Luncheon expenses	812.35
7/29/2026	Lunch for CPR Training on 07/28/26	658.50
7/30/2026	Water Loss Control Shared Services truck maintenance	136.55
7/30/2026	Office supplies	100.23
7/30/2026	Harvard Business Review annual digital subscription - Credit	(130.19)
7/31/2026	Supplies for Water Loss Control Shared Services	152.20
8/01/2026	August 2026 Monthly subscription for email services to support the secure delivery of email from AccuFund	25.00
8/03/2026	Office supplies	49.69
8/05/2026	August 2026 C. Harris business expense	326.07

Cal Card Charges
Statement Date: August 24, 2026
Payment Date: September 30, 2026

Date	Description	Amount
Administration Card (continued):		
8/07/2026	Dessert for Team building	34.16
8/07/2026	Records Specialist I or II job posting	530.00
8/10/2026	Mandated Reporter Training Certificate for K. Davanaugh	10.00
8/10/2026	Office supplies	19.78
8/13/2026	Mandated Reporter Training Certificate for A. Crespi	10.00
8/14/2026	Mandated Reporter Training Certificate for C. Harris	10.00
8/16/2026	Office Supplies	27.42
8/17/2026	August 2026 Wireless Internet Backup	45.00
8/18/2026	Office supplies	7.83
8/21/2026	Water filter replacements for kitchen sink	85.03
Total:		**4,124.12**
WEROC Card:		
7/23/2026	Generator service on 01/05/26 in Mobile Command Vehicle	375.00
7/31/2026	ClassMarker software services for WEROC trainings and planning meetings	198.00
8/03/2026	Signature Coins - Challenge Coins for Training/Exercises, Conferences, and Member Agencies	828.68
8/04/2026	August 2026 Iridium Standby Plan service charge for WEROC's three satellite phones	67.17
8/12/2026	Survey Monkey annual subscription for WEROC member agency trainings and exercises	468.00
8/13/2026	Breakfast for WEROC Member Agency Coordination meeting on 08/17/26	464.13
Total:		**2,400.98**
IT Card:		
7/22/2026	(3) Chargers for Director's tablets	228.30
7/24/2026	(5) Noise-canceling microphone headsets	347.20
7/28/2026	Hardware for Finance safe	76.11
8/03/2026	August 2026 monthly charge for MWDOC redundant/backup and WEROC Mobile Command Vehicle internet services	110.00
8/06/2026	(17) laptop sleeve padded case bags and cabinet door magnets	129.02
8/09/2026	July 2026 monthly charges for Azure storage, networking, compute, and database	1,548.29
8/10/2026	14" Android tablet for hybrid Board and subcommittee meetings	262.76
8/13/2026	AccuFund Accounting Suite annual maintenance and license renewal	7,252.50
8/13/2026	14 inch Andropic tablet for Director zoom meetings - return credit for defective tablet	(239.24)
8/16/2026	(4) Apple iPad for GM, MET, and Governmental Affairs	4,579.15
8/17/2026	August 2026 cloud storage fee to archive servers and data	22.48
8/17/2026	Toner and (5) ethernet splitters	361.00

Cal Card Charges
Statement Date: August 24, 2026
Payment Date: September 30, 2026

Date	Description	Amount
IT Card (continued):		
8/18/2026	Brand registration, campaign approval, and credits to send/receive SMS messages	84.30
8/18/2026	Mandated Reporter Training Certificate for R. Davis.	10.00
8/18/2026	Indoor timer outlet	10.32
8/18/2026	iPad case and keyboard	346.91
8/19/2026	September 2026 eFax service charge	10.00
8/20/2026	ChatGPT AI subscriptions to explore generative AI for administrative support	480.00
8/20/2026	Claude AI subscriptions to explore generative AI for administrative support	480.00
8/22/2026	August 2026 cloud storage fee to archive servers and data	63.51
Total:		**16,162.61**

Municipal Water District of Orange County
GM Approved Disbursement Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Aleshire & Wynder LLP				
9/30/2026	EFT	108459	Review annual audit letter	225.00
Total				**225.00**
CALPERS				
9/30/2026	EFT	100000018424191	Fees for GASB-08 Reports & Schedules for 06/30/26	350.00
Total				**350.00**
Carollo Engineers Inc				
9/30/2026	EFT	FB87187	July 2026 Urban Water Management Plan Development services	21,080.60
Total				**21,080.60**
Sapphire Check LLC				
9/30/2026	EFT	2026017404	August 2026 Background Check for work-study program students	211.70
Total				**211.70**
Petra Sosa				
9/15/2026	144905	90926	Lunch for MWDOC Managers meeting in Fountain Valley, CA on 09/17/26	810.00
Total				**810.00**
The Westin South Coast Plaza				
9/11/2026	EFT	MVOP1WRV-1	Estimate of charges for 09/25/26 OC Water Summit	88,292.60
Total				**88,292.60**
Total Core Disbursements				**110,969.90**
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
Total Other Funds Disbursements				-
Total Disbursements				**110,969.90**

Municipal Water District of Orange County
GM Approved Disbursement Report
For the Month of September 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount

Harvey De La Torre, General Manager

Hilary Chumpitazi, Treasurer

(1) For disbursements that did not make the cut-off of previous month's Disbursement Approval report. Disbursements are approved by GM for payment and need A & F Committee ratification.

Address:
18700 Ward Street, Unit B
Fountain Valley, California 92708

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Larry D. Dick
President

Jeffery M. Thomas
Vice President

Randall Crane, Ph.D.
Director

Bob McVicker, P.E.
Director

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Megan Yoo Schneider, Ed.D., P.E.
Director

Harvey F. De La Torre
General Manager

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

Municipal Water District of Orange County
Consolidated Summary of Cash and Investments
August 31, 2026

District investments and cash balances are held in various funds designated for certain purposes as follows:

Fund	Book Value	% of Portfolio
Restricted Reserves		
WEROC Operating Fund	$ 475,073	1.66%
Pension 115 Trust	2,932,972	10.25%
Total Restricted Reserves	$3,408,045	11.91%
Designated Reserves		
Operating Reserves	$4,241,768	14.83%
Election Reserve	1,569,152	5.48%
OPEB Reserve	219,815	0.77%
Total Designated Reserves	$6,030,735	21.08%
General Operations Fund	$15,678,080	54.79%
Water Purchase Payments Fund	3,240,500	11.32%
Conservation Fund	237,459	0.83%
Trustee Activities – AMP	19,361	0.07%
Total Other Funds	$19,175,400	67.01%
Total	**$28,614,180**	**100.00%**

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	3.26%	$ 932,425	$ 932,425
Pension 115 Trust	10.25%	2,932,972	2,932,972
Short-term investment			
• LAIF	59.18%	16,932,180	16,932,180
• CAMP	16.48%	4,716,603	4,716,603
Long-term investment			
• US Government Issues	0.87%	250,000	242,945
• Corporate Bond	4.19%	1,200,000	1,166,846
• Certificates of Deposit	5.77%	1,650,000	1,644,265
Total	**100.00%**	**$28,614,180**	**$28,568,236**

The average number of days to maturity/call as of August 31, 2026, equaled 63, and the average yield to maturity is 3.895%. In August 2026, the District's average daily balance was $32,803,476.79. Funds were invested in US Bank, Pension 115 Trust, Negotiable Certificates of Deposit, Corporate Bonds, US Government Issues, Local Agency Investment Funds (LAIF), and California Asset Management Program (CAMP).

The ($45,944) difference between book value and market value as of August 31, 2026, represents the exchange difference that would have resulted if the District liquidated all investments on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or near-term cash flow requirements that would require the sale of these securities prior to maturity.

Harvey De La Torre
General Manager

Hilary Chumpitazi
Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Portfolio Management - Portfolio Summary

August 31, 2026

8/31/2026	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,650,000.00	1,644,265.50	1,650,000.00	6.67	809	4.103
Corporate Bond	1,200,000.00	1,166,846.00	1,200,000.00	4.85	124	4.458
US Government Issues	250,000.00	242,945.00	250,000.00	1.01	179	3.750
Local Agency Investment Funds	16,932,179.71	16,932,179.71	16,932,179.71	68.41	1	3.863
California Asset Management Program	4,716,603.11	4,716,603.11	4,716,603.11	19.06	1	3.800
Total Investments	**24,748,782.82**	**24,702,839.32**	**24,748,782.82**	**100.00**	**63**	**3.895**
Cash						
Cash	932,424.88	932,424.88	932,424.88		1	0.00
Pension 115 Trust	2,932,971.89	2,932,971.89	2,932,971.89		1	0.00
Total Cash and Investments	**28,614,179.59**	**28,568,236.09**	**28,614,179.59**		**63**	**3.895**

Total Earnings	Month Ending August	Fiscal Year to Date
Current Year	**101,711.63**	**181,283.25**
Average Daily Balance	**32,803,476.79**	
Effective Rate of Return	**3.895%**	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from U.S. Bank. Per Resolution 2059 there are no compliance exceptions to report.

Harvey De La Torre, General Manager — Date: 10/08/2026

Hilary Chumpitazi, Treasurer — Date: 10/08/2026

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
August 31, 2026

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
American Express Bank	02589ADE9	7/20/2022	200,000.00	198,740.00	200,000.00	3.350	3.350	323	7/20/2027
Discover Bank	2546736R2	7/26/2023	250,000.00	251,150.00	250,000.00	4.500	4.500	693	7/24/2028
JP Morgan Chase Bank	46659CD49	7/15/2026	200,000.00	197,678.00	200,000.00	4.500	4.500	1,414	7/15/2031
Leaders Credit Union	52171MAN5	8/30/2024	250,000.00	247,220.00	250,000.00	4.000	4.000	1,095	8/30/2029
Magyar Bank	55977RCD3	7/30/2024	250,000.00	247,930.00	250,000.00	4.100	4.100	1,064	7/30/2029
State Bank of India	8562852Q3	8/10/2023	250,000.00	252,712.50	250,000.00	4.550	4.550	710	8/10/2028
Toyota Financial SGS Bank	89235MPD7	9/27/2022	250,000.00	248,835.00	250,000.00	3.650	3.650	387	9/22/2027
Sub Total			**1,650,000.00**	**1,644,265.50**	**1,650,000.00**	**4.103**	**4.103**	**809**	
US Government Issues									
FHLMC	3134HCVR7	2/26/2026	250,000.00	242,945.00	250,000.00	3.750	3.750	179	2/26/2031
Sub Total			**250,000.00**	**242,945.00**	**250,000.00**	**3.750**	**3.750**	**179**	
Corporate Bond									
Barclays Bank	06746CSC4	8/20/2025	250,000.00	243,725.00	250,000.00	4.500	4.500	81	8/20/2030
Citigroup Inc	17292GAL9	9/18/2025	250,000.00	242,862.50	250,000.00	4.500	4.500	18	9/18/2030
Goldman Sachs	38151FQL0	11/28/2025	250,000.00	239,172.50	250,000.00	4.250	4.250	89	11/12/2030
Morgan Stanley Fin LLC	61766YKH3	6/29/2022	200,000.00	200,416.00	200,000.00	4.500	4.500	302	6/29/2027
Wells Fargo	95001DLD0	8/18/2025	250,000.00	240,670.00	250,000.00	4.550	4.550	168	8/15/2030
Sub Total			**1,200,000.00**	**1,166,846.00**	**1,200,000.00**	**4.458**	**4.458**	**124**	
Total Investments			**3,100,000.00**	**3,054,056.50**	**3,100,000.00**	**4.212**	**4.212**	**493**	

Total Earnings	Month Ending August	Fiscal Year To Date
Current Year	11,009.46	21,880.44

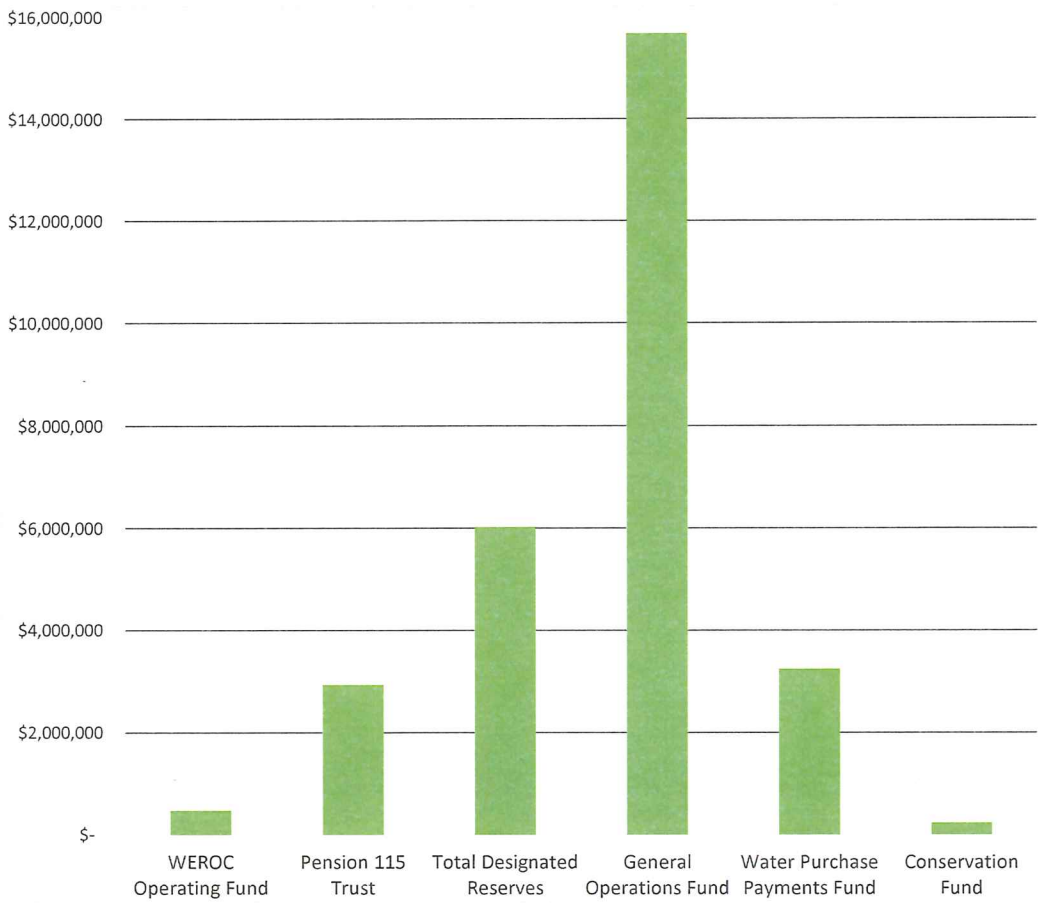
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
August 31, 2026

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	16,932,179.71	16,932,179.71	16,932,179.71	3.863	3.863	1	N/A
Sub Total			**16,932,179.71**	**16,932,179.71**	**16,932,179.71**	**3.863**	**3.863**	**1**	
California Asset Management Program									
CAMP LGIP	CAMP6269	4/1/2025	4,716,603.11	4,716,603.11	4,716,603.11	3.800	3.800	1	N/A
Sub Total			**4,716,603.11**	**4,716,603.11**	**4,716,603.11**	**3.800**	**3.800**	**1**	
Total Investments			**21,648,782.82**	**21,648,782.82**	**21,648,782.82**	**3.849**	**3.849**	**1**	
Cash									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	931,924.88	931,924.88	931,924.88	0.000	0.000	1	N/A
Pension 115 Trust	PENSION115TRUST	7/31/2018	2,932,971.89	2,932,971.89	2,932,971.89	0.000	0.000	1	N/A
Total Cash			**3,865,396.77**	**3,865,396.77**	**3,865,396.77**	**0.000**	**0.000**	**1**	
Total Cash and Investments			**25,514,179.59**	**25,514,179.59**	**25,514,179.59**	**3.849**	**3.849**	**1**	

Total Earnings	Month Ending August	Fiscal Year To Date
Current Year	90,702.17	159,402.81

Municipal Water District of Orange County
Cash and Investments at August 31, 2026

ALLOCATION	AMOUNT	%
MWDOC		
Restricted Reserves		
WEROC Operating Fund	$ 475,073	1.66%
Pension 115 Trust	2,932,972	10.25%
Total Restricted Reserves	$ 3,408,045	11.91%
Designated Reserves		
Operating Reserve	$ 4,241,768	14.83%
Election Reserve	1,569,152	5.48%
OPEB Reserve	219,815	0.77%
Total Designated Reserves	$ 6,030,735	21.08%
General Operations Fund	$ 15,678,080	54.79%
Water Purchase Payments Fund	3,240,500	11.32%
Conservation Fund	237,459	0.83%
Total Other Funds	$ 19,156,039	66.94%
TOTAL MWDOC	$ 28,594,819	99.93%
TRUSTEE ACTIVITIES		
AMP Sales Admin	$ 19,361	0.07%
TOTAL TRUSTEE ACTIVITIES	$ 19,361	0.07%
TOTAL CASH & INVESTMENTS	**$ 28,614,180**	**100.00%**



PARS PUBLIC AGENCY RETIREMENT SERVICES

MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust

Account Report for the Period
8/1/2026 to 8/31/2026

Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street, Unit B
Fountain Valley, CA 92708

Account Summary

Source	Balance as of 8/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 8/31/2026
OPEB	$3,503,076.19	$0.00	$43,419.07	$1,672.77	$0.00	$0.00	$3,544,822.49
PENSION	$2,914,709.87	$207,000.00	$37,348.91	$1,391.82	$0.00	$0.00	$3,157,666.96
Totals	$6,417,786.06	$207,000.00	$80,767.98	$3,064.59	$0.00	$0.00	$6,702,489.45

Investment Selection

Source	
OPEB	Moderate - Strategic Blend
PENSION	Moderate - Strategic Blend

Investment Objective

Source	
OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return 3-Years	5-Years	10-Years	Plan's Inception Date
OPEB	1.24%	0.61%	11.34%	11.80%	5.26%	7.38%	10/26/2011
PENSION	1.23%	0.60%	11.32%	11.80%	5.27%	-	7/31/2018

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

COMBINED FINANCIAL STATEMENTS

AND

BUDGET COMPARATIVE

JULY 1, 2026 THRU AUGUST 31, 2026

Municipal Water District of Orange County
Combined Balance Sheet
As of August 31, 2026

	Amount
ASSETS	
Cash in Bank	932,424.88
Investments	27,681,754.71
Accounts Receivable	33,588,140.15
Accounts Receivable - Other	324,966.65
Accrued Interest Receivable	153,947.74
Water Inventory	560,176.00
Prepaids/Deposits	465,290.20
Leasehold Improvements	7,145,767.01
Furniture, Fixtures, Equipment & WIP	1,074,370.31
Less: Accumulated Depreciation	(4,675,101.51)
TOTAL ASSETS	**67,251,736.14**
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	36,602,175.21
Accrued Salaries and Benefits Payable	1,068,799.96
Other Liabilities	1,446,840.14
Unearned Revenue	1,165,894.37
TOTAL LIABILITIES	**40,283,709.68**
FUND BALANCES	
Restricted Fund Balances	
WEROC Reserve	476,561.37
Pension 115 Trust	2,932,971.89
Total Restricted Fund Balances	3,409,533.26
Unrestricted Fund Balances	
Designated Reserves	
General Operations	4,241,768.00
Election Expense	1,569,152.00
OPEB	219,815.00
Total Designated Reserves	6,030,735.00
General Fund	7,915,400.59
General Fund Capital	246,408.19
Total Unrestricted Fund Balances	14,192,543.78
Excess Revenue over Expenditure	
Operating Fund	10,020,716.16
Other Funds	(654,766.74)
TOTAL FUND BALANCES	**26,968,026.46**
TOTAL LIABILITIES AND FUND BALANCES	**67,251,736.14**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2026 thru August 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
REVENUES						
Retail Connection Charge	0.00	10,278,727.20	10,278,727.00	100.00%	0.00	(0.20)
Ground Water Customer Charge	0.00	427,658.00	427,658.00	100.00%	0.00	0.00
Water Sales	76,400.00	76,400.00	0.00	0.00%	0.00	(76,400.00)
Water Rate Revenues	**76,400.00**	**10,782,785.20**	**10,706,385.00**	**100.71%**	**0.00**	**(76,400.20)**
Interest Revenue	98,405.36	214,887.61	962,952.00	22.32%	0.00	748,064.39
Subtotal	**174,805.36**	**10,997,672.81**	**11,669,337.00**	**94.24%**	**0.00**	**671,664.19**
Choice Programs	953,736.00	953,736.00	2,073,332.00	46.00%	0.00	1,119,596.00
Choice Prior Year Carry Over	0.00	0.00	195,380.00	0.00%	0.00	195,380.00
MWD Revenue - Shared Services	0.00	0.00	248,355.00	0.00%	0.00	248,355.00
Revenue for WEEA Sponsorships	0.00	55,000.00	0.00	0.00%	0.00	(55,000.00)
Miscellaneous Income	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Reimbursements	0.00	0.00	360,043.00	0.00%	0.00	360,043.00
School Contracts	352,652.55	352,652.55	524,947.00	67.18%	0.00	172,294.45
Transfer-Out to Reserve	0.00	0.00	(60,207.00)	0.00%	0.00	(60,207.00)
Subtotal	**1,306,388.55**	**1,361,388.55**	**3,346,850.00**	**40.68%**	**0.00**	**1,985,461.45**
TOTAL REVENUES	**1,481,193.91**	**12,359,061.36**	**15,016,187.00**	**82.30%**	**0.00**	**2,657,125.64**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2026 thru August 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
EXPENSES						
Salaries & Wages	473,384.54	996,179.78	6,149,850.00	16.20%	0.00	5,153,670.22
Director's Compensation	22,859.76	45,373.16	290,942.00	15.60%	0.00	245,568.84
MWD Representation	12,122.60	22,859.76	166,253.00	13.75%	0.00	143,393.24
Employee Benefits	151,359.84	312,024.90	1,991,355.00	15.67%	0.00	1,679,330.10
CalPers Unfunded Liability Contribution	207,000.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	10,768.89	21,359.65	174,974.00	12.21%	0.00	153,614.35
Health Insurance for Retirees	6,812.98	18,290.42	123,710.00	14.78%	0.00	105,419.58
Training Expense	140.00	282.72	58,500.00	0.48%	0.00	58,217.28
Tuition Reimbursement	0.00	0.00	6,900.00	0.00%	0.00	6,900.00
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	**884,448.61**	**1,623,370.39**	**9,174,484.00**	**17.69%**	**0.00**	**7,551,113.61**
Engineering Expense	29,972.61	43,306.09	450,000.00	9.62%	137,008.48	269,685.43
Legal Expense	20,656.57	39,099.72	257,040.00	15.21%	218,882.08	(941.80)
Audit Expense	7,000.00	7,000.00	38,418.00	18.22%	26,418.00	5,000.00
Professional Services	52,434.64	118,742.16	2,447,127.00	4.85%	837,568.00	1,490,816.84
Professional Fees	**110,063.82**	**208,147.97**	**3,192,585.00**	**6.52%**	**1,219,876.56**	**1,764,560.47**
Conference - Staff	3,488.04	5,728.04	46,111.00	12.42%	0.00	40,382.96
Conference - Directors	1,716.35	1,858.35	21,784.00	8.53%	0.00	19,925.65
Travel & Accom. - Staff	6,423.33	10,414.96	75,620.00	13.77%	0.00	65,205.04
Travel & Accom. - Directors	4,955.06	6,907.66	31,400.00	22.00%	0.00	24,492.34
Travel & Conference	**16,582.78**	**24,909.01**	**174,915.00**	**14.24%**	**0.00**	**150,005.99**
Membership/Sponsorship	673.00	113,844.08	201,308.00	56.55%	0.00	87,463.92
CDR Support	0.00	19,318.00	77,272.00	25.00%	57,954.00	0.00
Dues & Memberships	**673.00**	**133,162.08**	**278,580.00**	**47.80%**	**57,954.00**	**87,463.92**
Water Sales	62,800.00	62,800.00	0.00	0.00%	0.00	(62,800.00)
Business Expense	536.34	1,337.69	5,720.00	23.39%	0.00	4,382.31
Education Initiatives	0.00	0.00	45,000.00	0.00%	0.00	45,000.00
Office Maintenance	12,681.24	24,112.84	163,385.00	14.76%	127,537.16	11,735.00
Building Repair & Maintenance	1,272.41	6,963.41	64,381.00	10.82%	18,267.59	39,150.00
Storage Rental & Equipment Lease	78.12	156.24	1,170.00	13.35%	1,013.76	0.00
Office Supplies	1,615.43	2,733.06	28,000.00	9.76%	2,818.85	22,448.09
Supplies - Water Loss Control	172.81	371.14	4,000.00	9.28%	0.00	3,628.86
Postage/Mail Delivery	590.51	1,175.15	8,624.00	13.63%	1,849.92	5,598.93
Subscriptions & Books	(130.19)	484.80	6,500.00	7.46%	0.00	6,015.20
Reproduction Expense	2,842.01	4,352.64	104,000.00	4.19%	0.00	99,647.36
Maintenance - Computers	1,614.65	3,442.21	15,300.00	22.50%	0.00	11,857.79
Software Purchase	71,890.90	94,800.01	231,743.00	40.91%	74,166.00	62,776.99
Software Support	0.00	718.75	3,600.00	19.97%	0.00	2,881.25
Computers and Equipment	4,583.15	8,395.06	12,750.00	65.84%	0.00	4,354.94
Automotive Expense	1,710.39	2,968.79	11,600.00	25.59%	0.00	8,631.21
Vehicle Expense	795.04	1,705.66	12,000.00	14.21%	0.00	10,294.34
Toll Road Charges	8.91	25.56	2,550.00	1.00%	0.00	2,524.44
Insurance Expense	19,263.78	38,791.66	238,626.00	16.26%	0.00	199,834.34
Utilities - Telephone	4,979.10	8,408.66	46,555.00	18.06%	604.85	37,541.49
Bank Fees	0.00	306.67	1,600.00	19.17%	0.00	1,293.33
Miscellaneous Expense	4,362.76	13,097.31	114,500.00	11.44%	0.00	101,402.69
MWDOC's Contrb. to WEROC	30,473.83	60,947.70	399,019.00	15.27%	0.00	338,071.30
Depreciation Expense	5,330.38	10,660.74	0.00	0.00%	0.00	(10,660.74)
Other Expenses	**227,471.57**	**348,755.75**	**1,520,623.00**	**22.94%**	**226,258.13**	**945,609.12**
Election Expense	0.00	0.00	600,000.00	0.00%	0.00	600,000.00
Building Expense	0.00	0.00	75,000.00	0.00%	0.00	75,000.00
TOTAL EXPENSES	**1,239,239.78**	**2,338,345.20**	**15,016,187.00**	**15.57%**	**1,504,088.69**	**11,173,753.11**
NET INCOME (LOSS)	**241,954.13**	**10,020,716.16**	**0.00**	**0.00%**	**(1,504,088.69)**	**(8,516,627.47)**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2026 thru August 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
WATER REVENUES					
Water Sales	16,365,959.80	31,201,369.20	159,961,402.00	19.51%	128,760,032.80
Readiness to Serve Charge	1,502,309.00	3,004,618.17	17,654,354.00	17.02%	14,649,735.83
Capacity Charge CCF	340,750.00	681,500.00	4,230,450.00	16.11%	3,548,950.00
SCP/SAC Pipeline Surcharge	38,055.98	76,300.76	460,720.00	16.56%	384,419.24
TOTAL WATER REVENUES	**18,247,074.78**	**34,963,788.13**	**182,306,926.00**	**19.18%**	**147,343,137.87**
WATER PURCHASES					
Water Sales	16,365,959.80	31,201,369.20	159,961,402.00	19.51%	128,760,032.80
Readiness to Serve Charge	1,502,309.00	3,004,618.17	17,654,354.00	17.02%	14,649,735.83
Capacity Charge CCF	340,750.00	681,500.00	4,230,450.00	16.11%	3,548,950.00
SCP/SAC Pipeline Surcharge	38,055.98	76,300.76	460,720.00	16.56%	384,419.24
TOTAL WATER PURCHASES	**18,247,074.78**	**34,963,788.13**	**182,306,926.00**	**19.18%**	**147,343,137.87**
EXCESS OF REVENUE OVER EXPENDITURE	**0.00**	**0.00**	**0.00**	**0.00%**	**0.00**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2026 thru August 31, 2026

	Year to Date Actual	Annual Budget	% Used
Turf Removal Program(3418)			
Revenues	2,511,931.86	5,212,000.00	48.20%
Expenses	2,646,081.97	5,212,000.00	50.77%
Excess of Revenues over Expenditures	(134,150.11)	0.00	
Tree Incentive Program(3420)			
Revenues	10,900.00	49,000.00	22.24%
Expenses	10,900.00	49,000.00	22.24%
Excess of Revenues over Expenditures	0.00	0.00	
Spray To Drip Conversion(3423)			
Revenues	245,257.70	980,000.00	25.03%
Expenses	859,062.76	980,000.00	87.66%
Excess of Revenues over Expenditures	(613,805.06)	0.00	
Member Agency Administered Pass-Thru(3425)			
Revenues	0.00	20,000.00	0.00%
Expenses	0.00	20,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Comprehensive Landscape (CLWUE) (3427)			
Revenues	9,920.21	47,559.60	20.86%
Expenses	11,550.21	47,559.60	24.29%
Excess of Revenues over Expenditures	(1,630.00)	0.00	
Framework TAP(3429)			
Revenues	0.00	534,744.00	0.00%
Expenses	168,368.66	534,744.00	31.49%
Excess of Revenues over Expenditures	(168,368.66)	0.00	
Land Design Program(3431)			
Revenues	12,125.00	62,000.00	19.56%
Expenses	12,125.00	62,000.00	19.56%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program(3432)			
Revenues	0.00	40,000.00	0.00%
Expenses	0.00	40,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Recycled Water Program(3433)			
Revenues	(48,987.25)	60,563.75	(80.89)%
Expenses	(48,987.25)	60,563.75	(80.89)%
Excess of Revenues over Expenditures	0.00	0.00	

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2026 thru August 31, 2026

	Year to Date Actual	Annual Budget	% Used
Meter Area Measurement Program (MAM)(3441)			
Revenues	11,100.00	97,775.00	11.35%
Expenses	43,093.45	97,775.00	44.07%
Excess of Revenues over Expenditures	(31,993.45)	0.00	
Total WUE Projects			
Revenues	2,752,247.52	7,103,642.35	38.74%
Expenses	3,702,194.80	7,103,642.35	52.12%
Excess of Revenues over Expenditures	(949,947.28)	0.00	
WEROC			
Revenues	426,633.72	731,372.00	58.33%
Expenses	123,189.24	731,372.00	16.84%
Excess of Revenues over Expenditures	303,444.48	0.00	

Item No. 3

PRESENTATION ITEM
October 14, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Hilary Chumpitazi, Director of Finance/IT

SUBJECT: **OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST AND PENSION RATE STABILIZATION PROGRAM (PRESENTATION BY PUBLIC AGENCY RETIREMENT SERVICES)**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive the presentation.

REPORT

Purpose

The purpose of this item is to provide the Administration and Finance Committee with a presentation on the Other Post-Employment Benefits (OPEB) trust and pension rate stabilization program.

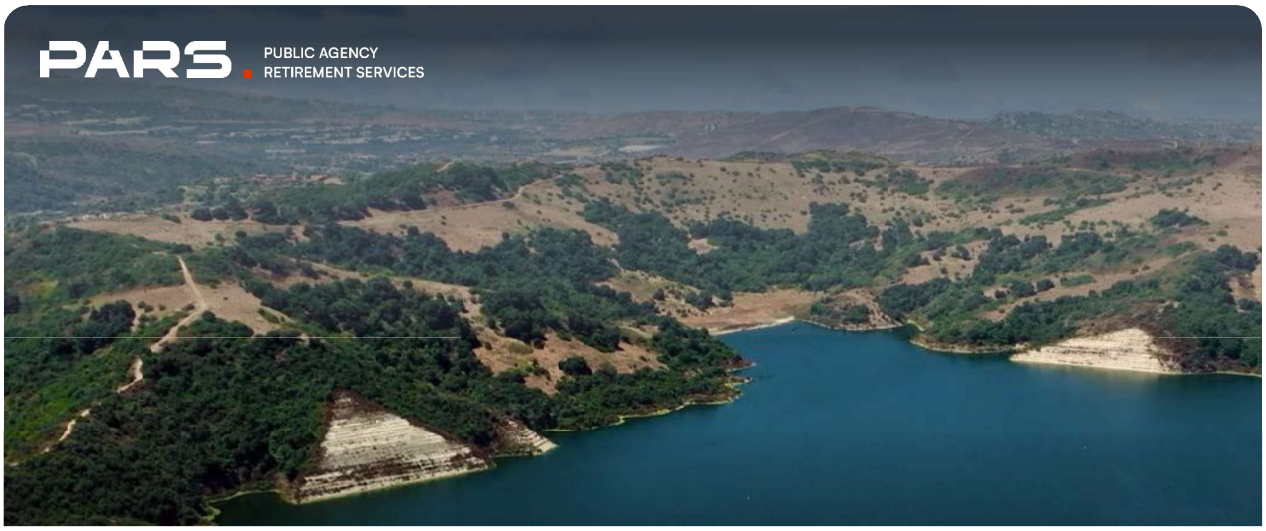
Discussion

As part of the District's annual review, staff invited Jennifer Meza of Public Agency Retirement Services (PARS) and Keith Stribling of PFM Asset Management to present an overview of the District's PARS Section 115 Trusts, which include the OPEB Prefunding Program and the Pension Rate Stabilization Program Plan. The presentation will include balances, investment performance, and funded status.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

- ☐ *Clarifying MWDOC's mission and role; defining functions and actions.*
- ☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
- ☐ *Strengthen communication and coordination of messaging.*
- ☐ *Work with Member Agencies to develop water supply and demand objectives.*
- ☐ *Solicit input and feedback from member agencies.*
- ☒ *Invest in workforce development and succession planning.*

Attachments/Links:
Attachment 1: OPEB Trust and Pension Rate Stabilization Program Presentation



MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

PARS 115 Trust – OPEB Prefunding Program &
Pension Rate Stabilization Program Plan Client Review
October 14, 2026

CONTACTS

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Senior Portfolio Manager
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abaires@pars.org

PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc. See additional disclosures at the end of this presentation

PARS TRUST TEAM

As of June 30, 2026

Trust Administrator & Consultant*

PARS PUBLIC AGENCY RETIREMENT SERVICES

- 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

40+	2,300+	1,100+	550+	750K+	$11.7 B+
Years of Experience (1984-2026)	Total Plans Administered	Public Agency Clients	115 Trust Clients	Plan Participants	Assets under Administration

** See important information regarding PARS in the Disclaimer page at the end of the presentation.*

Trustee

usbank

- 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

163	$11.0T
Years of Experience (1863-2026)	Assets under Administration

Investment Manager

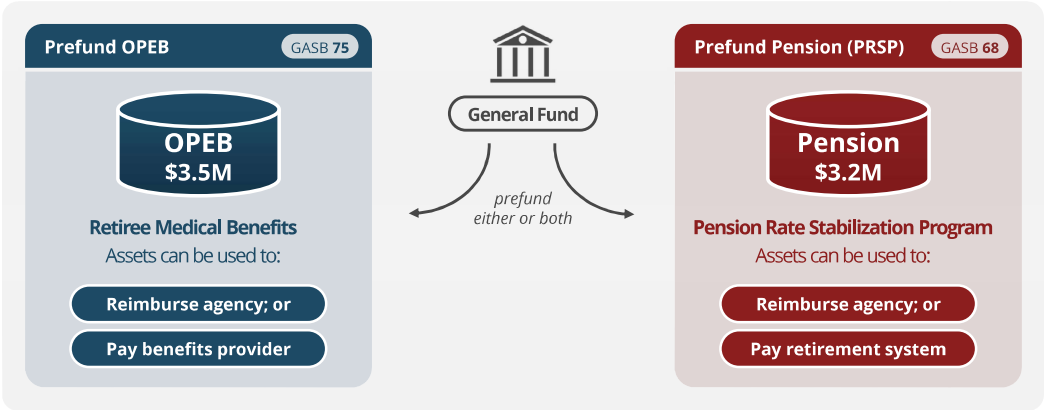
pfm asset management

- A division of U.S. Bancorp Asset Management, Inc.
- Fixed income and multi asset portfolios
- Strategic Blend and Index platform options
- Customized portfolios (with minimum asset level)

41	$252.8B*
Years of Investment Experience *(As of 6/30/2026)*	Assets under Management & Advisement

**Please see disclosures at the end of this presentation*

PARS IRS-APPROVED SECTION 115 COMBO 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 OPEB PLAN

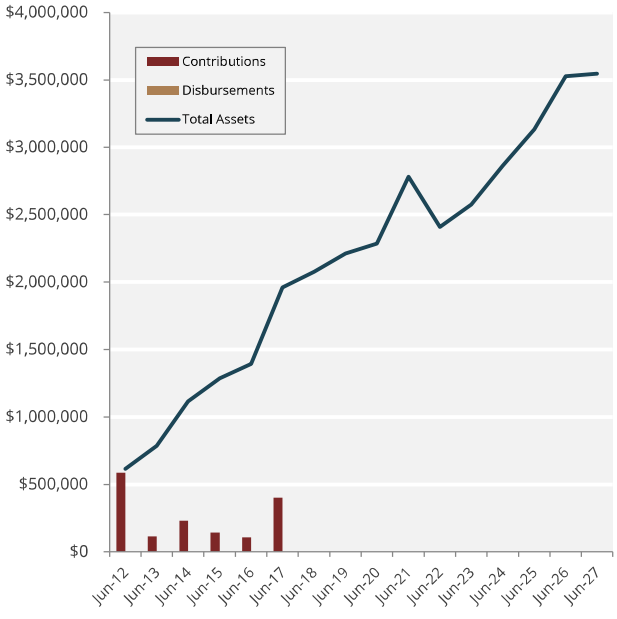
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	July 20, 2011
Plan Administrator:	General Manager
Current Investment Strategy:	Moderate Strategic Blend

AS OF AUGUST 31, 2026:

Initial Contribution:	October 2011: $500,000
Additional Contributions:	$1,080,656
Total Contributions:	$1,580,656
Disbursements:	$0
Net Investment Earnings:	$1,964,166
Account Balance:	$3,544,822

SUMMARY OF AGENCY'S OPEB PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF AUGUST 31, 2026:



Plan Year Ending

Year	Contributions	Disbursements	Total Assets
Jun-12*	$585,572	$0	$613,547
Jun-13	$114,630	$0	$787,265
Jun-14	$229,436	$0	$1,116,390
Jun-15	$143,687	$0	$1,286,254
Jun-16	$107,332	$0	$1,393,327
Jun-17	$400,000	$0	$1,960,367
Jun-18	$0	$0	$2,077,720
Jun-19	$0	$0	$2,212,237
Jun-20	$0	$0	$2,286,083
Jun-21	$0	$0	$2,781,099
Jun-22	$0	$0	$2,408,599
Jun-23	$0	$0	$2,574,618
Jun-24	$0	$0	$2,861,970
Jun-25	$0	$0	$3,133,003
Jun-26	$0	$0	$3,525,025
Jun-27**	$0	$0	$3,544,822

**Plan Year Ending June 2012 is based on 9 months of activity.*
***Plan Year Ending June 2027 is based on 2 months of activity.*

OPEB ACTUARIAL RESULTS

- We have received the actuarial report by Nyhart, dated September 3, 2026, with a measurement date as of June 30, 2026. In the table below, we have summarized the results.

Demographic Study	Measurement Date June 30, 2025	Measurement Date June 30, 2026
Actives	6	6
Retirees	13	12
Total	19	18

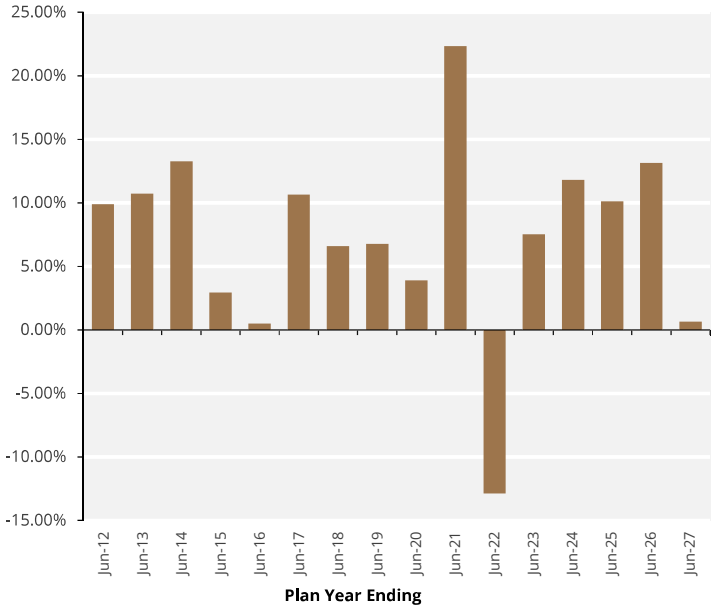
OPEB ACTUARIAL RESULTS

	Measurement Date June 30, 2025 Discount Rate: 6.00%	Measurement Date June 30, 2026 Discount Rate: 6.30%
Total OPEB Liability (TOL)	$2,409,211	$2,534,038
Fiduciary Net Position	$3,133,003	$3,525,025*
Net OPEB Liability (NOL)	($723,792)	($990,987)
Funded Ratio (%)	130%	139.1%
Service Cost Plus Interest	$151,206 for FY 2024-25	$180,655 for FY 2025-26
Annual Benefit Payments (Pay-as-you-Go)	$86,917 for FY 2024-25	$124,770 for FY 2025-26

*As of August 31, 2026, assets at $3,544,822 (approx. ~139.9% funded assuming no change in TOL).
Rule of thumb: For every one percent change in the discount rate, the unfunded liability is affected by 10-12%

OPEB PLAN TOTAL RETURNS

AS OF AUGUST 31, 2026



Year	Returns
Jun-12	9.90%
Jun-13	10.72%
Jun-14	13.27%
Jun-15	2.95%
Jun-16	0.50%
Jun-17	10.66%
Jun-18	6.58%
Jun-19	6.76%
Jun-20	3.89%
Jun-21	22.35%
Jun-22	-12.87%
Jun-23	7.51%
Jun-24	11.82%
Jun-25	10.13%
Jun-26	13.15%
Jun-27	0.66%

Inception to Date (Annualized)
7.64%

**Plan Year Ending June 2012 is based on 9 months of activity.*
***Plan Year Ending June 2027 is based on 2 months of activity.*

Returns are net of the embedded fund fees and gross of trustee and trust administrator fees

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value. Past performance does not guarantee future results. Performance returns are impacted by agency plan activity and may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

The advisor to the PARS portfolios is U.S. Bank, and PFM Asset Management serves as sub-advisor to U.S. Bank to manage these portfolios. Please see important additional disclosures to the PARS portfolios included in the individual strategy information at the end of this presentation.

SUMMARY OF AGENCY'S PENSION PLAN

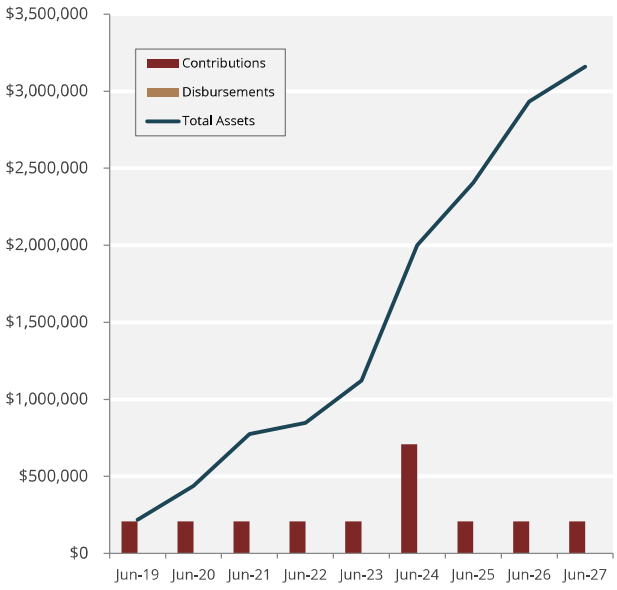
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	February 21, 2018
Plan Administrator:	General Manager
Current Investment Strategy:	Moderate Strategic Blend

AS OF AUGUST 31, 2026:

Initial Contribution:	July 2018: $207,000
Additional Contributions:	$2,156,000
Total Contributions:	$2,363,000
Disbursements:	$0
Net Investment Earnings:	$794,667
Account Balance:	$3,157,667

SUMMARY OF AGENCY'S PENSION PLAN

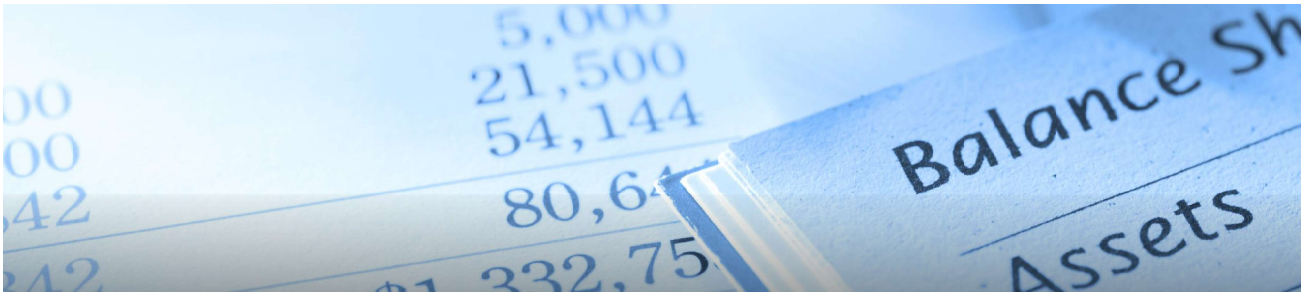
HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF AUGUST 31, 2026:



Plan Year Ending

Year	Contributions	Disbursements	Total Assets
Jun-19	$207,000	$0	$217,414
Jun-20	$207,000	$0	$438,435
Jun-21	$207,000	$0	$773,722
Jun-22	$207,000	$0	$847,653
Jun-23	$207,000	$0	$1,120,664
Jun-24	$707,000	$0	$1,999,765
Jun-25	$207,000	$0	$2,404,382
Jun-26	$207,000	$0	$2,932,972
Jun-27*	$207,000	$0	$3,157,667

**Plan Year Ending June 2027 is based on 2 months of activity.*



PENSION FUNDING STATUS

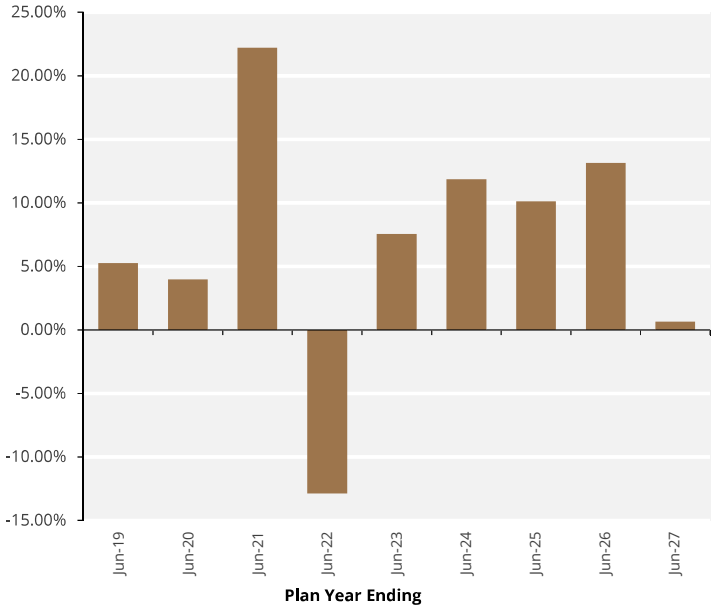
As of June 30, 2025, Municipal Water District of Orange County's CalPERS pension plan is funded as follows*:

Combined Miscellaneous Groups *	Valuation as of June 30, 2024	Valuation as of June 30, 2025	Change
Actuarial Liability	$23.7 M	$25.9 M	9.0% ↑
Assets	$19.5 M	$22.4 M	14.8% ↑
Unfunded Liability	$4.2 M	$3.5 M	17.9% ↓
Funded Ratio	82.3%	86.6%	5.3% ↑
Employer Contribution Amount	$831.4 K (FY 25-26)	$932.8 K (FY 26-27)	12.2% ↑
Employer Contribution Amount – Projected *	---	$1.1 M (FY 32-33)	19.9% ↑

** Data through 2032-33 from Agency's latest CalPERS actuarial valuation.*

PENSION PLAN TOTAL RETURNS

AS OF AUGUST 31, 2026



Year	Returns
Jun-19	5.26%
Jun-20	3.97%
Jun-21	22.21%
Jun-22	-12.89%
Jun-23	7.55%
Jun-24	11.86%
Jun-25	10.14%
Jun-26	13.13%
Jun-27*	0.65%

Inception to Date (Annualized)
7.15%

**Plan Year Ending June 2027 is based on 2 months of activity.*

Returns are net of the embedded fund fees and gross of trustee and trust administrator fees

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INVESTMENT REVIEW

pfm asset management

PARS OPEB and Pension Trust Moderate Strategic Blend

Investment Performance Review
For the Quarter Ended June 30, 2026

Client Management Team		PFM Asset Management A division of U.S. Bancorp Asset Management, Inc.
PFM Asset Management	1 California Street Suite 1000 San Francisco, CA 94111	1735 Market Street 43rd Floor Philadelphia, PA 19103

About PFM Asset Management*

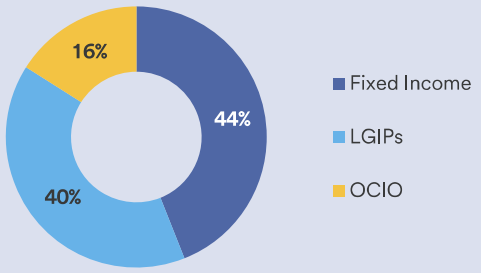
Our Investment Solutions

- **Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- **Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- **Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- **Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years *of* experience in the public sector**

$176.8b in public sector assets under management**

Assets by Investment Solution[1]



[1]Illustrates public sector assets under management by investment solution as of March 31, 2026. Total may not add up to 100% due to rounding.

**A division of U.S. Bancorp Asset Management, Inc.*
***As of March 31, 2026. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were $435.8 billion.*

Financial Markets & Investment Strategy Review

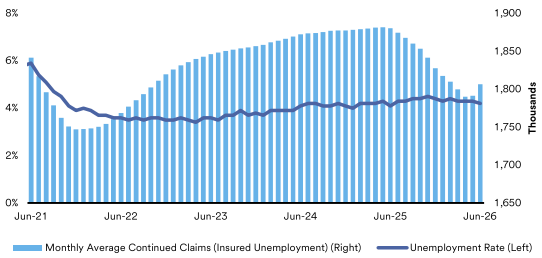
Index Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500	*15.20%*	*10.21%*	*22.32%*	*20.61%*	*13.41%*	*16.08%*	*15.51%*
Russell 3000	*15.44%*	*10.88%*	*22.82%*	*20.36%*	*12.31%*	*15.51%*	*15.06%*
Russell 1000 Growth	*16.74%*	*5.33%*	*17.71%*	*22.58%*	*13.71%*	*18.80%*	*18.58%*
Russell 1000	*15.14%*	*10.33%*	*22.02%*	*20.47%*	*12.66%*	*15.79%*	*15.30%*
Russell 1000 Value	*13.87%*	*16.26%*	*27.12%*	*17.79%*	*11.17%*	*12.10%*	*11.52%*
Russell Midcap Growth	*14.55%*	*7.27%*	*6.17%*	*15.61%*	*6.03%*	*11.60%*	*13.04%*
Russell Midcap	*13.83%*	*15.30%*	*21.63%*	*16.51%*	*8.50%*	*11.93%*	*12.00%*
Russell Midcap Value	*13.40%*	*17.58%*	*26.62%*	*16.51%*	*9.48%*	*11.35%*	*10.63%*
Russell 2000 Growth	*25.71%*	*22.18%*	*38.74%*	*18.44%*	*5.57%*	*10.82%*	*11.97%*
Russell 2000	*21.49%*	*22.57%*	*40.78%*	*18.60%*	*6.98%*	*11.34%*	*11.62%*
Russell 2000 Value	*17.19%*	*22.99%*	*43.01%*	*18.73%*	*8.23%*	*11.36%*	*10.89%*
INTERNATIONAL EQUITY							
MSCI EAFE	*10.82%*	*9.44%*	*20.23%*	*16.44%*	*9.05%*	*9.90%*	*9.66%*
MSCI AC World	*14.93%*	*11.25%*	*23.67%*	*19.70%*	*10.98%*	*13.28%*	*12.78%*
MSCI AC World ex USA	*14.49%*	*13.68%*	*27.66%*	*18.82%*	*8.79%*	*10.16%*	*9.93%*
MSCI AC World ex USA Small Cap	*9.62%*	*9.10%*	*19.83%*	*16.42%*	*6.30%*	*9.68%*	*9.10%*
MSCI EM (Emerging Markets)	*24.05%*	*23.85%*	*43.51%*	*23.03%*	*7.20%*	*9.82%*	*10.07%*
LISTED REAL ASSETS							
FTSE NAREIT All Equity REITs	*10.73%*	*14.90%*	*15.43%*	*10.06%*	*3.71%*	*5.86%*	*5.88%*
FTSE Global Core Infrastructure 50/50	*2.33%*	*10.66%*	*15.78%*	*12.24%*	*7.65%*	*6.71%*	*7.47%*
Bloomberg Commodity	*-8.08%*	*14.36%*	*25.46%*	*11.69%*	*9.37%*	*9.46%*	*5.83%*
FIXED INCOME							
Bloomberg U.S. Aggregate	*0.67%*	*0.62%*	*3.79%*	*4.16%*	*0.08%*	*1.22%*	*1.54%*
Bloomberg U.S. Government/Credit	*0.70%*	*0.49%*	*3.32%*	*3.97%*	*-0.10%*	*1.25%*	*1.59%*
Bloomberg U.S. Intermediate Government/Credit	*0.43%*	*0.40%*	*3.14%*	*4.68%*	*1.22%*	*1.89%*	*1.92%*
Bloomberg U.S. Treasury (1-3 Y)	*0.37%*	*0.64%*	*2.92%*	*4.38%*	*1.90%*	*1.95%*	*1.75%*
ICE BofA U.S. High Yield	*2.45%*	*1.89%*	*5.74%*	*8.79%*	*4.13%*	*4.92%*	*5.70%*
Bloomberg Global Aggregate	*0.87%*	*-0.21%*	*0.62%*	*3.41%*	*-1.55%*	*-0.15%*	*0.38%*
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	*0.90%*	*1.77%*	*3.89%*	*4.69%*	*3.58%*	*2.80%*	*2.38%*

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

THE ECONOMY

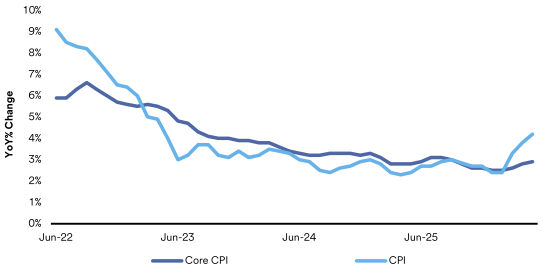
- U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 2.1% in the first quarter, up from 0.5% in Q4 2025. While personal consumption growth was 0.5%, its weakest pace since 2022, private domestic investment grew 7.9%. It was largely supported by business investment in information processing equipment and software IP, underscoring the impact of AI-related spending. Government spending was up also 4.4%, recovering from a 5.6% contraction, as activity resumed following the end of the government shutdown.
- U.S. labor-market conditions remained broadly stable in Q2. The three-month average gain in non-farm payrolls rose to 111k jobs, though hiring momentum slowed as the quarter progressed. The moderation appeared industry-specific rather than indicative of broad labor-market weakness. While the unemployment rate ticked down to 4.2%, labor-force participation also fell, suggesting slower labor-force growth, rather than stronger employment gains, was the primary driver of the decline.
- Inflation accelerated in the second quarter, as headline Consumer Price Index inflation (CPI) rose 4.2% year-over-year (YoY) in May, up from 3.3% at the end of the first quarter. Energy prices were the key driver, rising 23.5% YoY, while core CPI rose a more moderate 2.9%. Producer Price Index (PPI) inflation rose 6.5% YoY, the highest rate since late 2022. Core PPI (ex. food, energy and trade services), increased 5.1%, suggesting that inflation pressures broadened across the economy rather than being confined to the energy sector.

U.S. Unemployment and Monthly Average Continued Claims



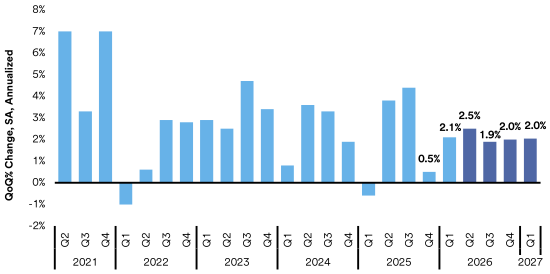
Source: Bloomberg.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: Bloomberg.

U.S. GDP Growth

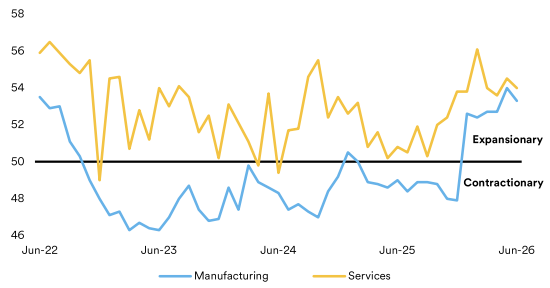


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

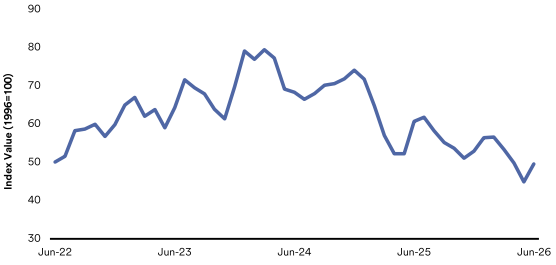
- The Federal Reserve (Fed) held its target rate at 3.75% through Q2. The Federal Open Market Committee meeting delivered a more hawkish message, removing language suggesting an easing bias, while the updated dot plot shifted from implying a 2026 rate cut to a potential rate hike. Outside the U.S., the European Central Bank hiked rates for the first time since 2023, citing energy inflation across the Eurozone. The Bank of Japan also raised interest rates, marking the highest rate in 31 years, citing concerns that energy related price pass-through could push consumer inflation above the 2% target.
- Consumer sentiment recovered from its May low but finished below its March level, with the University of Michigan Survey of Consumers, at 49.5 in June. Manufacturing and services indicators were also in expansionary territory at quarter-end, with the ISM U.S. PMI surveys reporting of 53.3 and 54.0, respectively.
- The conflict with Iran and the disrupted Middle Eastern oil supplies have been major market drags since the effective closure of the Strait of Hormuz. Energy alone drove more than 60% of May's headline inflation, however an interim peace deal brokered in June prompted a sharp pullback in oil prices. The Brent Crude spot price fell to near pre-conflict levels at quarter end. Shipping transit through the Strait has begun also to pick up, though it remains less than half the pre-war average. Any renewed disruption could have an impact on inflation and economic growth.

U.S. ISM Manufacturing & Services PMI



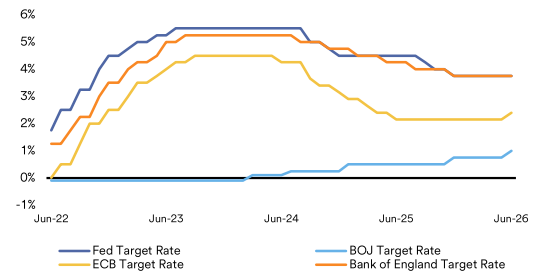
Source: Bloomberg.

University of Michigan Consumer Sentiment



Source: Bloomberg.

Global Central Bank Rates

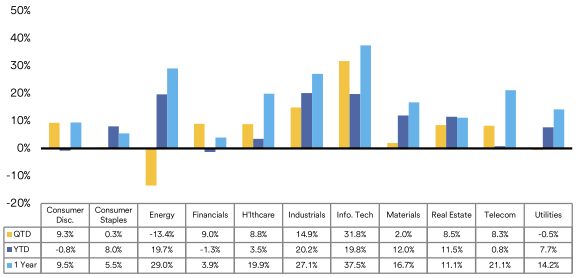


Source: Bloomberg.

DOMESTIC EQUITY

- Domestic equity markets advanced sharply in the second quarter of 2026. The S&P 500 Index returned 15.2% for the quarter and 10.2% year to date, while the Russell 3000 Index returned 15.4% for the quarter and 10.9% year to date.
- Within the S&P 500, nine of the 11 sectors posted positive returns. Information Technology led performance, returning 31.8%. Industrials also posted strong gains, returning 14.9%. The weakest sector was Energy, which declined 13.4%, followed by Utilities with a near-flat return of -0.5%.
- Small-cap stocks outperformed mid-and-large caps during the quarter, with the Russell 2000 Index returning 21.5%, while Russell 1000 Index returned 15.4% and Russell Midcap Index returned 13.8%. Growth stocks outpaced value stocks across all capitalizations, with small caps in particular seeing wider dispersion, as the growth benchmark outperformed the value benchmark by more than 8% for the quarter. This trend reversed in the last month of the quarter, with leadership rotating toward value across all capitalizations, and large cap growth seeing negative returns for the month of June.
- According to FactSet Earnings Insight (as of July 2, 2026), the expected Q2 2026 earnings growth is 23.3% YoY, up from 18.8% at the start of the quarter. If this estimate holds, it would mark the second consecutive quarter of earnings growth above 20% and the seventh straight quarter of double-digit earnings growth. Revenue growth is projected to be 12.2%, the strongest pace since Q2 2022, while S&P 500 net profit margins are expected to remain robust at 14.2%, near record levels. Looking ahead, analysts forecast earnings growth of 24.1% for full-year 2026, supported by continued strength in technology and energy-related earnings.
- At quarter end, the S&P 500's adjusted positive forward price-to-earnings ratio stood at 23.1, roughly in line with its five-year average of 23.1. The Russell 2000 Index, which represents small-cap stocks, posted an adjusted positive forward price-to-earnings ratio was 21.0, above its five-year average of 17.5.

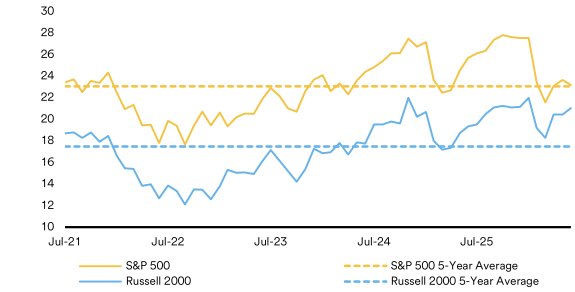
S&P 500 Index Performance by Sector
Periods Ended June 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	H'lthcare	Industrials	Info. Tech	Materials	Real Estate	Telecom	Utilities
QTD	9.3%	0.3%	-13.4%	9.0%	8.8%	14.9%	31.8%	2.0%	8.5%	8.3%	-0.5%
YTD	-0.8%	8.0%	19.7%	-1.3%	3.5%	20.2%	19.8%	12.0%	11.5%	0.8%	7.7%
1 Year	9.5%	5.5%	29.0%	3.9%	19.9%	27.1%	37.5%	16.7%	11.1%	21.1%	14.2%

Source: Bloomberg.

P/E Ratios of Major U.S. Stock Indices*

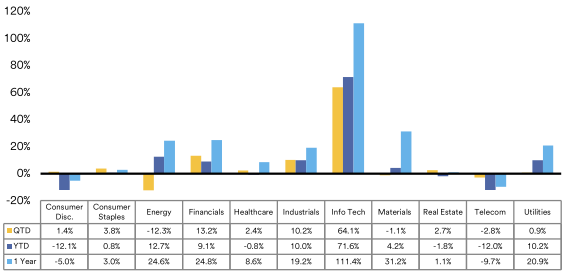


Source: Bloomberg.
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

INTERNATIONAL EQUITY

- International equity markets also posted strong gains in the second quarter. The MSCI AC World ex USA Index returned 14.5% for the quarter and 13.7% year to date. Developed ex-U.S. markets, represented by the MSCI EAFE Index, returned 10.8% for the quarter and 9.4% year to date. Emerging markets, represented by the MSCI Emerging Markets Index, returned 24.1% for the quarter and 23.8% year-to-date.
- Among the five largest-weighted countries in the MSCI EAFE Index, the MSCI Japan (+14.2%) and MSCI Switzerland (+12.2%) indices outperformed the broader index, while MSCI France (+8.7%), and MSCI Germany (+8.1%), and MSCI United Kingdom (+4.1%) indices underperformed.
- Within emerging markets (EM), MSCI Korea (+87.6%) and MSCI Taiwan (+48.9%) outperformed the MSCI Emerging Markets index, while MSCI China (-6.6%) and MSCI Brazil (-8.23%) returned negative for the quarter.
- International sector level performance was uneven, with three of the 11 sectors posting negative returns. The leading sector, Information Technology, returned 64.1% for the quarter. Financials returned 13.2% for the quarter, while Energy declined 12.3%, reversing strong gains earlier in the year.
- Value and growth stocks both posted positive returns outside the U.S. The MSCI ACWI ex U.S. Growth Index returned 17.0% for the quarter, while the MSCI ACWI ex U.S. Value Index returned 12.2%. Within emerging markets, growth (MSCI EM Growth) returned 26.0%, ahead of value (MSCI EM Value) at 20.7%.
- International equity valuations finished the quarter above recent averages for developed markets and near longer-term averages for emerging markets. The MSCI EAFE adjusted positive forward P/E ratio stood at 17.1 versus a five-year average of 15.3, while the MSCI Emerging Markets adjusted positive forward P/E ratio was 12.8 versus a five-year average of 12.9.

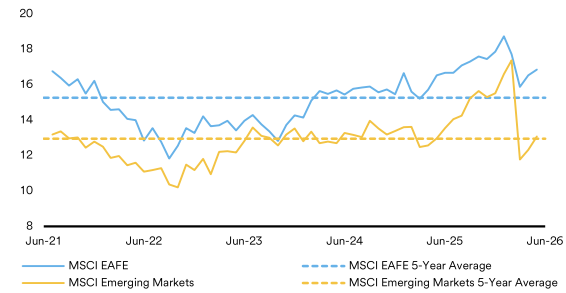
MSCI ACWI ex-U.S. Sectors
Periods Ended June 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info Tech	Materials	Real Estate	Telecom	Utilities
QTD	1.4%	3.8%	-12.3%	13.2%	2.4%	10.2%	64.1%	-1.1%	2.7%	-2.8%	0.9%
YTD	-12.1%	0.8%	12.7%	9.1%	-0.8%	10.0%	71.6%	4.2%	-1.8%	-12.0%	10.2%
1 Year	-5.0%	3.0%	24.6%	24.8%	8.6%	19.2%	111.4%	31.2%	1.1%	-9.7%	20.9%

Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*

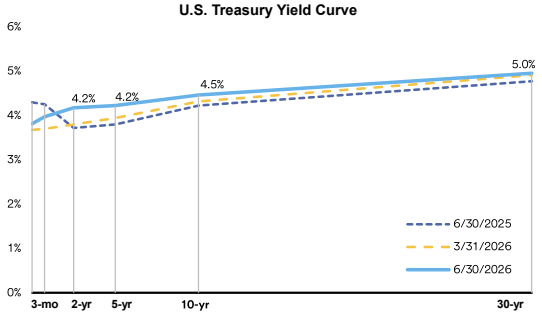


Source: Bloomberg.
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

FIXED INCOME

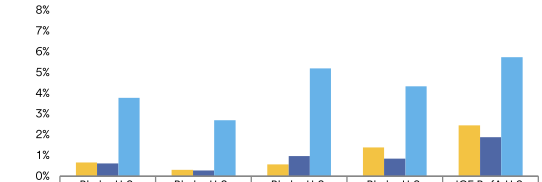
- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, returned 0.7% in the second quarter of 2026 and 0.6% year to date. Intermediate government/credit bonds returned 0.4% for the quarter, while short-term Treasury bonds, represented by the Bloomberg U.S. Treasury 1-3 Year Index, returned 0.4%.
- The Bloomberg U.S. Treasury Index returned 0.3% in the second quarter as treasury yields moved modestly upwards. While the Fed held rates steady, treasury yields moved higher as investors reassessed the potential rate path. The 2-year Treasury yield rose from 3.8% at the end of March to 4.2% at quarter end, while the 10-year Treasury yield rose from 4.3% to 4.5%. The 30-year Treasury yield stayed near flat, rising 4 basis points to 5.0%. As of the quarter end, the market has priced in a 50% probability of a rate-hike at the September meeting.
- Credit markets generated positive returns during the quarter. The Bloomberg U.S. Corporate Index returned 1.4%, while the ICE BofA U.S. High Yield Index returned 2.5%. Investment-grade spreads narrowed to 74 basis points (bps) from 89 bps at the end of March, nearing the year-to-date tights of 71 bps set in January. High-yield spreads also narrowed to 270bps from 317bps. Both sit well below their long-term averages.

U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments
Periods Ended June 30, 2026



	Blmbg U.S. Aggregate	Blmbg U.S. Treasury	Blmbg U.S. MBS	Blmbg U.S. Corporate	ICE BofA U.S. HY
QTD	0.7%	0.3%	0.6%	1.4%	2.5%
YTD	0.6%	0.3%	1.0%	0.9%	1.9%
1 Year	3.8%	2.7%	5.2%	4.3%	5.7%

Source: Bloomberg.

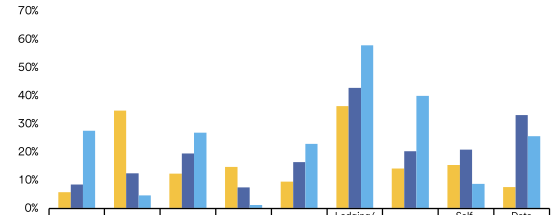
LISTED REAL ASSETS

- Real estate investment trusts (REITs), as measured by the FTSE NAREIT All Equity REITs Index, returned 10.7% for the quarter and 14.9% year-to-date. Within listed real estate, Office and Lodging/Resorts were the strongest subsectors, returning 34.7% and 36.3%, respectively. The weakest sectors were Data Centers (+7.5%) and Industrial (+5.7%).
- Performance of listed infrastructure lagged broader global equities as represented by the FTSE Global Core Infrastructure 50/50 Index, returning 2.3% in the second quarter and 10.7% year to date. The exposure to U.S. midstream energy was a drag for the quarter as energy prices fell in anticipation of a resolution in Iran, while listed infrastructure benefited from global exposure to utilities and transport.

ALTERNATIVES

- Within private real assets, private real estate, as measured by the NCREIF Property Index, gained 1.2% in the fourth quarter of 2025. This was primarily driven by income return as capital return (price change less any capital expenditures) was flat for the quarter. Eight of the property sectors produced positive total returns. Senior housing continued to lead with a return of 3.3%, up from 2.9% during the third quarter.
- According to PitchBook, private infrastructure funds posted returns of 0.5% in the fourth quarter of 2025. Within infrastructure, datacenter demand continued to drive fundraising in Q1 2026. Infrastructure and real estate funds investing exclusively in datacenters and telecom infrastructure collectively raised $26 billion in 2025.
- Private debt, as measured by the Cliffwater Direct Lending Index, continued to see steady performance, reporting a 2.1% return for the fourth quarter. Income remained high, delivering a 2.4% return in the fourth quarter. Realized losses remain substantially below their long-term historical average, while unrealized losses increased slightly, signaling a modest pickup in future credit losses.
- According to PitchBook, private equity funds returned 3.8% in the fourth quarter of 2025 and have generated an annualized return of 14.2% for the five years. The slowing of private equity fundraising activity extended into Q1 2026, with the strategy's rolling 12-month fundraising figure falling for an eighth consecutive quarter.

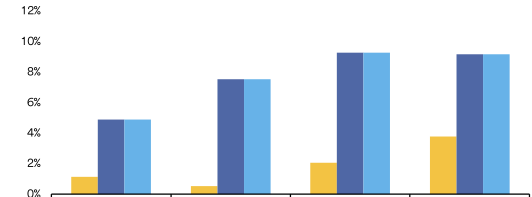
Listed Real Estate Returns by Sector



	Industrial	Office	Retail	Residential	Diversified	Lodging/ Resorts	Healthcare	Self-Storage	Data Centers
QTD	5.7%	34.7%	12.3%	14.7%	9.5%	36.3%	14.1%	15.4%	7.5%
YTD	8.4%	12.4%	19.5%	7.5%	16.4%	42.8%	20.2%	20.8%	33.2%
1 Year	27.6%	4.6%	26.9%	1.2%	22.9%	57.9%	39.9%	8.7%	25.6%

Source: Bloomberg.

Returns for Private Capital Assets
Periods Ended December 31, 2025*



	Private Real Estate	Private Infrastructure	Private Debt	Private Equity
QTD	1.2%	0.5%	2.1%	3.8%
YTD	4.9%	7.5%	9.3%	9.2%
1 Year	4.9%	7.5%	9.3%	9.2%

Source: NCREIF, PitchBook, Cliffwater.
**The most recent period for which all performance data is available.*

Factors to Consider Over the Next 6-12 Months

Monetary Policy (Global):

- The Federal Reserve held rates steady at Chair Warsh's first meeting and removed forward guidance while shifting its focus to price stability. The June "dot plot" shifted more hawkish.
- Global central banks diverged, with ECB and BoJ hiking on persistent inflation while others remain on hold.

Economic Growth (Global):

- Global growth prospects improved following easing Middle East tensions, easing a key overhang on global supply chains and energy prices.
- AI-related productivity boost and easing tariff pressures are expected to mitigate downside risks to global growth amid geopolitical uncertainty and signs of softer consumer demand.

Inflation (U.S.):

- Headline inflation remains above target but may be at or near its peak as falling oil prices provide a disinflationary impulse.
- While long-run inflation expectations remain anchored, the Fed remains focused on the passthrough of higher energy prices into core inflation.

Financial Conditions (U.S.):

- Equity and fixed-income markets largely looked through the Middle East conflict, remaining focused on fundamentals and earnings strength.
- Recent capital raises amidst strong corporate fundamentals along with credit spreads near historical tights reflect steady financial conditions.

Consumer Spending (U.S.):

- Consumer spending remained resilient amidst high energy prices, supported by higher-income households while affordability pressures persist for lower-income consumers.
- Real wages have turned modestly negative as inflation outpaces nominal wage gains, eroding purchasing power. Savings rate at multi-year lows.

Labor Markets (U.S.):

- Recent payroll gains exceeding expectations and the unemployment rate holding steady. Falling labor force participation a concern.
- Hiring breadth remains narrow, concentrated in healthcare and social assistance.
- The "low-hire, low-fire" dynamic persists, with labor demand stable but hiring activity subdued.

Corporate Fundamentals:

- Earnings growth expectations continued to improve for 2026 and 2027 across global equities with double digit growth expected across U.S. and international equity benchmarks.
- In the U.S., AI related capex spend, M&A, tax changes and rising profit margins are positives.

Valuations:

- Valuations across U.S. equities and credit markets reflect resilient growth, strong earnings growth and profit margins.
- Equity markets recovered strongly in Q1 leading to valuations higher than averages.

Political/Policy Risks:

- Conflict with Iran and the ongoing geopolitical uncertainty remain center stage even as MoU is signed to resolve the U.S.-Iran conflict.
- Tariff-related uncertainty and upcoming mid-term elections in the U.S. also warrant attention.

● Current outlook ○ Outlook one quarter ago

Stance Unfavorable to Risk Assets | Negative | Slightly Negative | Neutral | Slightly Positive | Positive | Stance Favorable to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (June 30, 2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Investment Strategy Overview

Asset Class	Our Q3 2026 Investment Outlook	Comments
U.S. Equities		• The U.S.-Iran conflict has largely been resolved following the signing of an MoU, though some uncertainty remains and could affect energy prices and the inflation outlook, thereby impacting risk assets. • Underlying fundamentals remain supportive of positive equity returns, with corporate earnings expected to grow at a high double-digit pace. • Equity market broadening and strong earnings growth led us to modestly overweight domestic small caps in Q1, prior to the U.S.-Iran conflict. The subsequent recovery in valuations led us to close the overweight position and realign portfolios with strategic targets.
Large-Caps		
Small-Caps		
Non-U.S. Equities		• Several major central banks outside the U.S. have begun raising rates in response to near-term inflation pressures. At the same time, relatively attractive valuations and strong earnings growth provide a cushion against rising inflation expectations. • Emerging markets have been strong performers this year, driven by a rally in semiconductor-related companies, particularly in Korea and Taiwan. Earnings and profit margin estimates for EM equities continue to improve, while valuations remain attractive. However, a concentrated return profile, potential Fed rate hikes, and geopolitical uncertainty lead us to maintain an equal-weight allocation.
Developed Markets		
Emerging Markets		
Fixed Income		• The Fed remains on hold, with its June projections signaling a more hawkish stance. Future rate decisions will be dependent on inflation moving closer to 2%, as energy-related pressures ease. Increased uncertainty around the rate path is expected to weigh on risk assets. • Absolute yield levels remain attractive, while credit spreads are near historical lows. Returns are expected to be driven primarily by yield/carry rather than price appreciation. Strong profit margins, continued issuance, ongoing share buybacks, and active M&A activity point to a healthy corporate environment that remains supportive of credit spreads. • We remain neutral across both duration and credit sectors.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Diversifying Assets		• Listed REITs recovered more strongly than listed infrastructure in Q2 as the economic resilience narrative gained traction. However, the long-duration and rate-sensitive nature of both asset classes leads us to maintain a neutral stance. • In addition to providing diversified sources of return, improving sentiment around AI continues to support data center and utility buildout, creating a favorable tailwind for listed real assets.
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook ○ Outlook one quarter ago

Negative | Slightly Negative | Neutral | Slightly Positive | Positive

The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (June 30, 2026) and are subject to change.

Sources

FactSet

Bloomberg

NCREIF

PitchBook

Cliffwater

U.S. Bureau of Economic Analysis (BEA)

University of Michigan

WTO in partnership with AXSMarine

Disclosures

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Plan Performance Summary

Asset Allocation & Performance

	Allocation	Performance(%)								
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Portfolio	**100.00**	**7.20**	**6.28**	**13.02**	**11.59**	**5.40**	**7.45**	**7.59**	**7.71**	**02/01/2016**
Blended Benchmark		*7.45*	*6.45*	*13.63*	*11.62*	*5.91*	*7.71*	*7.66*	*7.99*	
Domestic Equity	**29.91**	**15.78**	**10.59**	**22.54**	**19.80**	**11.08**	**14.26**	**14.31**	**14.60**	**02/01/2016**
Russell 3000 Index		*15.43*	*10.86*	*22.81*	*20.35*	*12.30*	*15.51*	*15.06*	*15.45*	
Columbia Contrarian Core Inst3	6.41	15.22	8.76	20.20	20.01	12.78	16.35	15.09	19.89	02/01/2024
S&P 500		*15.20*	*10.21*	*22.33*	*20.61*	*13.41*	*16.08*	*15.51*	*21.38*	
Putnam Core Equity Fund Y	2.71	12.93	7.14	20.17	20.05	13.12	16.90	16.38	15.53	10/01/2024
Schwab US Large-Cap ETF	19.17	15.08	10.04	21.67	20.52	12.70	15.83	15.36	17.61	10/01/2024
S&P 500		*15.20*	*10.21*	*22.33*	*20.61*	*13.41*	*16.08*	*15.51*	*17.72*	
PIMCO RAE US Small Cap Fund	0.79	19.74	20.98	36.87	21.52	11.92	16.39	14.25	20.98	01/01/2026
Russell 2000 Value Index		*17.19*	*22.99*	*43.01*	*18.73*	*8.23*	*11.36*	*10.89*	*22.99*	
Russell 2000 Index		*21.49*	*22.57*	*40.78*	*18.60*	*6.98*	*11.34*	*11.62*	*22.57*	
Columbia Small Cap Growth Inst3	0.41	35.57	30.41	55.45	27.35	7.39	15.75	18.05	33.26	10/01/2024
Russell 2000 Growth Index		*25.71*	*22.18*	*38.74*	*18.44*	*5.57*	*10.82*	*11.97*	*21.41*	
Russell 2000 Index		*21.49*	*22.57*	*40.78*	*18.60*	*6.98*	*11.34*	*11.62*	*20.57*	
Emerald Growth Institutional	0.42	39.16	38.29	73.13	31.82	13.78	16.61	16.89	40.00	02/01/2024
Russell 2000 Growth Index		*25.71*	*22.18*	*38.74*	*18.44*	*5.57*	*10.82*	*11.97*	*22.80*	
Russell 2000 Index		*21.49*	*22.57*	*40.78*	*18.60*	*6.98*	*11.34*	*11.62*	*21.61*	
International Equity	**14.99**	**11.39**	**13.21**	**24.35**	**16.76**	**7.23**	**9.53**	**9.54**	**9.63**	**02/01/2016**
MSCI AC World ex USA (Net)		*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*10.15*	
MFS International Growth R6	2.78	5.67	2.00	7.09	11.36	6.07	8.81	10.00	13.61	02/01/2024
MSCI AC World ex USA (Net)		*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*21.60*	
Fidelity International Index	5.81	9.04	10.08	20.46	16.73	9.35	10.18	9.83	19.50	07/01/2024
MSCI EAFE (net)		*10.82*	*9.44*	*20.23*	*16.44*	*9.05*	*9.90*	*9.66*	*18.97*	
Hartford Schroders Intl Multi-Cap Value Fund	2.94	11.26	16.93	36.61	24.30	12.84	12.39	10.76	3.73	05/01/2026
MSCI AC World ex USA (Net)		*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*4.42*	
Fidelity Emerging Markets Index Fund	3.46	21.98	26.17	45.96	23.35	7.36	9.83	9.99	44.06	08/01/2025
MSCI EM (net)		*24.05*	*23.85*	*43.51*	*23.03*	*7.20*	*9.82*	*10.07*	*40.76*	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

PARS OPEB and Pension Trust Moderate Strategic Blend As of June 30, 2026

Asset Allocation & Performance

	Allocation	Performance(%)								
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Other Growth	**4.94**	**5.37**	**11.43**	**13.96**	**N/A**	**N/A**	**N/A**	**N/A**	**13.38**	**02/01/2024**
Cohen & Steers Inst Realty Shares	2.55	9.99	14.00	12.45	10.04	4.42	7.08	6.89	12.40	06/01/2024
MSCI US REIT Index		*12.15*	*17.58*	*21.15*	*12.39*	*5.83*	*6.92*	*6.07*	*15.80*	
Lazard Global Listed Infrastructure Inst	1.24	1.11	8.15	15.57	14.14	11.55	9.73	10.41	16.82	10/01/2024
MSCI World Core Infrastructure Index (Net)		*1.09*	*9.00*	*11.31*	*11.51*	*6.59*	*6.67*	*7.91*	*10.09*	
NYLI CBRE Global Infrastructure	1.15	0.60	9.54	14.46	11.66	7.16	7.44	8.02	13.99	06/01/2024
FTSE Global Core Infrastructure 50/50 Index (Net)		*2.33*	*10.66*	*15.78*	*12.24*	*7.65*	*6.71*	*7.47*	*14.20*	
Fixed Income	**47.59**	**0.93**	**0.92**	**4.28**	**4.89**	**0.82**	**1.81**	**2.09**	**2.38**	**02/01/2016**
Blmbg. U.S. Aggregate		*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*1.85*	
Baird Aggregate Bond Inst	14.33	0.81	0.76	3.96	4.61	0.32	1.60	1.94	4.87	03/01/2024
iShares Core US Aggregate Bond ETF	4.76	0.67	0.71	3.80	4.16	0.09	1.20	1.52	4.65	03/01/2024
Blmbg. U.S. Aggregate		*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*4.65*	
Dodge & Cox Income	8.98	0.77	0.81	4.67	5.23	1.33	2.60	2.93	4.71	02/01/2024
PGIM Total Return Bond R6	9.08	1.02	1.05	4.62	5.44	0.64	1.81	2.46	4.78	02/01/2024
Blmbg. U.S. Aggregate		*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*3.87*	
Voya Intermediate Bond	6.94	0.97	0.99	4.23	5.27	0.57	1.81	2.27	4.62	05/01/2025
Blmbg. U.S. Aggregate		*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*3.96*	
NYLI MacKay High Yield Corp Bond Fund	3.50	2.11	1.89	5.09	7.54	4.10	4.86	5.50	6.76	03/01/2024
ICE BofA US High Yield Index		*2.45*	*1.89*	*5.74*	*8.79*	*4.13*	*4.92*	*5.70*	*7.84*	
Cash Equivalent	**2.57**	**0.89**	**1.79**	**3.88**	**4.48**	**3.43**	**2.63**	**2.21**	**2.13**	**02/01/2016**
ICE BofA 3 Month U.S. T-Bill		*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*2.26*	
First American Government Obligation - X	2.57	0.89	1.79	3.88	4.64	3.54	2.72	2.28	4.46	02/01/2024
ICE BofA 3 Month U.S. T-Bill		*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*4.45*	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Calendar Year Comparative Performance

	Performance(%)						
	2025	2024	2023	2022	2021	2020	2019
Total Portfolio	**12.55**	**9.48**	**14.07**	**-14.61**	**9.29**	**12.52**	**17.70**
Blended Benchmark	*12.38*	*10.03*	*13.56*	*-13.74*	*10.21*	*12.02*	*17.66*
Domestic Equity	**17.21**	**21.76**	**24.55**	**-18.76**	**23.40**	**18.35**	**29.31**
Russell 3000 Index	*17.15*	*23.81*	*25.96*	*-19.21*	*25.66*	*20.89*	*31.02*
Columbia Contrarian Core Inst3	17.51	23.51	32.21	-18.45	24.45	22.44	33.08
Putnam Core Equity Fund Y	17.31	26.47	27.99	-15.87	30.75	17.66	32.50
Schwab US Large-Cap ETF	17.42	24.90	26.86	-19.44	26.74	20.90	31.40
S&P 500	*17.88*	*25.02*	*26.29*	*-18.11*	*28.71*	*18.40*	*31.49*
PIMCO RAE US Small Cap Fund	6.29	22.08	20.06	-4.64	40.37	6.88	20.22
Russell 2000 Value Index	*12.59*	*8.05*	*14.65*	*-14.48*	*28.27*	*4.63*	*22.39*
Russell 2000 Index	*12.81*	*11.54*	*16.93*	*-20.44*	*14.82*	*19.96*	*25.53*
Columbia Small Cap Growth Inst3	21.86	24.45	26.39	-36.51	-2.54	70.41	41.18
Emerald Growth Institutional	31.95	19.41	19.06	-24.50	4.04	38.85	28.70
Russell 2000 Growth Index	*13.01*	*15.15*	*18.66*	*-26.36*	*2.83*	*34.63*	*28.48*
Russell 2000 Index	*12.81*	*11.54*	*16.93*	*-20.44*	*14.82*	*19.96*	*25.53*
International Equity	**29.38**	**4.09**	**14.02**	**-15.77**	**4.68**	**13.90**	**23.74**
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*	*10.65*	*21.51*
MFS International Growth R6	21.23	9.24	14.96	-15.02	9.65	15.82	27.31
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*	*10.65*	*21.51*
Fidelity International Index	31.96	3.71	18.31	-14.24	11.45	8.17	22.00
MSCI EAFE (net)	*31.22*	*3.82*	*18.24*	*-14.45*	*11.26*	*7.82*	*22.01*
Hartford Schroders Intl Multi-Cap Value Fund	46.09	6.97	13.85	-11.58	13.91	1.14	18.56
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*	*10.65*	*21.51*
Fidelity Emerging Markets Index Fund	33.94	6.80	9.50	-20.07	-3.04	17.82	18.26
MSCI EM (net)	*33.57*	*7.50*	*9.83*	*-20.09*	*-2.54*	*18.31*	*18.42*

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

PARS OPEB and Pension Trust Moderate Strategic Blend **As of June 30, 2026**

Calendar Year Comparative Performance

	Performance(%)						
	2025	2024	2023	2022	2021	2020	2019
Other Growth	**11.38**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Cohen & Steers Inst Realty Shares	3.09	6.24	12.72	-24.73	42.47	-2.57	33.01
MSCI US REIT Index	*2.95*	*8.75*	*13.74*	*-24.51*	*43.06*	*-7.57*	*25.84*
Lazard Global Listed Infrastructure Inst	23.86	6.71	10.89	-1.30	19.87	-4.48	22.26
MSCI World Core Infrastructure Index (Net)	*15.85*	*5.73*	*4.01*	*-7.93*	*17.13*	*-0.80*	*26.64*
NYLI CBRE Global Infrastructure	15.55	7.68	3.96	-6.08	15.22	1.17	28.46
FTSE Global Core Infrastructure 50/50 Index (Net)	*14.36*	*9.53*	*2.21*	*-4.87*	*14.88*	*-4.06*	*25.13*
Fixed Income	**7.57**	**2.16**	**6.95**	**-12.08**	**-0.72**	**7.21**	**8.23**
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*	*7.51*	*8.72*
Baird Aggregate Bond Inst	7.36	1.85	6.43	-13.35	-1.46	8.63	9.48
iShares Core US Aggregate Bond ETF	7.19	1.37	5.59	-13.06	-1.67	7.42	8.68
Dodge & Cox Income	8.32	2.26	7.70	-10.86	-0.91	9.45	9.73
PGIM Total Return Bond R6	7.79	3.03	7.78	-14.86	-1.15	8.10	11.13
Voya Intermediate Bond	7.62	2.93	7.07	-14.16	-0.99	8.22	10.06
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*	*7.51*	*8.72*
NYLI MacKay High Yield Corp Bond Fund	7.10	7.14	11.97	-7.81	5.35	5.28	13.03
ICE BofA US High Yield Index	*8.50*	*8.20*	*13.46*	*-11.22*	*5.36*	*6.17*	*14.41*
Cash Equivalent	**4.23**	**4.73**	**4.98**	**1.48**	**0.02**	**0.36**	**2.08**
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*	*0.67*	*2.28*
First American Government Obligation - X	4.23	5.19	5.02	1.52	0.03	0.40	2.12
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*	*0.67*	*2.28*

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Historical Hybrid Composition - PARS Moderate

Allocation Mandate	Weight (%)
Jul-2025	
Russell 3000 Index	30.00
MSCI AC World ex USA (Net)	15.00
MSCI US REIT Index	2.50
MSCI World Core Infrastructure Index (Net)	2.50
Blmbg. U.S. Aggregate	44.25
ICE BofA US High Yield Index	3.75
ICE BofA 3 Month U.S. T-Bill	2.00
Oct-2012	
Blmbg. U.S. Aggregate	33.50
S&P 500	26.50
ICE BofA 1-3 Yr. Gov/Corp	10.00
Russell 2000 Index	7.50
MSCI EAFE (net)	6.00
Russell Midcap Index	5.00
FTSE 1 Month T-Bill	5.00
MSCI EM (net)	3.25
Wilshire US REIT Index	1.75
ICE BofA US High Yield Index	1.50
Apr-2007	
S&P 500	43.00
Blmbg. U.S. Aggregate	30.00
ICE BofA 1-3 Yr. Gov/Corp	15.00
FTSE 1 Month T-Bill	5.00
MSCI EAFE (net)	5.00
Russell 2000 Index	2.00

Allocation Mandate	Weight (%)
Jul-1986	
S&P 500	50.00
Blmbg. U.S. Aggregate	30.00
ICE BofA 1-3 Yr. Gov/Corp	15.00
FTSE 1 Month T-Bill	5.00

*The benchmark for the PARS Moderate strategy defined above was assigned to the PARS OPEB and Pension Trust Moderate Strategic Blend upon its inception on February 2016

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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Item No. 4

ACTION ITEM
October 21, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Cathleen Harris, Director of HR/Administration

SUBJECT: **ADOPT A RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CONTRACT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)**

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt a Resolution of Intention to approve an amendment to the contract between California Public Employees' Retirement System and the Municipal Water District of Orange County.

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

This item requests the Municipal Water District of Orange County (MWDOC or District) Board of Directors (Board or Director) adopt a resolution of intention to approve an amendment to the contract between the California Public Employees' Retirement System (CalPERS) and MWDOC.

Discussion

In 2013, CalPERS implemented benefit formula changes mandated by the Public Employee Pension Reform Act of 2013 (PEPRA), including reduced benefit formulas and increased retirement ages for new miscellaneous (non-safety) and safety members. At that time, contracting agencies were not required to formally amend their contracts.

CalPERS is now reviewing all agency contracts and requesting amendments from agencies that have not updated their contracts since 2013 to ensure they include the required PEPRA language. The amendment would not change current benefits or costs for employees, who are already subject to PEPRA provisions by law.

Next Steps

Staff recommends the Board of Directors select Option # 1 to adopt a Resolution of Intention to approve an amendment to the contract between California Public Employees' Retirement System and MWDOC.

Following adoption of the Resolution of Intention at the October 21, 2026 Regular Board meeting, the following additional steps would be taken to complete the process:

- Final Resolution presented to the MWDOC Board for approval at its November 18, 2026 Regular Board meeting;
- Contract amendment would become effective November 19, 2026; and
- Human Resources would submit all approved and executed documents to CalPERS.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☐ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☒ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Adopt a Resolution of Intention to approve an amendment to the contract between California Public Employees' Retirement System and the Municipal Water District of Orange County.

Fiscal Impact: None.

Option #2: Do not adopt the Resolution of Intention. Not adopting the resolution would result in non-compliance with CalPERS request and guidelines.

Fiscal Impact: None.

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount: N/A
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Attachment 1: Resolution of Intention between CalPERS and MWDOC

RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To include Public Employees' Pension Reform Act language.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By:_____
Presiding Officer

_____
Title

_____
Date adopted and approved

(Amendment)
CON-302

CalPERS

EXHIBIT

AMENDMENT TO CONTRACT

BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

The Board of Administration, Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective March 3, 2003, and witnessed February 19, 2003, which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

A. Paragraphs 1 through 11 are hereby stricken from said contract as executed effective March 3, 2003, and hereby replaced by the following paragraphs numbered 1 through 13 inclusive:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after March 3, 2003, making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:

a. Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.

b. Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.

c. Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.

4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:

   a. Employees other than local safety members (herein referred to as local miscellaneous members).

5. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

   In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

   a. SAFETY EMPLOYEES; AND

   b. MEMBERS OF THE GOVERNING BODY FIRST ELECTED OR APPOINTED PRIOR TO JULY 1, 1994. (Elected or appointed officials who are first elected or appointed on or after July 1, 1994, or to a term of office not consecutive with a term held on June 30, 1994, are excluded pursuant to Government Code Section 20322).

6. This contract shall be a continuation of the contract of the Coastal Municipal Water District, hereinafter referred to as "Former Agency". The accumulated contributions, assets, and liability for prior and current service under the Former Agency's contract shall be merged

pursuant to Section 20508 of the Government Code. Such merger occurred January 17, 2001.

7. The percentage of final compensation to be provided for classic local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).

8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).

9. Public Agency elected and elects to be subject to the following optional provisions:

    a. Section 20042 (One-Year Final Compensation) for classic miscellaneous members only.

    b. Section 20938 (Limit Prior Service to Members Employed on Contract Date).

10. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.

11. Public Agency shall also contribute to said Retirement System as follows:

    a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a 1959 single account, based on term insurance rates, for survivors of all local miscellaneous members.

    b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.

    c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

12. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on

account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

13. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the_____ day of_____ , _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
MELODY BENAVIDES, CHIEF
PENSION CONTRACTS & PREFUNDING PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

BY _____
PRESIDING OFFICER

_____
Witness Date

Attest:

_____
Clerk

California Public Employees' Retirement System
Financial Office | Pension Contracts & Prefunding Programs Division
P.O. Box 942715, Sacramento, CA 94229-2715

www.calpers.ca.gov
888 CalPERS (or **888**-225-7377)
TTY: (877) 249-7442



Certification of Governing Body's Action

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the

_____ of the
(governing body)

_____
(public agency)

on _____.
(date)

_____
Clerk/Secretary

_____
Title

Item No. 5

ACTION ITEM
October 21, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Cathleen Harris, Director of HR/Administration

SUBJECT: **MINOR SAFETY AND PROTECTION POLICY**

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt a Minor Safety and Protection Policy.

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

This item requests the Municipal Water District of Orange County (MWDOC or District) Board of Directors (Board or Director) adopt a Minor Safety and Protection Policy.

Discussion

MWDOC offers a paid internship program for college students pursuing a degree, which may occasionally include minors. The District is also participating in a Corporate Work Study Program with Cristo Rey High School, which involves a student under the age of 18 working on-site one day a week.

To provide a safe, respectful, and professional environment for all minors who interact with MWDOC staff as visitors, interns, work-study program participants, or volunteers, staff recommends the District adopt a zero-tolerance policy regarding child abuse. Policy adoption is a prerequisite for applying for Sexual Abuse and Molestation (SAM) insurance coverage.

The proposed Minor Safety and Protection Policy (Attachment 1) sets standards of conduct, boundary expectations, responsibilities, and required actions when interacting with minors. The Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) and District Counsel reviewed and preliminarily approved the policy.

Next Steps

Staff recommends the Board of Directors select Option #1 to adopt a Minor Safety and Protection Policy. Upon approval, Human Resources will:

- Distribute the Policy to all MWDOC staff who interact with minors;
- Ensure required training and screening are completed; and
- Submit the SAM coverage application to ACWA JPIA.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☐ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☒ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Adopt a Minor Safety and Protection Policy.

Fiscal Impact: While adopting the Minor Safety and Protection Policy has no direct fiscal impact, it would allow the District to apply for SAM coverage to reduce the District's liability.

Option #2: Do not adopt the Minor Safety and Protection Policy.

Fiscal Impact: Not adopting the Minor Safety and Protection Policy would prevent the District from applying for SAM coverage and increase the District's liability.

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Attachment 1: Minor Safety and Protection Policy

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
MINOR SAFETY AND PROTECTION POLICY

Purpose

The Municipal Water District of Orange County (MWDOC) and its Board of Directors ("Board") are committed to providing a safe, respectful, and professional environment for all minors who interact with MWDOC as visitors, interns, work-study participants, or volunteers. This Minor Safety and Protection Policy ("Policy") establishes standards of conduct, boundary expectations, reporting requirements, and procedures for preventing, identifying, responding to, and investigating reports of child abuse or inappropriate conduct. MWDOC maintains a zero-tolerance policy regarding child abuse.

Scope

This Policy applies to all MWDOC employees and volunteers who interact with individuals under 18 years of age, generally referred to as minors ("Employees"). It outlines MWDOC's expectations, responsibilities, and required employee actions for maintaining a safe environment for minors.

Prevention of Abuse/Professional Standards. Employees are expected to behave professionally and maintain appropriate interactions when interacting with minors. The expectations of Employees may be summarized as follows:

Two-Employee Presence: Whenever reasonably practicable, at least two authorized Employees should be present during interactions or activities, including but not limited to in-office meetings, virtual meetings, and field activities, with minors. When two Employees are not available, interactions must occur in open, observable locations. Avoid isolated, one-on-one interactions unless addressing an immediate health or safety concern.

Avoidance of Physical Contact. Employees should avoid physical contact unless necessary for the minor's health or safety. Only appropriate, non-sexual, and non-threatening physical contact is permitted (e.g., high-fives, handshakes).

Prohibition of any Abuse, Harassment, or Discrimination. MWDOC strictly prohibits any type of conduct or interaction that could qualify as abuse or unlawful harassment or discrimination against minors.

Required Disclosure of Abuse that is Observed or Reasonably Suspected. Employees must immediately report observed or reasonably suspected child abuse both verbally and in writing, if possible, to any member of the Human Resources Team.

individual's mandated reporting obligations. Employees are not required to obtain supervisory approval before making a legally required report.

Training. Employees must complete required training related to identifying abuse, maintaining proper boundaries, and reporting incidents.

Employees must participate in Sexual Harassment Prevention, Mandated Reporter, and Workplace Violence Prevention training in accordance with state law upon hiring and periodically thereafter, and prior to working with minors. Employees must attend training based on this Policy, which addresses the following topics: preventing and responding to child abuse; monitoring appropriate boundaries with minors; responding to allegations or incidents of abuse, including identification of persons who are mandated reporters under California law; MWDOC's internal reporting requirements, and MWDOC expectations for reporting when an Employee is not a mandated reporter under California law; and responding to incidents of sexual activity between minors. Employees must acknowledge this Minor Safety and Protection Policy upon hiring and as updated.

Definition of Child Abuse.

For purposes of this Policy, child abuse and neglect include conduct covered by applicable California law, including physical abuse, sexual abuse or exploitation, neglect, endangerment, emotional abuse, unlawful corporal punishment or injury, and emotional or mental abuse of a child.

Child abuse includes molestation, which is any form of inappropriate or illegal sexual contact or behavior directed toward a minor. Signs of child abuse can include unexplained injuries or bruising, fear of a specific person or place, inappropriate knowledge of sexual behavior, statements about physical contact or aggression, or sudden change in behavior or mood.

Child abuse may be committed by another minor.

While not all Employees will have recurring contact with minors or involvement with events that would likely expose potential child abuse, if Employees either form an opinion or are privy to any observed signs of suspected child abuse, they should report their concerns as required in the "Reporting Child Abuse or Other Employee Misconduct" section below.

Zero-Tolerance For Child Abuse Policy

MWDOC maintains a zero-tolerance policy regarding child abuse, neglect, exploitation, harassment, or any form of inappropriate conduct involving minors. Any Employees who engage in prohibited conduct, knowingly conceal suspected abuse, or fail to comply with applicable reporting requirements may be subject to disciplinary action, up to and including termination.

Pre-Hire Process

MWDOC will conduct legally compliant background screening for employees and volunteers who interact with minors, consistent with position responsibilities and access levels.

Professional Standards

Employees must maintain professional behavior, uphold ethical standards, behave appropriately and professionally, follow MWDOC policies and regulations, including Section 5100. Standards of Conduct in the MWDOC Personnel Manual, and abide by state and federal laws in dealing with minors. Employees shall at all times engage in conduct that contributes to a positive atmosphere.

Employees shall not engage in unlawful, inappropriate, or unprofessional conduct towards minors, and shall avoid boundary-blurring behaviors that lead to the appearance of impropriety, including, but not limited to, physically abusing, sexually abusing, neglecting, or otherwise willfully harming or injuring minors, engaging in inappropriate socialization or fraternization with minors or soliciting, encouraging, or maintaining an inappropriate written, verbal, or physical relationship with a minor, or using profane, obscene, or abusive language against, or in the presence of a minor.

Employees are prohibited from entering into or attempting to form a romantic or sexual relationship with any minor, including sexual advances, flirtations, requests for sexual favors, inappropriate comments about a minor's body or appearance, or other verbal, visual, or physical conduct of a sexual nature.

Employees shall not intrude on physical boundaries of a minor unless necessary in an emergency or to serve a legitimate purpose related to the health or safety of the visitor.

Employees shall at all times engage with minors in an appropriate, necessary, nonsexual, non-threatening, and consensual manner. Examples of inappropriate contact include, but are not limited to:

1. Initiating inappropriate physical contact, including but not limited to hugs and embraces, lap sitting, touching or caressing of the body, or any physical contact which is unwelcome or non-consensual.

2. Maintaining personal contact with a minor, by phone, letter, electronic communications, or other means, without obtaining the parent's consent.

3. Creating or participating in social networking sites for communication with minors, other than those created by the MWDOC.

4. Inviting or accepting requests from minors to connect on personal social networking and gaming sites (e.g., "friending" or "following" on social media).

5. Singling out a particular minor for personal attention and friendship, including giving gifts and/or nicknames to individuals.

6. Addressing a minor in an overly familiar manner, such as by using a term of endearment.

7. Socializing or spending time with minors outside of MWDOC-sponsored events, except as participants in community activities.

8. Transporting a minor in a MWDOC or personal vehicle unless necessary to address an immediate health or safety concern.

Appropriate physical contact includes, but is not limited to, handshakes, high-fives, fist bumps, and other non-invasive interactions that are consensual in nature.

With the exception of minors who are direct family members of an Employee or with whom the Employee has an established personal relationship, Employees shall refrain from activities such as babysitting, private tutoring, inviting minors to an Employee's own residence, meeting for coffee, personal travel, and similar activities occurring away from MWDOC property.

Responding to and Reporting Child Abuse or Other Employee Misconduct

Employees who observe or reasonably suspect child abuse, neglect, or inappropriate conduct involving a minor must promptly report their concerns to their supervisor, manager, or Human Resources. If the concern involves any of these individuals, the Employee may report directly to another member of management or a designated alternative reporting contact. Internal reporting requirements do not replace any legally required external reporting obligations. To make a report outside regular business hours, Employees should leave a voicemail for Human Resources, and their call will be returned at the beginning of the next business day; alternatively, based on the situation, they should contact law enforcement.

Reasonable suspicion means that it is objectively reasonable for a person to entertain a suspicion, based on facts that could cause a reasonable person in a like position, drawing, when appropriate, on the person's training and experience, to suspect child abuse or neglect. However, reasonable suspicion does not require certainty that child abuse or neglect has occurred, nor does it require a specific medical indication of child abuse or neglect.

An anonymous report of child abuse or other employee misconduct may be made to Human Resources by calling after hours and leaving a voicemail message. Those submitting reports must be aware that complete confidentiality cannot be guaranteed in some situations, and submitting a report anonymously may impact MWDOC's ability to investigate and respond to the report.

MWDOC will promptly investigate any reports of Employee misconduct. Any Employee who is found to have engaged in misconduct in violation of law or policy shall be subject

to disciplinary action. Local law enforcement shall be notified as appropriate. An Employee who has knowledge of but fails to report Employee misconduct may also be subject to discipline.

The Board prohibits retaliation against anyone who files a complaint against an Employee or reports an Employee's misconduct. Any Employee who retaliates against any such complainant, reporter, or other participant in the MWDOC's complaint process shall be subject to discipline.

A report of child abuse or sexualized behaviors between minors that do not allege Employee misconduct will be communicated to the responsible adult coordinating the activity, guardians of the involved minors, and local law enforcement as appropriate and as required by law, and in a manner deemed to best protect the safety of the minors involved.

Investigation Procedure

Upon receipt of a report of child abuse, MWDOC will promptly review reports and conduct an appropriate investigation or other response based on the nature and circumstances of the allegations. The investigation shall be conducted in a manner that provides all parties with due process and reaches reasonable conclusions based on the evidence collected. This may include placing an employee on paid leave pending review and investigation, or other appropriate interim measures as deemed necessary.

Updates to this Policy

The Board reserves the right to update this Policy from time to time. When this Policy is updated, all Employees are informed and expected to acknowledge receipt of the updated Policy.

ACKNOWLEDGEMENT OF RECEIPT AND UNDERSTANDING

By signing below, I acknowledge that I received the Municipal Water District of Orange County Minor Safety and Protection Policy. I further acknowledge that I read and understand the expectations of MWDOC employees and agree to abide by the rules described within.

Name	Signature	Date

Item No. 6

ACTION ITEM
October 21, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Cathleen Harris, Director of HR/Administration
Katie Davanaugh, Principal HR Analyst

SUBJECT: **2027 HEALTH SAVINGS ACCOUNT CONTRIBUTIONS**

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve an increase to the District's annual Health Savings Account contribution amounts, made by the District, to the Kaiser and Anthem-PPO Consumer Driven Health Plans for the 2027 plan year, as follows:

	Employee Only	2-party	Family
Kaiser CDHP	$1,750	$3,400	$3,400
Anthem-PPO CDHP	$1,750	$3,000	$2,800

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

The purpose of this item is to request the Municipal Water District of Orange County (MWDOC or District) Board of Directors (Board or Director) approve an increase to the District's annual Health Savings Account (HSA) contribution amounts, made by the District, to the Kaiser and Anthem-PPO Consumer Driven Health Plans (CDHP) for the 2027 plan year.

Discussion

An HSA allows enrolled employees to set aside pre-tax funds for eligible expenses, including copays, coinsurance, prescriptions, dental and vision care, hearing aids, and other Internal Revenue Service (IRS)-qualified medical costs. Because contributions are tax-deductible, employees can reduce their taxable income. Over time, an HSA can help build portable, tax-advantaged savings to cover current and future qualified medical expenses, including those incurred in retirement.

The District's contributions to HSAs encourage enrollment in a CDHP, which may lower the District's monthly premium costs relative to traditional plans. Actual cost savings to the District will vary based on plan selection, tier, and enrollment.

Each year during open enrollment, the Board reviews, establishes, and approves the District's contribution amounts to an HSA for employees participating in a CDHP. Calendar year 2027 marks the 12th year that the District has offered and participated in the CDHPs for the Anthem-PPO and Kaiser-network plan options.

Proposed 2027 HSA contribution amounts, vs. 2026 amounts, are as follows:

	Employee Only	2-party	Family
2027 annual District contributions, by plan (*proposed*)			
Kaiser CDHP	$1,750	$3,400	$3,400
Anthem-PPO CDHP	$1,750	$3,000	$2,800
2026 annual District contributions, by plan			
Kaiser CDHP	$1,700	$3,400	$3,400
Anthem-PPO CDHP	$1,500	$3,000	$2,800
Percent change 2026 to 2027			
Kaiser CDHP	2.94%	0%	0%
Anthem-PPO CDHP	16.67%	0%	0%

Current enrollment, in 2026, is as follows:

4 participants in the Kaiser CDHP (employee only)
2 participants in the Anthem-PPO CDHP (employee only)

Annual HSA contributions take effect with the first payroll in January for employees enrolled at the start of the plan year. Employees hired after January 1 receive a pro-rated HSA contribution based on their benefit eligibility date.

The District HSA contributions are determined by reviewing the deductibles for the CDHP and non-CDHP plans to ensure that CDHP participants do not incur a higher deductible than participants in traditional plans.

The plan maximum limits, as set by the Internal Revenue Services (IRS), are as follows:

	2026	2027
HSA Contribution Limit	Employee-Only: $4,400 Family: $8,750	Employee-Only: $4,500 Family: $9,000
HSA Catch-Up Contributions (Age 55+)	$1,000	$1,000

Next Steps

Staff recommends the Board of Directors approve an increase to the District's annual Health Savings Account contribution amounts, made by the District, to the Kaiser and Anthem-PPO Consumer Driven Health Plans for the 2027 plan year.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

- ☐ *Clarifying MWDOC's mission and role; defining functions and actions.*
- ☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
- ☐ *Strengthen communication and coordination of messaging.*
- ☐ *Work with Member Agencies to develop water supply and demand objectives.*
- ☐ *Solicit input and feedback from member agencies.*
- ☒ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Approve an increase to the District's annual Health Savings Account contribution amounts, made by the District, to the Kaiser and Anthem-PPO Consumer Driven Health Plans for the 2027 plan year.

Fiscal Impact: An increase of $700, bringing the total to $10,500, based on existing enrollment. Open enrollment is in October, so participation rates may fluctuate during that time.

Option #2: Do not approve an increase in the Health Savings Account contribution amounts.

Fiscal Impact: A total of $9,800, based on existing enrollment. The fiscal impact will vary based on plan participation. However, not increasing the District contribution amounts may likely discourage participation in the Consumer Driven Health Plans.

Budgeted: ☒ Yes ☐ No ☐ N/A		Budgeted amount: $1,041,097
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: $10,500		

Attachments/Links:
N/A

Item No. 7

ACTION ITEM
October 21, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Hilary Chumpitazi, Director of Finance/IT
Steven Hung, Senior Financial Analyst

SUBJECT: **APPROVAL OF ON-CALL ENTERPRISE RESOURCE PLANNING (ERP) POST-IMPLEMENTATION SUPPORT SERVICES PRE-QUALIFIED CONSULTANTS**

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve the list of pre-qualified consultants for on-call technical and professional services for post-implementation support of the District's Microsoft Dynamics 365 Finance & Operations Enterprise Resource Planning system.

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

This item requests the Municipal Water District of Orange County (MWDOC or District) Board of Directors (Board) approve the list of pre-qualified consultants for on-call technical and professional services to support the District's Microsoft Dynamics 365 Finance & Operations (D365 Finance) Enterprise Resource Planning (ERP) system post-implementation. If approved, the on-call list would be valid for five years.

Background

At its October 15, 2025 meeting, the Board awarded a contract to Consultadd Public Services (Consultadd) to implement a new ERP system replacing the District's legacy AccuFund financial system. At that time, staff noted that post-implementation support services would be evaluated and brought to the Board for consideration, if needed.

On February 18, 2026, the Board approved a change order to the Consultadd contract, along with the system's licensing costs, reflecting the move from D365 Business Central to D365 Finance. The District plans to go live on D365 on November 1, 2026. Consultadd remains responsible for go-live stabilization under its agreement, which ends December 31, 2026. After that date, the District would need ongoing technical support.

D365 Finance runs in Microsoft's Government Community Cloud (GCC). Microsoft releases mandatory service updates several times a year, and the system's reporting tools, security roles, and payroll and banking interfaces require specialized skills. The goal of a pre-qualified list is to provide flexible technical support for the new system as well as training for District staff.

Discussion

Section 8000 of the Administrative Code states, "It is MWDOC's policy that purchasing and contracting shall be conducted in a fair, open, and transparent manner so as to maximize benefits to MWDOC. All contracts should be reviewed and rebid at least every five years, except in situations with documented significant benefits to MWDOC." Consistent with this policy, staff conducted a competitive Request for Qualifications (RFQ) process to establish a list of firms to support the D365 system. Staff prepared and issued RFQ No. FIN. 2026-001 for post-implementation support services under the schedule below in Table 1:

Table 1. RFQ PROJECT TIMELINE

Task Item	Completion Date
1. MWDOC completion of draft in-house RFQ	August 2026
2. RFQ release	August 18, 2026
3. Closing date for submittal of questions	August 31, 2026
4. Statements of Qualifications (SOQs) due	September 25, 2026
5. Interviews with firms and review panel rankings	October 1, 2026
6. Recommendation to the A&F Committee	October 14, 2026
7. Approval by MWDOC Board	October 21, 2026
8. Contract starts	October 26, 2026

Statement of Qualifications Evaluation Process

On August 18, 2026, staff released RFQ No. FIN. 2026-001 seeking qualified firms to provide technical troubleshooting, report building, staff training, update testing, and other as-needed post-implementation software support services.

The RFQ was posted on the MWDOC website. A total of 11 Statements of Qualifications (SOQs) were received by the closing date.

Each SOQ was first screened against the RFQ's minimum qualifications of 1) status as a Microsoft partner standing with a demonstrated D365 Finance practice; 2) the ability to operate in the District's GCC environment; and 3) having at least two public agency references for D365 Finance support.

Firms meeting the initial qualifying criteria were reviewed by the internal review panel consisting of MWDOC staff representatives. Panel members independently ranked the SOQs, and three firms were invited to interview on October 1, 2026. SOQs were evaluated based on 1) technical approach; 2) experience and record of performance; 3) assigned staff; 4) organization of the submitted SOQ; and 5) willingness to accept MWDOC standard agreement terms.

Based on the combined rankings, the following firms (in alphabetical order) were selected by the review panel:

- Arctic Information Technology, Inc. (Arctic IT)
- Ascent Innovations LLC (Ascent)
- Ellipse Solutions (Ellipse)

Selected Firms Overview

The three firms recommended for the list each combine expertise with Microsoft Dynamics, governmental accounting, and Microsoft's GCC. Each has implemented and supported D365 Finance for public agencies in GCC, the same environment the District uses. Arctic IT’s references include the Government of Guam; Ascent’s include the Maryland State Treasurer's Office; and Ellipse’s include the Town of Oyster Bay, New York. Several of these engagements have continued for years after go-live, the same kind of ongoing support the District needs.

Each firm’s SOQ addressed the District’s D365 environment and limited internal capacity. The SOQs demonstrated:

- Experience with governmental fund accounting;
- Response times that meet or exceed the RFQ's targets;
- Structured plans to take over open items from the implementation partner;
- Testing of Microsoft updates before they reach production; and
- Training and knowledge transfer for District staff.

All three identified validation of the District's payroll and banking interfaces as an early priority. Each would perform the work with its own staff, without subcontractors. Having three firms on the list gives the District complementary expertise and backup coverage, reducing the District's dependence on any single firm.

Next Steps

Staff recommends the Board of Directors select Option #1 to approve the list of pre-qualified consultants for on-call technical and professional services for post-implementation support of the District's Microsoft D365 Finance & Operations ERP system.

Inclusion on the approved pre-qualified list does not guarantee any minimum amount of work or compensation. Work shall be agreed upon in a formal agreement, in which staff will negotiate the specific scope of services, budget, deliverables, and timeline. The agreement may return to the Board following Administrative Code guidelines.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

- ☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
- ☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
- ☐ *Strengthen communication and coordination of messaging.*
- ☐ *Work with Member Agencies to develop water supply and demand objectives.*
- ☐ *Solicit input and feedback from member agencies.*
- ☒ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Approve the list of pre-qualified consultants for on-call technical and professional services for post-implementation support of the District's Microsoft Dynamics 365 Finance & Operations Enterprise Resource Planning system.

Fiscal Impact: There is no direct fiscal impact associated with establishing an on-call list of pre-qualified consultants.

The ERP program spans FY 2025-26 through FY 2027-28, with a total budget of $232,300. Post-implementation support is estimated at $30,000 over the two-year period, $15,000 in each of FY 2026-27 and FY 2027-28, funded from savings in other portions of the program. Including support, total program costs are projected at $230,125, within the program budget. Support costs after FY 2027-28 will be included in future budgets.

Option #2: Take no action.

Fiscal Impact: None.

Business Impact: If the proposed list of consultants is not approved, the District would rely on internal staff and Microsoft's standard support to address post-implementation needs. This approach may pose operational issues or the need to procure outside support separately as needs arise, adding significant time and resources.

Budgeted: ☒ Yes ☐ No ☐ N/A		Budgeted amount: $232,300 (ERP program, FY 2025-26 through FY 2027-28)
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Link 1: Post-Implementation Support Services for Microsoft Dynamics 365 Finance & Operations RFQ https://www.mwdoc.com/wp-content/uploads/2026/08/RFQ_FIN_2026-08-01_D365_Post_Go-Live_Support.pdf

Item No. 8

ACTION ITEM
October 21, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Heather Baez, Director of Government Affairs

SUBJECT: **ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) PROPOSED AMENDED AND RESTATED BYLAWS: AUTHORIZATION TO VOTE**

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize President Dick, or his designee, to cast a vote to approve the Association of California Water Agencies proposed amended and restated bylaws.

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

This item requests the Municipal Water District of Orange County (MWDOC or District) Board of Directors (Board or Director) authorize President Dick, or his designee, to cast a vote to approve the Association of California Water Agencies (ACWA) proposed amended and restated bylaws.

Discussion

As the largest statewide coalition of public water agencies in the country, ACWA serves the water industry and the public by promoting local agencies as the most efficient means of providing water service; sharing reliable scientific and technical information; tracking and shaping state and federal water policy; advocating for sound legislation and regulation; and facilitating cooperation and consensus among all interest groups. To

ensure that ACWA's governance rules continue to reflect the organization's current practices, operational needs, and legal framework, members voted to amend and restate its bylaws.

Voting Process

As recommended by the ACWA Board of Directors on September 25, the proposed bylaws are being submitted for an electronic membership vote. The electronic ballot process is consistent with the voting process used by members to elect Board Officers and region boards. Conducting the vote electronically provides all members an opportunity to participate, rather than limiting voting to members attending an ACWA conference, thereby promoting broader member participation and engagement.

Each member agency is entitled to one vote that will be cast by its authorized voting representative. Member agencies must designate their voting representative by submitting the Voting Representative Form (Attachment 1) by Friday, October 30. If no representative is designated by the deadline, the General Manager will be the authorized voter by default.

Proposed Bylaw Amendments

The following are the proposed changes to the ACWA bylaws:

- Clarifies language that the President has the ultimate authority to schedule a special meeting if deemed necessary;
- Adds language to allow the flexibility to take action by unanimous written consent as an alternative to traditional meetings;
- Clarifies that the quorum for regional board elections is five members;
- Limits attendance during closed-session discussions involving personnel matters to preserve the confidentiality of sensitive employment information, protect the privacy rights of employees and applicants, and promote candid discussion by those with responsibility for making personnel decisions;
- Provides that the Council of Past Presidents may attend Board of Directors and Executive Committee meetings, with the exception of Executive Committee closed sessions; and
- Clarifies that the quorum for members to take action by written ballot is 50.

A summary of the proposed amendments is detailed in Attachment 2 and a draft version of the bylaws is provided as Attachment 3.

Next Steps

Staff recommends the Board of Directors select Option #1 to authorize President Dick, or his designee, to cast a vote to approve the ACWA proposed amended and restated bylaws.

MWDOC's designated voter will receive an email on November 9 with completed ballots due by December 18.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☐ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Authorize President Dick, or his designee, to cast a vote to approve the Association of California Water Agencies proposed amended and restated bylaws.

Fiscal Impact: None.

Option #2: Do not approve the Association of California Water Agencies proposed amended and restated bylaws.

Fiscal Impact: None.

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount: N/A
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount:		

Attachments/Links:
Attachment 1: Voting Representative Form
Attachment 2: Proposed Amendments Summary
Attachment 3: ACWA Bylaws (Redline)

AUTHORIZED VOTING REPRESENTATIVE FORM

ACWA members will vote by electronic ballot on proposed Amended and Restated Bylaws.

Key Details:

- **Electronic Voting:** Voting will be conducted electronically by each member agency's designated voter.
- **Designated Voter:** Each agency must **designate one voting representative by October 30.** To designate your agency's voter, please submit this **Authorized Voting Representative Form** by the deadline.
  Note: ACWA will also use the person designated below as the voting representative in next year's election for ACWA's Board Officers and region boards for the 2028–'29 term. You will have an opportunity to change the designation prior to the deadline for nominating candidates, if desired.
- **Default Voter:** If no representative is designated by the deadline, your agency's **General Manager** will be the authorized voter by default.
- **Ballot Distribution:** Authorized voters will receive an electronic ballot on November 9.

For more information about ACWA's elections, visit: **www.acwa.com/elections**.

The person designated below will cast our agency's vote for the proposed Amended and Restated Bylaws process in 2026 and the election of ACWA's President, Vice President and Region Board for the 2028–'29 term.		
Member Agency's Name		Agency's Phone No.
Authorized Voting Representative's **Name**	Authorized Voting Representative's **Email**	Authorized Voting Representative's **Phone No.**

Print Name of Member Agency's Authorized Signatory

X

Authorized Signatory Signature

Date

SUBMIT YOUR FORM

To: Donna Pangborn, Senior Clerk of the Board
Email: donnap@acwa.com
Mail: 980 9th Street, Suite 1000, Sacramento, CA 95814

SUBMISSION DEADLINE
OCT. 30, 2026

Proposed Amendments to the ACWA's Bylaws

Amendment 1: ARTICLE 4, Section 4.05, Special Meeting

Current Bylaw	Proposed Bylaw	Rationale
Section 4.05. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.	**Section 4.05. Special Meetings.** Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. However, the president's determination of necessity shall control. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.	Amendment to add the president's ultimate authority to schedule a special meeting if deemed necessary.

Note: Green text throughout this document reflects edits recommended by the Legal Affairs Bylaws and Procedures Subcommittee in response to its review and analysis of the proposed amendments to the Bylaws, consistent with Section 9.09 of ACWA's Bylaws. The ACWA Board included the LAC Workgroup's recommended edits as part of its recommendation to the members.

Amendment 2: ARTICLE 4, Section 4.06 Meetings by Electronic Communication

Current Bylaw	Proposed Bylaw	Rationale
Section 4.06. Meetings by Electronic Communication. Any meeting of the Board of Directors, region boards, or any committee may be conducted, in whole or in part, by telephone, electronic transmission, or by electronic video screen communication. A member of the Board of Directors, a region board, or any committee shall be deemed present in person at the meeting if the following apply: **(a)** Each director, region board, or committee member participating in the meeting can communicate concurrently with all other directors, region board, or committee members. **(b)** Each director, region board or, committee member is provided the means of participating in all matters before the board, region board, or committee, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.	**Section 4.06. ~~Meetings by Electronic Communication.~~ Alternatives to Traditional Meetings.** **(a)** Any meeting of the Board of Directors, region boards, or any committee may be conducted, in whole or in part, by telephone, electronic transmission, or by electronic video screen communication. A member of the Board of Directors, a region board, or any committee shall be deemed present in person at the meeting if the following apply: 1) Each director, region board, or committee member participating in the meeting can communicate concurrently with all other directors, region board, or committee members. 2) Each director, region board or, committee member is provided the means of participating in all matters before the board, region board, or committee, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association. **(b)** To the extent permitted by applicable law and subject to all applicable requirements, any action that may be taken at a regular or special Board of Directors, a region board, or any committee may be approved by unanimous written consent of the members of that body.	Amendment to allow the flexibility to take action by written consent. LAC recommended this language be added to Article 4 instead of Article 9.

Amendment 3: ARTICLE 5, Regions

Current Bylaw	Proposed Bylaw	Rationale
Section 5.02. Officers (a) The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region in each odd-numbered year. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. Association staff shall verify the legitimacy of the ballots.	**Section 5.02. Officers** (a) The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region in each odd-numbered year. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. Five or more members of the Association from the region shall constitut~~ing~~ a quorum for the purposes of regional board elections. Association staff shall verify the legitimacy of the ballots.	Amendment to clarify the quorum for region board elections is five members.

Amendment 4: ARTICLE 6, Section 6.04, Meetings

Current Bylaw	Proposed Bylaw	Rationale
Section 6.04. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at the discretion of the president or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.	**Section 6.04. Meetings.** The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06. With the exception of closed sessions as designated by the Executive Committee, all members of the Board of Directors and Council of Past Presidents may attend any meeting of the Executive Committee. However, ~~Meetings of~~ the Executive Committee may ~~be~~ close~~d~~ its meetings to select or all non-members of the Committee ~~to others~~ at the discretion of the president or by a majority vote of the Executive C~~e~~ommittee. Any decision to close an Executive Committee meeting to others shall be final and not reversible except with the consent of party that decided to close the meeting.Only members of the Executive Committee are allowed to vote on Executive Committee matters. ~~at a meeting of the committee.~~	Amendment to limit attendance during closed session discussions involving personnel matters to preserve the confidentiality of sensitive employment information, protect the privacy rights of employees and applicants, and promote candid discussion by those with responsibility for making personnel decisions. Importantly, the Board of Directors could conduct its own closed session prior to any final action. This amendment ensures flexibility for the Executive Committee's internal deliberation and consideration while preserving ultimate Board decision-making authority.

Amendment 5, ARTICLE 8, Section 8.01, Council of Past Presidents

Current Bylaw	Proposed Bylaw	Rationale
Section 8.01. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board and Executive Committee meetings, including attending closed sessions. With the exception of the immediate past president, members of the Council of Past Presidents are non-voting.	**Section 8.01. Council of Past Presidents.** There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board and Executive Committee meetings, including attending closed sessions of the Board. Members of the Council of Past Presidents may also attend ~~closed session~~ meetings the Executive Committee except as designated by the Executive Committee as further described in Section 6.04. With the exception of the immediate past president, members of the Council of Past Presidents are non-voting.	Amendment to clarify that the Council of Past Presidents may attend Board of Directors and Executive Committee meetings, with the exception of Executive Committee closed sessions as designated by the Executive Committee.

Amendment 6, Article 9, Section 9.08, Quorum

Current Bylaw	Proposed Bylaw	Rationale
Section 9.08. Quorum. The presence of the authorized representatives of at least 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business. Actions taken by written ballot shall require the timely receipt of the written ballot from the authorized representatives of at least 50 members to constitute a quorum.	**Section 9.08. Quorum.** The presence of the authorized representatives of at least 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business. Actions of the members of the Association taken by written ballot shall require the timely receipt of the written ballot from the authorized representatives of at least 50 members to constitute a quorum.	Amendment to clarify that the quorum for the region board elections is five, consistent with the quorum needed to conduct business at a region meeting, as established in Section 5.04, and with newly amended quorum language to elect region boards in Section 5.02.

PROPOSED AMENDED AND RESTATED BYLAWS of the Association of California Water Agencies

REDLINE

Amended and restated by the ACWA Members: December 4, 2024

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(As amended and restated by the Members on December 4, 2024)

ARTICLE 1 - General

Section 1.01. Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 1.02. Principal Office. The principal office for the transaction of business of the Association shall be located in Sacramento, California.

Section 1.03. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

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ARTICLE 2 – Membership and Dues

Section 2.01. Membership.

(a) Members. Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in Section 2.01(b) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association. A member of the Association shall be in good standing if in compliance with all bylaws and requirements of membership, including timely payment of annual dues and emergency assessments.

(b) Honorary Life Members. Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.

(c) Termination of Members. Membership shall cease upon the failure of any member to pay the dues provided for in Section 2.02 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2.02. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 2.03. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member;

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and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 - Officers

Section 3.01. President and Vice President.

(a) **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association by written ballot in each odd-numbered year before the Association's annual meeting, shall be announced at the Association's annual meeting, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.

(b) **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting, *ex officio* member of each committee, but shall not be an *ex officio* member of the Election Committee or the region boards.

The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

(c) **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president. The vice president shall be a non-voting, *ex officio* member of each committee, but shall not be an *ex officio* member of the Election Committee or the region boards.

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The vice president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

Section 3.02. Executive Director/Secretary and Controller/Treasurer.

(a) **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.

(b) **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.

(c) **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4 – Board of Directors

Section 4.01. **Membership.** The Board of Directors shall consist of:

(a) The Association president and vice president.

(b) The chair and vice chair of each region.

(c) The chair of each standing committee.

(d) The most immediate active past president.

(e) The vice president of the ACWA/Joint Powers Insurance Authority.

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Section 4.02. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors. Except as provided in Article 4, Section 4.11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 4.03. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4.04. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 4.05. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. However, the president's determination of necessity shall control. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 4.06. ~~Meetings by Electronic Communication.~~ Alternatives to Traditional Meetings.

(a) Any meeting of the Board of Directors, region boards, or any committee may be conducted, in whole or in part, by telephone, electronic transmission, or by electronic video screen communication. A member of the Board of Directors, a region board, or any committee shall be deemed present in person at the meeting if the following apply:

~~(a)~~(1) Each director, region board, or committee member participating in the meeting can communicate concurrently with all other directors, region board, or committee members.

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~~(1)~~ (2) Each director, region board or, committee member is provided the means of participating in all matters before the board, region board, or committee, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.

(b) To the extent permitted by applicable law and subject to all applicable requirements, any action that may be taken at a regular or special Board of Directors, a region board, or any committee may be approved by unanimous written consent of the members of that body.

~~Section 4.06.~~Section 4.07. **Quorum**. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters; enforcement of violations of the code of conduct; pending or anticipated litigation or other legal matters, including, but not limited to, considering whether to file or join in an amicus brief; real property negotiations and discussions; and other confidential matters as determined by the Board to the extent permitted by applicable law. (See Board Policy 2.1.8.3.)

~~Section 4.07.~~Section 4.08. **Alternates.** Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the standing committee chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

~~Section 4.08.~~Section 4.09. **Vacancies for Standing Committee Chairs and Vice Chairs.** Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

~~Section 4.09.~~Section 4.10. **Duties, Authorities, and Delegation.** Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of employment, and annual evaluations as prepared by the Executive Committee; (4)

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annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

~~Section 4.10.~~Section 4.11. **Immediate Past President.** The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

~~Section 4.11.~~Section 4.12. **Code of Conduct of Board Members.**

(a) The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. (See Code of Conduct Policy, Board Policy Manual, Policy No. GO-2.1A.) The code shall be consistent with the procedural processes contained in the Code of Conduct Policy. (See sections 2.1.3A and 2.1.4A of Policy GO-2.1A of the Board Policy Manual.) The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.

ARTICLE 5– Regions

Section 5.01. Boundaries of Each Region.

(a) There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.

(b) A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in Section 5.01(a) above, as well as others deemed by the Board of Directors to be relevant to the decision.

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Section 5.02. Officers.

(a) The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region in each odd-numbered year. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. Five or more members of the Association from the region shall constitute~~ing~~ a quorum for purposes of regional board elections. Association staff shall verify the legitimacy of the ballots.

(b) The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the Board of Directors.

(c) Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.

(d) Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 5.03. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year.

Section 5.04. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting,

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regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06.

Section 5.05. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 5.06. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 – Executive Committee

Section 6.01. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 6.02. Powers. The Executive Committee shall have the following authority:

(a) Personnel. Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be approved by the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

(b) Delegation. The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.

(c) Authority to Act Between Meetings. The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The

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Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 6.03. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 6.04. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06. With the exception of closed sessions as designated by the Executive Committee, all members of the Board of Directors and Council of Past Presidents may attend any meeting of the Executive Committee. However, ~~Meetings of~~ the Executive Committee may ~~be~~ close~~d~~ its meetings to select or all non-members of the Committee ~~to others~~ at the discretion of the president or by a majority vote of the Executive C~~c~~ommittee. Any decision to close an Executive Committee meeting to others shall be final and not reversible except with the consent of party that decided to close the meeting. Only members of the Executive Committee are allowed to vote on Executive Committee matters ~~at a meeting of the committee~~.

Section 6.05. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 – Standing Committees

Section 7.01. Qualification. In order to serve on any Association standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the

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appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 7.02. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 7.03. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Any meetings of standing committees may be conducted, in whole or in part, by electronic transmission or by electronic video screen communication, as set forth in Section 4.06. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 7.04. Committee Composition. Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committees subject to the rules and procedures of each committee. If the chair is absent, the vice chair shall fill the role of the chair during such absence.

Section 7.05. Agriculture Committee. There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of the Association and its members. The committee shall consist of at least one member from each region.

Section 7.06. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to member agencies. The committee shall consist of at least one member from each region and may include members from any of the other standing committees.

Section 7.07. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound public information and education programs and practices among member agencies. The committee shall

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consist of no more than 40 members. The committee shall consist of at least one member from each region.

Section 7.08. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.09. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting member agencies, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one, but no more than five members from each region.

Section 7.10. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, either the chair or vice chair from each of the Association's 10 region boards, and one additional member from each region with experience in financial matters.

Section 7.11. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.12. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to member agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the member agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 34 and 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. The committee shall consist of at least one member from each region.

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Section 7.13. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one, but no more than three members from each region.

Section 7.14. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section 7.15. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting member agencies and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's legislative program. The committee shall consist of members representing a variety of types of member agencies and at least one, but no more than four members from each region.

Section 7.16. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one, but no more than four members from each region.

Section 7.17. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested member agencies to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one member from each region.

ARTICLE 8 – Special Councils, Committees, and Task Forces

Section 8.01. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board and Executive Committee meetings, including attending closed sessions of the Board. Members of the Council of Past Presidents may also attend ~~closed sessions~~ meetings of the Executive Committee except as designated by the Executive Committee as further described in Section 6.04. With the exception of the immediate past president, members of the Council of Past Presidents are non-voting.

Section 8.02. Election Committee. There shall be an Election Committee consisting of eleven representatives established by February 28 of each odd-numbered year, whose purpose shall be to present qualified individuals for the offices of president and vice president of the Association. The Election Committee shall vet all candidates to determine if the eligibility criteria have been met. The Election Committee will endorse a preferred candidate for president and vice president before presenting an open ballot with all qualifying candidates to the members for a vote in the manner set forth in Section 9.10 and Section 9.11.

(a) Selection. The Election Committee shall be selected in the following manner:

(1) Each of the 10 currently seated Region Boards in the odd-numbered year shall appoint a representative from their respective regions to serve on the Election Committee.

(2) One representative appointed by the president in the odd-numbered year shall also serve on the Election Committee. Neither the president nor the vice president qualifies to be appointed to this position.

(b) Qualification. In order to serve on the Election Committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Past presidents, who are Honorary Life Members of the Association, may also serve on the Election Committee without meeting stated qualifications unless otherwise disqualified. Where an individual ceases to meet these criteria during the election cycle, the individual may not continue to serve. When the disqualified member represented a Region Board, the affected Region Board shall select a replacement representative. When the disqualified member represented the President, the President shall select an alternate representative.

Section 8.03. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 – Meetings of Members

Section 9.01. Meetings. Meetings of the members of the Association shall be held at the Association's conferences to provide a report to the members on the Association's activities during the past year, provide an overview of the Association's finances, announce the newly elected president and vice president of the Association in each odd-numbered year, and to transact such other proper business as may come before the meeting.

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Section 9.02. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 9.03. Meetings by Remote Communication. Any meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the Association or by electronic video screen communication. The member shall be deemed present in person at the meeting if the following apply:

(a) The Association implements reasonable measures to provide the member a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings.

(b) If any member votes or takes other action at the meeting by means of electronic transmission to the Association or electronic video screen communication, a record of that vote or action is maintained by the Association.

(c) The Association verifies that each person participating remotely is an authorized representative of a voting member.

Section 9.04. Notice Requirements for Membership Meetings. Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Section 9.05. Notice Requirements for Special Meetings. The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting

is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

Section 9.06. Voting. Each member of the Association in good standing at the time of the annual or special meeting shall be entitled to one vote that shall be cast by its authorized representative. Each member must designate its authorized representative prior to the annual or special meeting. It is the member's responsibility to designate or update its authorized representative as needed. The Association may confirm with any member the identity of that member's authorized representative for the purpose of casting ballots in any election of president and vice president, amendments to these Bylaws, or other Association business that requires a vote. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any authorized representative.

Section 9.07. Amendment of Bylaws. These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

Section 9.08. Quorum. The presence of the authorized representatives of at least 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business. Actions of the members of the Association taken by written ballot shall require the timely receipt of the written ballot from the authorized representatives of at least 50 members to constitute a quorum.

Section 9.09. Amendments, Revisions, and Resolutions. Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 9.04. The 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 9.06 and 9.07.

Section 9.10. Nomination of President and Vice President.

(a) **Qualification.** At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.

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(b) **Nominating Resolutions.** All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.

Section 9.11. Election of President and Vice President. Each member of the Association in good standing at the time a vote is cast is entitled to one vote for election of the president and vice president that shall be cast by its authorized representative by written ballot. The ballot and any related material may be sent by first class, registered, or certified mail or electronic transmission by the Corporation that meets the requirements of Corporations Code section 20, and responses may be returned to the Corporation by mail or electronic transmission. On any written ballot for the election of president or vice president, an authorized representative acting on behalf of the member may write in a qualified candidate for election. Nominating resolutions for write-in candidates must be received by the deadline for the return of ballots.

Section 9.12. Write-In Candidates. If a write-in candidate prevails in any election for president or vice president, such individual shall not be officially elected into such position until the Election Committee confirms that the individual meets the eligibility criteria and qualifications requirements.

Section 9.13. Run-off Election for President and Vice President. In the event a nominee does not receive a majority of the votes for president or vice president, a run-off election shall be held for the office or offices for which a majority of the votes have not been received. The run-off election shall only involve the nominees who received the two highest amounts of votes. The run-off election shall be conducted in the same manner as the initial election.

Section 9.14. Additional Procedures for Election of President and Vice President. The Board shall have the authority to adopt policies for elections ("Election Policy") of president and vice president setting forth the details for the election of such positions when not otherwise contrary to or covered by these bylaws.

Section 9.15. Action by Written Ballot. To the extent permitted by applicable law and subject to all applicable requirements, any action that may be taken at a regular or special member meeting of the members may be approved by written ballot if a ballot is sent to each member entitled to vote on the matter. If approved by the Board, ballots may be sent and returned by electronic transmission as permitted in the Corporations Code. Ballot format, solicitation and voting thresholds shall meet the requirements of the Corporations Code and be consistent with applicable provisions of these Bylaws.

ARTICLE 10–Indemnification of Directors, Officers, and Other Agents

Section 10.01. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in

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connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 10.02. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 10.03. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 10.04. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 11 - Miscellaneous

Section 11.01. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert's Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 11.02. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 11.03. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all

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debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to mutual benefit corporations then in effect and with the Articles of Incorporation.

Section 11.04. Definitions. As used in these Bylaws, the terms "electronic transmission" and "notice provided by electronic means" shall refer to notice and other communications given by fax or e-mail.

Section 11.05. Conflicts Between Bylaws and Other Association Policies. To the extent permitted by applicable law, these Bylaws shall govern in the event there is a conflict between these Bylaws and another Association policy, rule, or procedure.

Amended comprehensively December 1, 2010
Amended May 9, 2012
Amended May 7, 2014
Amended December 2, 2015
Amended November 29, 2017
Amended & Restated November 30, 2022
Amended & Restated December 4, 2024

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Item No. 9

INFORMATION ITEM
October 14, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Hilary Chumpitazi, Director of Finance/IT
Therese Plaganas, Senior Accountant

SUBJECT: **INDIVIDUAL CHARGES DISCLOSURE REPORT**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information.

REPORT

Purpose

This item provides the Administration & Finance Committee a summary of the District's Individual Charges Disclosure Report for the fiscal year ending June 30, 2026.

Background

California Government Code Section 53065.5 mandates that all special districts, such as the Municipal Water District of Orange County, publicly disclose any reimbursement or payment made to an employee or Board member for an "individual charge" of $100 or more. The purpose of this law is to ensure transparency in the use of public funds. "Individual charges" include single payments for items like one night of lodging, a meal, a flight, or a product or service.

Discussion

The Fiscal Year (FY) 2025-26 Individual Charges Disclosure Report (Attachment 1) summarizes all individual charges of $100 or more. The report documents a total of $6,508.38 in reimbursements. This amount is broken down by position and event, providing a clear record of the specific costs incurred.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☐ *Invest in workforce development and succession planning.*

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Attachment 1: FY 2025-26 Individual Charges Disclosure Report

Municipal Water District of Orange County
Individual Charges Disclosure
For the period of 07/1/2025 - 06/30/2026

POSITION:	VENDOR:	EVENT:	ITEM:	AMOUNT
Board of Director	Reimbursement	HP Printer	Office supplies	$ 182.10
	Reimbursement	CRWUA Conference in Las Vegas, NV on 12/15/25 and 12/18/25 - Roundtrip	Mileage	$ 364.00
	Reimbursement	ACWA Spring 2026 Conference in Sacremento, CA on 05/07/26 - One way	Mileage	$ 305.23
			Board of Director Total:	**$ 851.33**
Director of Government Affairs	Hyatt Regency	CSDA Legislative Days in Sacramento, CA from 04/06/26-04/08/26	Travel & Accommodations	$ 580.90
			Director of Government Affairs Total:	**$ 580.90**
Director of Public Affairs	Reimbursement	Urban Water Institute 2025 Annual Conference in San Diego, CA on 08/21/25 - Dinner for D. Micalizzi, A. Nederhood, J. Thomas, L. Ackerman, and guest	Travel & Accommodations	$ 678.84
			Director of Public Affairs Total:	**$ 678.84**
Executive Assistant	Reimbursement	Custom order cookies for Water Professional Appreciation Week	Miscellenous item	$ 206.00
			Executive Assistant Total:	**$ 206.00**
Principal Engineer	Reimbursement	Professional Engineers (PE) License Renewal	License	$ 180.00
			Principal Engineer Total:	**$ 180.00**
Public Affairs Manager	Reimbursement	Education Supplies	Miscellanous item	$ 155.63
			Public Affairs Manager	**$ 155.63**
Water Use Efficiency Program Supervisor	Southwest Airlines	AWWA WaterSmart Innovations conference in Reno, NV from 10/07/25-10/09/25	Travel & Accommodations	$ 530.36
			Water Use Efficiency Program Supervisor Total:	**$ 530.36**
WEROC Emergency Coordinator	Reimbursement	Breakfast items purchased from Costco for WEROC Member Agency Coordination meeting on 02/09/26	Miscellenous item	$ 103.10
	Hyatt Regency	California Emergency Services Association Annual Conference in San Diego, CA from 05/03/26-05/08/26	Travel & Accommodations	$ 1,521.47
			WEROC Emergency Coordinator Total:	**$ 1,624.57**
WEROC Emergency Specialist	Hyatt Regency	California Emergency Services Association Annual Conference in San Diego, CA from 05/03/26-05/08/26	Travel & Accommodations	$ 1,557.00
			WEROC Emergency Specialist Total:	**$ 1,557.00**
WEROC Specialist	Reimbursement	Beach Cities Auto Wash & Detail for WEROC Mobile Command Vehicle for 09/30/25 Grand Jury Presentation	Maintenance - EOC	$ 143.75
			WEROC Specialist Total:	**$ 143.75**
			Grand Total	**$ 6,508.38**

Item No. 10

INFORMATION ITEM
October 14, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Hilary Chumpitazi, Director of Finance/IT
Lina Gunawan, Senior Accountant

SUBJECT: **CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) ANNUAL VALUATION REPORT AS OF JUNE 30, 2025**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information.

REPORT

Purpose

This item provides the Administration & Finance Committee with the California Public Employees' Retirement System (CalPERS) annual valuation as of June 30, 2025. The report discloses the assets and accrued liabilities and determines the minimum required contribution for both the employer and the employee for the next fiscal year.

Background

Annually, the CalPERS actuaries prepare an actuarial valuation for the Municipal Water District of Orange County's (MWDOC or District) rate plans in the Miscellaneous Risk Pool. Historically, CalPERS has prepared two separate actuarial evaluations, one for our Classic plan and one for our Public Employees' Pension Reform Act (PEPRA) plan (all employees hired in 2013 and afterward who are new to CalPERS are in this plan). Beginning with the June 30, 2024 actuarial valuations, CalPERS combined our Classic and PEPRA rate plans, hoping to give MWDOC a clearer picture of the pension plan's financial health and long-term costs.

The Classic Plan (Rate Plan 4054) was offered to MWDOC employees until 2013, when MWDOC adopted the PEPRA plan (Rate Plan 26684). The Classic Plan benefit is 2% at

age 55, while the PEPRA Plan is 2% at age 62, making it less expensive for MWDOC to fund its share, and the employee contributes more to this plan.

Discussion

Summary of key valuation results, as shown on Page 4 of the CalPERS Actuarial Valuation Report as of June 30, 2025 (Attachment 1), are outlined below:

Classic Plan (Rate Plan 4054)

- MWDOC's Employer Normal Cost Rate is 12.56% for this fiscal year and will be increased by .55% to 13.11% for Fiscal Year (FY) 2027-28. This rate represents the annual cost of service accrual for the upcoming fiscal year for active employees. It is shown as a percentage of payroll and paid through the payroll reporting process.
- Employees will continue to contribute 7% towards their retirement plan.

PEPRA Plan (Rate Plan 26684)

- MWDOC's Employer Normal Cost Rate is 7.93% for this fiscal year and will be increased by .12% to 8.05% for FY 2027-28.

Employees will continue to contribute 7.75% towards their retirement plan.

Unfunded Accrued Liability

The Unfunded Accrued Liability (UAL) is an annual payment on the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and members entitled to deferred benefits, as of the valuation date. The UAL for both plans has been combined into one amount and can be billed monthly. However, MWDOC prepays it in full annually to save approximately 3.2%, or $12,885 for FY 2026-27. The annual UAL prepayment total for this fiscal year is $385,297 and will increase by 6.2% to $409,218 for FY 2027-28.

The Projected Employer Contributions assume that all actuarial assumptions will not change, including a 6.8% return. MWDOC's UAL payments are projected to vary over the next several years and may increase or decrease from year to year.

MWDOC's funded status as of June 30, 2025, is 86.6%, with a UAL of $3,458,209, a reduction of $753,786 from last year, primarily due to higher interest returns. Subtracting the balance of our Public Agency Retirement Services (PARS) Section 115 Pension Trust as of June 30, 2026, of $2,932,972, we have a UAL of $525,237, which increases our funded status to 98%.

Additional Information

CalPERS announced a return on investments of 11.6% for June 2025 and a preliminary 14.8% return for June 2026. Both exceeded the assumed annual investment return of 6.8%.

MWDOC made its 9th annual deposit of $207,000 for FY 2026-27 to the PARS 115 Pension Trust. This completes the 9th of a ten-year payment plan to become fully funded (pending external factors).

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☒ *Invest in workforce development and succession planning.*

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☒	Choice: ☐	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Attachment 1: CalPERS Actuarial Valuation Report as of June 30, 2025

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2026

All Rate Plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool (CalPERS ID: 6497938438)
Annual Valuation Report as of June 30, 2025

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2025, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2027-28**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
  - 4054, Miscellaneous Plan
  - 26684, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2025.

Section 2 can be found on the CalPERS website in the Forms & Publications section. Search for *"Risk Pool*" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2025.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2027-28 along with an estimate of the required employer Unfunded Accrued Liability (UAL) contribution for FY 2028-29. **The required employer and member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate
2027-28	4054	13.11%	7.00%
	26684	8.05%	7.75%

Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2027-28	$422,903
	Projected (Estimated)
2028-29	*$453,000*

The actual investment return for FY 2025-26 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2025-26 differs from 6.8%, the actual UAL contribution requirement for FY 2028-29 will differ from that shown above. For additional information on future contribution requirements, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2032-33.

Changes from Previous Year's Valuations

On November 19, 2025, the CalPERS Board of Administration (board) adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increase, the inflation assumption, and various other assumptions for public agencies. These new assumptions are incorporated in this actuarial valuation and impact the required contributions for FY 2027-28.

In addition, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. The board adopted a discount rate of 6.80%, which is unchanged from the prior year's valuation, and an increase in the price inflation assumption from 2.30% to 2.50% per year.

Besides the above-noted changes, there may also be changes specific to the plan such as contract amendments and funding changes such as additional discretionary payments and amortization schedule fresh starts.

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated UAL value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See Member Contribution Rates for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Rate Plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool

as of June 30, 2025

Consolidated Plan ID: 26684

(CalPERS ID: 6497938438)
(Rate Plan IDs: 4054, 26684)

Required Contributions for Fiscal Year

July 1, 2027 — June 30, 2028

CalPERS

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Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 2 may be found on the CalPERS website in the Forms & Publications section.

Section 1

California Public Employees' Retirement System

Employer Specific Information for the Rate Plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool

(CalPERS ID: 6497938438)
(Rate Plan IDs: 4054, 26684)

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and are relied upon without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of my knowledge and having relied upon the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Municipal Water District of Orange County, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

Highlights and Executive Summary

- **Introduction** **3**
- **Purpose of Section 1** **3**
- **Summary of Key Valuation Results** **4**
- **Changes Since the Prior Year's Valuation** **5**
- **Subsequent Events** **5**

Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the rate plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2027-28.

Purpose of Section 1

This Section 1 report for rate plans of the Municipal Water District of Orange County in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2025. This report contains actuarial information for the following rate plan(s).

- 4054, Miscellaneous Plan
- 26684, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2025;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2027, through June 30, 2028;
- Determine the required member contribution rate for FY July 1, 2027, through June 30, 2028, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2025.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2026-27	Fiscal Year 2027-28
Employer Normal Cost Rates		
Rate Plan 4054	12.56%	13.11%
Rate Plan 26684	7.93%	8.05%
Unfunded Accrued Liability (UAL) Contribution Amount	$398,182	$422,903
Paid either as		
Option 1) 12 Monthly Payments of	$33,181.83	$35,241.92
Option 2) Annual Prepayment in July	$385,297	$409,218

Member Contribution Rates — page 9

	Fiscal Year 2026-27	Fiscal Year 2027-28
Rate Plan 4054	7.00%	7.00%
Rate Plan 26684	7.75%	7.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 4054	Rate Plan 26684	
2028-29	13.1%	8.1%	$453,000
2029-30	13.1%	8.1%	$424,000
2030-31	13.1%	8.1%	$393,000
2031-32	13.1%	8.1%	$374,000
2032-33	13.1%	8.1%	$369,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2024	June 30, 2025
Entry Age Accrued Liability (AL)	$23,741,003	$25,885,928
Fair Value of Assets (Assets)	19,529,008	22,427,719
Unfunded Accrued Liability (UAL) [AL – Assets]	$4,211,995	$3,458,209
Funded Ratio [Assets ÷ AL]	82.3%	86.6%

Summary of Valuation Data — page 28

	June 30, 2024	June 30, 2025
Active Member Count	36	42
Annual Covered Payroll	$4,891,348	$5,897,106
Transferred Member Count	21	21
Separated Member Count	24	24
Retired Members and Beneficiaries Count	17	17

Changes Since the Prior Year's Valuation

Investment Policy and Discount Rate

On November 19, 2025, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. Consistent with that policy, the board also adopted a discount rate of 6.80% for use in this valuation, which is unchanged from the prior year's valuation.

Actuarial Methods and Other Assumptions

On November 19, 2025, the board adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study assessed various assumptions including retirement rates, termination rates, mortality rates, rates of salary increase, and inflation. New assumptions stemming from the study are incorporated in this actuarial valuation and affect required contributions for fiscal year 2027-28. Among the changes were an increase in the price inflation assumption from 2.30% to 2.50% per year and an increase in the wage inflation assumption from 2.80% to 3.00% per year.

Plan Assets

Plan assets are measured at fair value. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Plan Identification

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated Unfunded Accrued Liability (UAL) value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

Amendments to Regulations Regarding Participation in Risk Pools

On September 17, 2025, the board approved amendments to pooling regulations, which were endorsed by the Office of Administrative Law on May 12, 2026. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool and become non-pooled plans. The general rule is that if an employer sponsors a pooled plan with at least 150 but less than 200 active members as of the valuation date, the employer may elect to remove that plan from the risk pool. If the plan has at least 200 active members, the plan will be automatically removed. More information can be found in Regulatory Actions on the CalPERS website under the heading Participation in Risk Pools.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.5% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

To the best of our knowledge, there have been no subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

- **Determination of Required Contributions** 7
- **Required Employer Contributions** 8
- **Member Contribution Rates** 9
- **Breakdown of Entry Age Accrued Liability** 10
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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The UAL Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see Member Contribution Rates.

Required Employer Contributions	Fiscal Year 2027-28
Employer Normal Cost Rate	
Classic Rate Plan 4054	**13.11%**
PEPRA Rate Plan 26684	**8.05%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount†	**$422,903**
Paid either as	
1) Monthly Payment	**$35,241.92**
Or	
2) Annual Prepayment Option‡	**$409,218**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

†The required UAL contribution does not take into account any additional discretionary payment made after April 30, 2026.
‡Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2026-27	Fiscal Year 2027-28
Classic Rate Plan 4054		
Base Total Normal Cost for Formula	18.85%	19.36%
Surcharge for Class 1 Benefits[1]	0.64%	0.69%
Plan's Total Normal Cost	19.49%	20.05%
Offset Due to Employee Contributions[2]	(6.93%)	(6.94%)
Employer Normal Cost for Rate Plan 4054	12.56%	13.11%
PEPRA Rate Plan 26684		
Base Total Normal Cost for Formula	15.68%	15.80%
Surcharge for Class 1 Benefits[1]	0.00%	0.00%
Plan's Total Normal Cost	15.68%	15.80%
Offset Due to Employee Contributions[2]	(7.75%)	(7.75%)
Employer Normal Cost for Rate Plan 26684	7.93%	8.05%

[1] See Surcharge for Class 1 Benefits in the supplementary information section of this report.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2027, based on 50% of the total normal cost rate as of the June 30, 2025, valuation.

		Basis for Current Rate		Rates Effective July 1, 2027			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26684	PEPRA Miscellaneous Plan	15.43%	7.75%	15.80%	0.37%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	$14,192,271
Transferred Members	2,229,196
Separated Members	1,000,758
Members and Beneficiaries Receiving Payments	8,463,703
Total	$25,885,928

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$25,885,928
2.	Projected UAL Balance at 6/30/2025	4,218,992
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2025 for Asset Share	4,218,992
5.	Pool's Accrued Liability[1]	26,128,329,326
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2025[1]	5,408,106,113
7.	Pool's 2024-25 Investment (Gain)/Loss[1]	(1,023,922,845)
8.	Pool's 2024-25 Non-Investment (Gain)/Loss[1]	254,352,784
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	(1,070,706)
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	251,993
11.	Plan's New (Gain)/Loss as of 6/30/2025: (9) + (10)	(818,713)
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	58,472,717
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	57,930
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	(1,070,706)

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$3,458,209
19.	Plan's Share of Pool's Fair Value of Assets: (1) - (18)	$22,427,719

For a reconciliation of the pool's Fair Value of Assets, information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the fair value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2024	June 30, 2025
1. Present Value of Benefits	$30,865,295	$35,177,028
2. Entry Age Accrued Liability	23,741,003	25,885,928
3. Fair Value of Assets	19,529,008	22,427,719
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$4,211,995	$3,458,209
5. Funded Ratio [(3) ÷ (2)]	82.3%	86.6%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$29,728,540	$25,885,928	$22,748,826
2. Fair Value of Assets	22,427,719	22,427,719	22,427,719
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$7,300,821	$3,458,209	$321,107
4. Funded Ratio [(2) ÷ (1)]	75.4%	86.6%	98.6%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in Amortization Schedule and Alternatives. Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of $422,903 for FY 2027-28, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2027-28 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2027-28 minimum required UAL payment is 47%, which means the required payment of $422,903 includes $200,393 of interest cost and results in a $222,510 reduction in the UAL, as can be seen in Amortization Schedule and Alternatives (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in Projected Employer Contributions. An alternative metric that provides similar information about the FY 2027-28 required UAL payment is the number of years it would take that payment, if held constant, to pay off the existing UAL (note: actual required UAL payments will vary each year). An annual payment of $422,903 would pay off the current UAL in 10.3 years (ignoring any unexpected changes in UAL occurring after June 30, 2025). If the agency would like their FY 2027-28 payment toward the UAL to be consistent with a faster pace for reaching 100% funded, an ADP can be added to the required minimum payment.

Provided below are select ADP options for consideration. Making such an ADP during FY 2027-28 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2027-28 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were…	The Current UAL Would be Paid Off in…	This Would Require an ADP[1] in FY 2027-28 of…	Plus the Estimated Normal Cost of…	Estimated Total Contribution
$422,903	10.3 years	$0	$651,635	$1,074,538
430,651	10 years	7,748	651,635	1,082,286
740,586	5 years	317,683	651,635	1,392,221

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2027, as determined in the June 30, 2025, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2026.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2023-24	$500,000
2020-21	0	2024-25	0
2021-22	0	2025-26	0
2022-23	0		

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2025-26 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. The employer normal cost rate for pooled plans is relatively constant from year to year when there are no assumption changes. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool, in which case the employer normal cost would be based only on the members of that plan and will be different than the projections below. Plans with at least 200 active members on a valuation date will be automatically removed from the risk pool.

If the normal cost rates do remain constant, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

		Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)**				
		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Rate Plan Identifier	**Covered Payroll June 30, 2025**	Normal Cost Rates (Percentage of Payroll)					
4054	$2,878,915	13.11%	13.1%	13.1%	13.1%	13.1%	13.1%
26684	3,018,191	8.05%	8.1%	8.1%	8.1%	8.1%	8.1%
	UAL Payment	$422,903	$453,000	$424,000	$393,000	$374,000	$369,000

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2027-28.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2025-26 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2026, if necessary, and the expected payment for FY 2026-27 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	18	960,526	74,919	948,417	77,017	933,317	79,174
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	18	(9,234)	(720)	(9,118)	(740)	(8,973)	(761)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	10	482,828	50,853	463,107	52,276	440,574	53,740
Assumption Change	6/30/14	100%	Up/Dn	2.80%	9	392,339	52,415	364,850	53,883	333,975	55,391
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	19	(802,343)	(60,289)	(794,597)	(61,977)	(784,580)	(63,713)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	19	851	64	843	66	832	68
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	20	509,204	36,959	505,635	37,994	500,754	39,058
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	20	(39,924)	(2,898)	(39,644)	(2,979)	(39,261)	(3,062)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	11	185,879	21,041	176,774	21,630	166,441	22,236
Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	21	179,283	12,600	178,453	12,953	177,202	13,315
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	21	(81,906)	(5,756)	(81,527)	(5,917)	(80,956)	(6,083)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	12	247,407	26,123	237,234	26,854	225,614	27,606
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	22	(393,453)	(26,832)	(392,479)	(27,583)	(390,662)	(28,355)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	22	(19,179)	(1,308)	(19,131)	(1,344)	(19,043)	(1,382)
Assumption Change	6/30/18	100%	Up/Dn	2.80%	13	431,070	42,749	416,204	43,946	399,090	45,176
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	23	(133,327)	(8,840)	(133,258)	(9,088)	(132,928)	(9,342)
Method Change	6/30/18	100%	Up/Dn	2.80%	13	114,208	11,326	110,269	11,643	105,735	11,969
Non-Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	23	62,326	4,132	62,294	4,248	62,140	4,367
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	14	63,249	6,393	60,943	6,393	58,480	6,393
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	14	52,600	5,317	50,682	5,317	48,634	5,317

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	15	329,184	26,236	324,455	32,796	312,625	32,796
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	15	47,694	4,662	46,119	4,662	44,437	4,662
Assumption Change	6/30/21	No Ramp		0.00%	16	92,225	8,744	89,460	8,744	86,507	8,744
Net Investment (Gain)	6/30/21	100%	Up Only	0.00%	16	(1,827,542)	(109,884)	(1,838,256)	(146,512)	(1,811,846)	(183,140)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	16	(72,657)	(6,889)	(70,478)	(6,889)	(68,151)	(6,889)
Investment (Gain)/Loss	6/30/22	80%	Up Only	0.00%	17	2,596,649	106,741	2,662,911	160,112	2,678,523	213,482
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	17	306,660	28,281	298,286	28,281	289,343	28,281
Partial Fresh Start	6/30/22	80%	Up Only	0.00%	17	242,741	9,978	248,936	14,968	250,395	19,957
Investment (Gain)/Loss	6/30/23	60%	Up Only	0.00%	18	122,629	2,636	128,244	5,272	131,516	7,908
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	18	375,581	33,773	366,218	33,774	356,217	33,774
Investment (Gain)/Loss	6/30/24	40%	Up Only	0.00%	19	(509,843)	0	(544,512)	(11,704)	(569,443)	(23,408)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	19	313,267	0	334,569	30,086	326,228	30,086
Assumption Change	6/30/25	No Ramp		0.00%	20	57,930	0	61,869	0	66,076	5,942
Investment (Gain)/Loss	6/30/25	20%	Up Only	0.00%	20	(1,070,706)	0	(1,143,514)	0	(1,221,273)	(26,251)
Non-Investment (Gain)/Loss	6/30/25	No Ramp		0.00%	20	251,993	0	269,129	0	287,430	25,847
Total						**3,458,209**	**342,526**	**3,339,387**	**398,182**	**3,154,969**	**422,903**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			10 Year Amortization		5 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2027	3,154,969	422,903	3,154,969	430,651	3,154,969	740,586
6/30/2028	2,932,459	452,643	2,924,455	430,652	2,604,155	740,586
6/30/2029	2,664,089	424,221	2,678,265	430,652	2,015,886	740,586
6/30/2030	2,406,840	393,342	2,415,334	430,652	1,387,614	740,585
6/30/2031	2,164,009	374,377	2,134,523	430,651	716,621	740,585
6/30/2032	1,924,265	369,145	1,834,618	430,651		
6/30/2033	1,673,622	363,408	1,514,320	430,652		
6/30/2034	1,411,869	351,753	1,172,240	430,651		
6/30/2035	1,144,361	332,354	806,900	430,652		
6/30/2036	878,709	297,025	416,716	430,651		
6/30/2037	631,504	203,312				
6/30/2038	464,336	177,014				
6/30/2039	312,980	155,367				
6/30/2040	173,699	140,355				
6/30/2041	40,462	41,815				
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total	**4,499,034**		**4,306,515**		**3,702,928**	
Interest Paid	**1,344,065**		**1,151,546**		**547,959**	
Estimated Savings			**192,519**		**796,106**	

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 4054	Rate Plan 26684	
06/30/2016	2018-19	9.409%	6.842%	$114,962
06/30/2017	2019-20	10.221%	6.985%	146,840
06/30/2018	2020-21	11.031%	7.732%	176,975
06/30/2019	2021-22	10.88%	7.59%	215,562
06/30/2020	2022-23	10.87%	7.47%	255,889
06/30/2021	2023-24	12.47%	7.68%	231,436
06/30/2022	2024-25	12.52%	7.87%	305,592
06/30/2023	2025-26	12.58%	7.96%	342,526
06/30/2024	2026-27	12.56%	7.93%	398,182
06/30/2025	2027-28	13.11%	8.05%	422,903

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's fair value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability	Share of Pool's Fair Value of Assets	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	$9,842,856	$7,629,192	$2,213,664	77.5%	$2,772,172
06/30/2017	11,229,213	9,047,574	2,181,639	80.6%	3,230,632
06/30/2018	12,989,646	10,320,457	2,669,189	79.5%	3,292,936
06/30/2019	14,130,090	11,232,027	2,898,063	79.5%	3,470,396
06/30/2020	15,510,957	12,198,918	3,312,039	78.6%	4,073,775
06/30/2021	18,000,314	16,344,720	1,655,594	90.8%	4,130,376
06/30/2022	19,619,264	15,327,032	4,292,232	78.1%	4,049,609
06/30/2023	21,350,261	16,526,653	4,823,608	77.4%	4,425,426
06/30/2024	23,741,003	19,529,008	4,211,995	82.3%	4,891,348
06/30/2025	25,885,928	22,427,719	3,458,209	86.6%	5,897,106

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2025 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS Funding Risk Mitigation Policy stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 11.6% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by Investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See Projected Employer Contributions for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 1.9% or 11.6% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return FY 2025-26 through FY 2044-45	Projected Employer UAL Contributions				
	2028-29	2029-30	2030-31	2031-32	2032-33
1.9% (5th percentile)	$480,000	$505,000	$557,000	$648,000	$783,000
11.6% (95th percentile)	$426,000	$15,000	$0	$0	$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.9% or greater than 11.6% over a 20-year period, the likelihood of a single investment return less than 1.9% or greater than 11.6% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.7% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.9% or less and a 2.5% probability that the annual return will be -18.6% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2025-26 on the FY 2028-29 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2028-29.

Assumed Annual Return for Fiscal Year 2025-26	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2027-28	2028-29
(18.6%) (2 standard deviation loss)	$422,903	$592,000
(5.9%) (1 standard deviation loss)	$422,903	$522,000

- Without investment gains (returns higher than 6.8%) in FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2028-29 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.3% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.5%	2.5%	2.5%
Real Rate of Return	**3.3%**	**4.3%**	**5.3%**
a) Total Normal Cost			
Rate Plan 4054	25.26%	20.05%	16.08%
Rate Plan 26684	19.87%	15.80%	12.71%
b) Accrued Liability	$29,728,540	$25,885,928	$22,748,826
c) Fair Value of Assets	$22,427,719	$22,427,719	$22,427,719
d) Unfunded Liability/(Surplus) [(b) - (c)]	$7,300,821	$3,458,209	$321,107
e) Funded Ratio	75.4%	86.6%	98.6%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2025	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.5%**	**2.5%**	**3.5%**
Real Rate of Return	4.3%	4.3%	4.3%
a) Total Normal Cost			
Rate Plan 4054	21.42%	20.05%	18.43%
Rate Plan 26684	16.95%	15.80%	14.46%
b) Accrued Liability	$27,317,435	$25,885,928	$24,158,424
c) Fair Value of Assets	$22,427,719	$22,427,719	$22,427,719
d) Unfunded Liability/(Surplus) [(b) - (c)]	$4,889,716	$3,458,209	$1,730,705
e) Funded Ratio	82.1%	86.6%	92.8%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2025. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2025	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 4054	20.39%	20.05%	19.73%
Rate Plan 26684	16.08%	15.80%	15.54%
b) Accrued Liability	$26,432,764	$25,885,928	$25,385,491
c) Fair Value of Assets	$22,427,719	$22,427,719	$22,427,719
d) Unfunded Liability/(Surplus) [(b) - (c)]	$4,005,045	$3,458,209	$2,957,772
e) Funded Ratio	84.8%	86.6%	88.3%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	$7,769,465	$8,463,703
2. Total Accrued Liability	$23,741,003	$25,885,928
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	33%	33%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	36	42
2. Number of Retirees	17	17
3. Support Ratio [(1) ÷ (2)]	2.12	2.47

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets	$19,529,008	$22,427,719
2. Payroll	$4,891,348	$5,897,106
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	4.0	3.8
4. Accrued Liability	$23,741,003	$25,885,928
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	4.9	4.4

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	29%	3.67	2.8	3.5
06/30/2018	30%	3.30	3.1	3.9
06/30/2019	27%	3.40	3.2	4.1
06/30/2020	27%	3.55	3.0	3.8
06/30/2021	35%	2.53	4.0	4.4
06/30/2022	36%	2.19	3.8	4.8
06/30/2023	37%	2.24	3.7	4.8
06/30/2024	33%	2.12	4.0	4.9
06/30/2025	33%	2.47	3.8	4.4

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2025. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis are based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
6/30/2016	1.86%	6/30/2021	2.00%
6/30/2017	2.61%	6/30/2022	3.38%
6/30/2018	2.91%	6/30/2023	4.06%
6/30/2019	2.31%	6/30/2024	4.61%
6/30/2020	1.18%	6/30/2025	4.79%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Fair Value of Assets also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the assets will change in different interest rate environments, the results below use the plan's share of the pool's Fair Value of Assets as of the valuation date.

	Discount Rate: 3.79% Price Inflation: 2.47%	Discount Rate: 5.79% Price Inflation: 2.47%
1. Termination Liability[1]	$37,009,943	$27,494,537
2. Fair Value of Assets	22,427,719	22,427,719
3. Unfunded Termination Liability [(1) – (2)]	$14,582,224	$5,066,818
4. Funded Ratio [(2) ÷ (1)]	60.6%	81.6%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.58%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2025.

Selected Measures on a Low-Default-Risk Basis	June 30, 2025
Discount Rate	5.58%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	$17,218,145
b) Transferred Members	2,823,747
c) Separated Members	1,182,287
d) Members and Beneficiaries Receiving Payments	9,462,822
e) Total	$30,687,001
2. Fair Value of Assets	22,427,719
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$8,259,282
4. Unfunded Accrued Liability – Funding Policy Basis	3,458,209
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$4,801,073

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

- **Normal Cost by Benefit Group** **27**
- **Summary of Valuation Data** **28**
- **Status of PEPRA Transition** **29**
- **Surcharge for Class 1 Benefits** **29**
- **Plan's Major Benefit Options** **30**

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2027-28. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as changes in economic and demographic assumptions, changes in plan benefits, or changes in applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2027-28	Offset due to Employee Contributions FY 2027-28	Employer Normal Cost FY 2027-28	Number of Actives	Payroll on 6/30/2025
4054	Miscellaneous Plan	20.05%	6.94%	13.11%	15	$2,878,915
26684	PEPRA Miscellaneous Plan	15.80%	7.75%	8.05%	27	3,018,191
	Total				42	$5,897,106

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2024	June 30, 2025
Active Members		
Counts	36	42
Average Attained Age	45.8	44.8
Average Entry Age to Rate Plan	36.9	36.9
Average Years of Credited Service	8.9	8.0
Average Annual Covered Pay	$135,871	$140,407
Annual Covered Payroll	$4,891,348	$5,897,106
Present Value of Future Payroll	$42,496,514	$54,927,236
Transferred Members		
Counts	21	21
Separated Members		
Counts	24	24
Retired Members and Beneficiaries*		
Counts	17	17
Average Annual Benefits	$40,483	$43,923
Total Annual Benefits	$688,207	$746,685

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service in another plan and would therefore have a larger total benefit than would be included as part of the average shown here.

* Values include community property settlements

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	15	27	64.3%
Average Attained Age	53.1	40.3	
Average Entry Age	39.0	35.7	
Average Years of Credited Service	14.3	4.4	
Average Annual Covered Payroll	$191,928	$111,785	
Annual Covered Payroll	$2,878,915	$3,018,191	51.2%
Present Value of Future Payroll	$20,113,413	$34,813,823	63.4%
Transferred Members			
Count	12	9	42.9%
Separated Members			
Count	14	10	41.7%
Retired Members and Beneficiaries Receiving Payments			
Count	17	0	0.0%
Average Annual Benefit	$43,923	$0	
Total Annual Benefits	$746,685	$0	0.0%
Accrued Liabilities			
Active Members	$11,501,392	$2,690,879	19.0%
Transferred Members	1,969,587	259,609	11.6%
Separated Members	926,101	74,657	7.5%
Retired Members and Beneficiaries	8,463,703	0	0.0%
Total	$22,860,783	$3,025,145	11.7%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 4054	Rate Plan 26684
One Year Final Compensation (FAC 1)	0.69%	N/A
Surcharge for Class 1 Benefits	0.69%	0.00%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 4054	**Benefit Group**		
Member Category	**Misc**	**Misc**	
Demographics			
Actives	Yes	No	
Transfers/Separated	Yes	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula	2% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate	7.00%		
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	No		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	Level 4		
Special	No		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$2,000	$2,000	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 26684	**Benefit Group**		
Member Category	**Misc**		
Demographics			
Actives	Yes		
Transfers/Separated	Yes		
Receiving	No		
Benefit Provision			
Benefit Formula	2% @ 62		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate	7.75%		
Final Average Compensation Period	Three Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	No		
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes		
1959 Survivor Benefit Level	Level 4		
Special	No		
Alternate (firefighters)	No		
Post-Retirement Death Benefits			
Lump Sum	$2,000		
Survivor Allowance (PRSA)	No		
COLA	2%		

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website
in the Forms & Publications section

Item No. 11

INFORMATION ITEM
October 14, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Hilary Chumpitazi, Director of Finance/IT
Therese Plaganas, Senior Accountant

SUBJECT: **OTHER POST-EMPLOYMENT BENEFITS (OPEB) ACTUARIAL REPORT AS OF JUNE 30, 2026**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information.

REPORT

Purpose

This item provides the Administration & Finance Committee with a summary of the Other Post-Employment Benefits (OPEB) actuarial report as of June 30, 2026. The report is a summary of the District's recent actuarial valuation as required by the Governmental Accounting Standards Board (GASB) Statement No. 75, which addresses OPEB.

Background

GASB is the organization that establishes accounting and financial reporting standards for U.S. state and local governments. GASB Statement No. 75 specifically dictates how government entities must report on their OPEB liabilities. OPEB refers to benefits, other than pensions, that an employee receives after they retire. For the District, this includes retiree health care benefits.

Discussion

The OPEB Actuarial Report (Attachment 1) outlines the financial health of our OPEB plan, which is funded through an irrevocable trust and a designated reserve. The report states that the OPEB plan remains in a strong financial position and is fully funded. The

"Net OPEB Liability" is a key metric, representing the difference between the benefits we owe to retirees and the assets we have set aside to pay for them.

- **Discount Rate (6.30%):** The discount rate used in valuing the OPEB liabilities for the District's funded plan increased to 6.30% as of June 30, 2026 (up from 6.00% in the prior year). This rate is based on the long-term expected rate of return of the OPEB trust's investments. This rate is a key assumption that converts future benefit payments into a present-day value, directly impacting the calculated liability.

- **Funded Status:** The plan is currently **139.10% funded**. This is a positive indicator, meaning we have more assets in the OPEB trust than the total amount of benefits we are projected to owe. This ratio increased from 130.00% in the prior year, primarily driven by strong actual investment returns of 12.50% outperforming the actuarial target, alongside the discount rate update.

- **OPEB Trust Asset Net Position:** The value of the District's OPEB Section 115 trust increased to **$3.53 million** as of June 30, 2026, from $3.13 million the previous year. This growth resulted from strong investment returns.

- **Total OPEB Liability:** This total OPEB liability is $2.53 million as of June 30, 2026, from $2.41 million the previous year. This covers 12 retirees and 6 active employees who are eligible to receive benefits in the future.

- **Net OPEB Liability:** This year's report shows a negative liability of **($990,897)**, which represents a continued strong financial position. A negative liability means we have a net OPEB asset, indicating the trust is overfunded by this amount.

- **OPEB Reserve fund:** As of June 30, 2026, the reserve fund balance on the balance sheet is $219,815. This further increases the District's funding status to **147.80%,** and it is designated to support the District's irrevocable trust by reimbursing the District for retiree expenses of $118,961.36 in fiscal year 2025-26.

- **Overfunded status**: With a funded status of over 100%, the District continues utilizing the designated OPEB reserve fund to offset retiree expenses as approved by the General Manager. As part of the accounting department's year-end entries, funds from the OPEB reserve fund will be used to offset retiree expenses.

This report is for financial reporting purposes to ensure the District is in compliance with accounting standards. The next actuarial evaluation will be completed as of June 30, 2027.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with Member Agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☐ *Invest in workforce development and succession planning.*

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☐	Choice: ☒	Movement between Cost Centers: ☐ Yes ☒ No
Action item amount: N/A		

Attachments/Links:
Attachment 1: GASB 75 Actuarial Valuation Report

GASB 75 ACTUARIAL VALUATION
Fiscal Year Ending June 30, 2026

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

CONTACT
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September 3, 2026

Hilary Chumpitazi
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92708

This report summarizes the GASB actuarial valuation for the Municipal Water District of Orange County 2025/26 fiscal year . To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. Asset information has been provided to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, expected return on assets, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice. Note that the evaluation of the reasonability of the expected asset return assumption was considered outside the scope of our assignment.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Should you have any questions please do not hesitate to contact us.

Tina Liu, EA, MAAA, FCA
Actuary

Cody Kocher, FSA, MAAA
Actuary

Executive Summary

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2026 compared to the prior fiscal year as shown in the District's Notes to Financial Statement.

	As of June 30, 2025	As of June 30, 2026
Total OPEB Liability	$ 2,409,211	$ 2,534,038
Actuarial Value of Assets	$ (3,133,003)	$ (3,525,025)
Net OPEB Liability	$ (723,792)	$ (990,987)
Funded Ratio	130.0%	139.1%

	FY 2024/25	FY 2025/26
OPEB Expense	$ (90,451)	$ 60,118
Annual Employer Contributions	$ 86,917	$ 124,770
Actuarially Determined Contribution	$ 86,917	$ 0

	As of June 30, 2025	As of June 30, 2026
Discount Rate	6.00%	6.30%
Expected Return on Assets	6.00%	6.30%

	As of June 30, 2026
Total Active Participants	6
Total Retiree Participants	12

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

Executive Summary

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Summary of Results

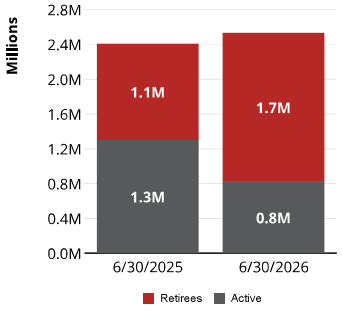
Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre- and post- Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Present Value of Future Benefits	As of June 30, 2025	As of June 30, 2026
Active Employees	$ 1,574,817	$ 995,045
Retired Employees	1,108,161	1,714,538
Total Present Value of Future Benefits	$ **2,682,978**	$ **2,709,583**

Total OPEB Liability	As of June 30, 2025	As of June 30, 2026
Active Pre-Medicare	$ 364,817	$ 233,772
Active Post-Medicare	936,233	585,728
Active Liability	$ 1,301,050	$ 819,500
Retiree Pre-Medicare	$ 0	$ 180,432
Retiree Post-Medicare	1,108,161	1,534,106
Retiree Liability	$ 1,108,161	$ 1,714,538
Total OPEB Liability	$ **2,409,211**	$ **2,534,038**

	As of June 30, 2025	As of June 30, 2026
Discount Rate	6.00%	6.30%

Changes In Total OPEB Liability



Present Value of Future Benefits (PVFB) is the amount needed as of June 30, 2026 and June 30, 2025, to fully fund the District's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of June 30, 2026 and June 30, 2025. This amount is a required disclosure in the Required Supplementary Information section.

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2025/26	FY 2024/25	FY 2023/24	FY 2022/23	FY 2021/22
Total OPEB Liability					
Total OPEB Liability - beginning of year	$ 2,409,211	$ 2,064,826	$ 2,371,670	$ 2,304,315	$ 2,691,904
Service cost	37,538	28,194	14,595	17,857	15,920
Interest	143,117	123,012	140,661	136,751	159,271
Change of benefit terms	(12,490)	0	0	0	0
Changes in assumptions	(88,730)	139,122	12,493	0	155,101
Differences between expected and actual experience	170,162	140,974	(389,508)	0	(609,684)
Benefit payments	(124,770)	(86,917)	(85,085)	(87,253)	(108,197)
Net change in total OPEB liability	$ 124,827	$ 344,385	$ (306,844)	$ 67,355	$ (387,589)
Total OPEB Liability - end of year	$ 2,534,038	$ 2,409,211	$ 2,064,826	$ 2,371,670	$ 2,304,315
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	$ 3,133,003	$ 2,861,970	$ 2,574,618	$ 2,408,599	$ 2,781,100
Contributions - employer	124,770	86,917	85,085	87,253	108,197
Contributions - active employees	0	0	0	0	0
Net investment income	411,030	288,467	302,856	180,315	(356,249)
Benefit payments	(124,770)	(86,917)	(85,085)	(87,253)	(108,197)
Trust administrative expenses	(19,008)	(17,434)	(15,504)	(14,296)	(16,252)
Net change in plan fiduciary net position	$ 392,022	$ 271,033	$ 287,352	$ 166,019	$ (372,501)
Plan fiduciary net position - end of year	$ 3,525,025	$ 3,133,003	$ 2,861,970	$ 2,574,618	$ 2,408,599
Net OPEB Liability - end of year	**$ (990,987)**	**$ (723,792)**	**$ (797,144)**	**$ (202,948)**	**$ (104,284)**
Plan fiduciary net position as % of total OPEB liability	139.1%	130.0%	138.6%	108.6%	104.5%
Covered employee payroll	$ 1,203,519	$ 1,559,083	$ 1,466,095	$ 1,379,093	$ 1,351,622
Net OPEB liability as % of covered payroll	-82.3%	-46.4%	-54.4%	-14.7%	-7.7%

* FY 2025/26 covered employee payroll includes overtime and all other compensation for all employees (including employees terminate during the year) covered by the OPEB plan.
** FY 2025/26 contributions/benefit payments include estimated benefit payments from the FY 2024/25 valuation.

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability				
Total OPEB Liability - beginning of year	$ 2,602,083	$ 2,478,646	$ 2,374,867	$ 2,267,077
Service cost	32,103	30,118	34,408	33,406
Interest	155,170	148,417	140,392	134,254
Change of benefit terms	0	0	0	0
Changes in assumptions	0	102,437	0	0
Differences between expected and actual experience	0	(86,201)	0	0
Benefit payments	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	$ 89,821	$ 123,437	$ 103,779	$ 107,790
Total OPEB Liability - end of year	$ 2,691,904	$ 2,602,083	$ 2,478,646	$ 2,374,867
Plan Fiduciary Net Position				
Plan fiduciary net position - beginning of year	$ 2,286,083	$ 2,212,237	$ 2,077,720	$ 1,960,367
Contributions - employer	97,452	71,334	71,021	59,870
Contributions - active employees	0	0	0	0
Net investment income	509,846	85,732	140,186	128,809
Benefit payments	(97,452)	(71,334)	(71,021)	(59,870)
Trust administrative expenses	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	$ 495,017	$ 73,846	$ 134,517	$ 117,353
Plan fiduciary net position - end of year	$ 2,781,100	$ 2,286,083	$ 2,212,237	$ 2,077,720
Net OPEB Liability - end of year	**$ (89,196)**	**$ 316,000**	**$ 266,409**	**$ 297,147**
Plan fiduciary net position as % of total OPEB liability	103.3%	87.9%	89.3%	87.5%
Covered employee payroll	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Net OPEB liability as % of covered payroll	-4.7%	16.0%	13.6%	15.4%

* Historical payrolls were estimated when actuals were not available.

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the District's financial statements.

	FY 2025/26	FY 2024/25	FY 2023/24	FY 2022/23	FY 2021/22
Actuarially Determined Contribution (ADC)	$ 0	$ 0	$ 13,516	$ 13,122	$ 51,962
Contributions in relation to the ADC	124,770	86,917	85,085	87,253	108,197
Contribution deficiency/(excess)	$ (124,770)	$ (86,917)	$ (71,569)	$ (74,131)	$ (56,235)
Covered employee payroll	$ 1,203,519	$ 1,559,083	$ 1,466,095	$ 1,379,093	$ 1,351,622
Contribution as a % of covered payroll	10.4%	5.6%	5.8%	6.3%	8.0%

	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Actuarially Determined Contribution (ADC)	$ 50,448	$ 46,537	$ 49,847	$ 48,878
Contributions in relation to the ADC	97,452	71,334	71,021	59,870
Contribution deficiency/(excess)	$ (47,004)	$ (24,797)	$ (21,174)	$ (10,992)
Covered employee payroll	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Contribution as a % of covered payroll	5.2%	3.6%	3.6%	3.1%

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

OPEB Expense

OPEB Expense	FY 2025/26	FY 2024/25
Discount Rate		
Beginning of year	6.00%	6.00%
End of year	6.30%	6.00%
Service cost	$ 37,538	$ 28,194
Interest	143,117	123,012
Change of benefit terms	(12,490)	0
Projected earnings on OPEB plan investments	(187,418)	(171,203)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	19,008	17,434
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	$ 38,794	$ (115,304)
Changes in assumptions	18,880	51,579
Net difference between projected and actual earnings on OPEB plan investments	2,689	(24,163)
Total current period recognition	$ 60,363	$ (87,888)
Total OPEB expense	$ 60,118	$ (90,451)

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2026
June 30, 2020	$ (86,201)	2.9	$ 0	$ 0
June 30, 2021	$ 0	N/A	$ 0	$ 0
June 30, 2022	$ (609,684)	2.7	$ 0	$ 0
June 30, 2023	$ 0	N/A	$ 0	$ 0
June 30, 2024	$ (389,508)	2.4	$ (64,918)	$ 0
June 30, 2025	$ 140,974	3	$ 46,991	$ 46,992
June 30, 2026	$ 170,162	3	$ 56,721	$ 113,441

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Deferred Outflows / (Inflows) of Resources (Continued)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2026
June 30, 2020	$ 102,437	2.9	$ 0	$ 0
June 30, 2021	$ 0	N/A	$ 0	$ 0
June 30, 2022	$ 155,101	2.7	$ 0	$ 0
June 30, 2023	$ 0	N/A	$ 0	$ 0
June 30, 2024	$ 12,493	2.4	$ 2,083	$ 0
June 30, 2025	$ 139,122	3	$ 46,374	$ 46,374
June 30, 2026	$ (88,730)	3	$ (29,577)	$ (59,153)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2026
June 30, 2022	$ 539,367	5	$ 107,875	$ 0
June 30, 2023	$ (36,222)	5	$ (7,244)	$ (7,246)
June 30, 2024	$ (148,837)	5	$ (29,767)	$ (59,536)
June 30, 2025	$ (117,264)	5	$ (23,453)	$ (70,358)
June 30, 2026	$ (223,612)	5	$ (44,722)	$ (178,890)

Deferred Outflows / (Inflows) of Resources (Continued)

As of fiscal year ending June 30, 2026	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 160,433	$ 0
Changes in assumptions	46,374	(59,153)
Net difference between projected and actual earnings in OPEB plan investments	0	(316,030)
Total	**$ 206,807**	**$ (375,183)**

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2026 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2027	$ 15,322
2028	$ (70,800)
2029	$ (68,174)
2030	$ (44,724)
2031	$ 0
Thereafter	$ 0

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2026, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.30%.
- The 1% decrease in discount rate would be 5.30%.
- The 1% increase in discount rate would be 7.30%.

As of June 30, 2026	Net OPEB Liability
1% Decrease	$ (697,480)
Current Discount Rate	$ (990,987)
1% Increase	$ (1,238,058)

The following presents the Net OPEB Liability as of June 30, 2026, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.50%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.50%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.50%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2026	Net OPEB Liability
1% Decrease	$ (1,240,585)
Current Trend Rates	$ (990,987)
1% Increase	$ (693,656)

* Health care trend rates also include the impact of increases or decreases to post-65 medical/rx, Medicare Part B, and dental/vision trend rates. The current trend rates for post-65 benefits are an initial rate of 7.00% decreasing by 0.25% per year to an ultimate rate of 4.50%. The Medicare Part B trend rates start at an initial rate of 6.50% decreasing to an ultimate rate of 4.50% by 0.25%per year. The current trend rates for dental/vision benefits are 4.00%/3.00%.

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Asset Information

Asset Breakdown	FY 2024/25	FY 2025/26
Assets		
Cash and deposits	$ 0	$ 0
Securities lending cash collateral	0	0
Total cash	$ 0	$ 0
Receivables		
Contributions	$ 0	$ 0
Accrued interest	0	0
Total receivables	$ 0	$ 0
Investments		
Fixed income	$ 0	$ 0
Equities	0	0
Mutual Funds	3,133,003	3,525,025
Total investments	$ 3,133,003	$ 3,525,025
Total Assets	$ 3,133,003	$ 3,525,025
Liabilities		
Payables		
Investment management fees	$ 0	$ 0
Securities lending expense	0	0
Total liabilities	$ 0	$ 0
Net Position Restricted to OPEB	**$ 3,133,003**	**$ 3,525,025**

* FY 2025/26 assets are consistent with the PARS Asset Statement as of June 30, 2026.
** FY 2024/25 assets are consistent with the PARS Asset Statement as of June 30, 2025.

GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Asset Information (Continued)

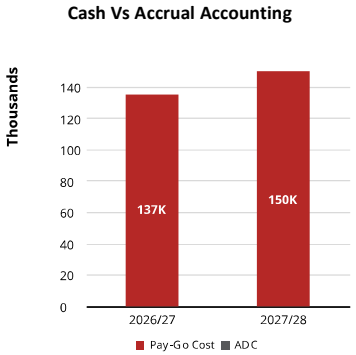
Asset Reconciliation	FY 2024/25	FY 2025/26
Additions		
Contributions Received		
Employer	$ 86,917	$ 124,770
Active employees	0	0
Total contributions	$ 86,917	$ 124,770
Investment Income		
Net increase in fair value of investments	$ 288,467	$ 411,030
Interest and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	$ 288,467	$ 411,030
Total additions	$ 375,384	$ 535,800
Deductions		
Benefit payments	$ 86,917	$ 124,770
Administrative expenses	17,434	19,008
Other	0	0
Total deductions	$ 104,351	$ 143,778
Net increase in net position	$ 271,033	$ 392,022
Net position restricted to OPEB		
Beginning of year	$ 2,861,970	$ 3,133,003
End of year	$ 3,133,003	$ 3,525,025

* FY 2025/26 assets are consistent with the PARS Asset Statement as of June 30, 2026.
** FY 2024/25 assets are consistent with the PARS Asset Statement as of June 30, 2025.

Actuarially Determined Contributions

Municipal Water District of Orange County GASB 75 Valuation For Fiscal Year Ending June 30, 2026

	FY 2026/27	FY 2027/28
Discount rate (Funding)	6.30%	6.30%
Payroll growth factor used for amortization	3.00%	3.00%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period (years)	13	12
Actuarial Accrued Liability (AAL) - beginning of year	$ 2,534,038	$ 2,578,593
Actuarial Value of Assets (AVA) - beginning of year	(3,525,025)	(3,725,052)
Unfunded AAL - beginning of year	$ (990,987)	$ (1,146,459)
Normal Cost	$ 24,400	$ 25,132
Amortization of Unfunded AAL	(107,161)	(130,766)
Total normal cost plus amortization	$ (82,761)	$ (105,634)
Interest to end of year	(5,214)	(6,655)
Actuarially Determined Contribution	$ 0	$ 0
Expected Benefit Payments	136,784	149,808



Projection of GASB Disclosures

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events
- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events
- Increases in TOL when actual health care costs increase more than expected. A liability decrease occurs when the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2025/26	FY 2026/27
TOL as of beginning of year	$ 2,409,211	$ 2,534,038
Normal cost as of beginning of year	37,538	24,400
Exp. benefit payments during the year	(124,770)	(136,784)
Interest adjustment to end of year	143,117	156,939
Exp. TOL as of end of year	$ 2,465,096	$ 2,578,593
Actuarial Loss / (Gain)	68,942	TBD
Actual TOL as of end of year	**$ 2,534,038**	**$ TBD**
Discount rate as of beginning of year	6.00%	6.30%
Discount rate as of end of year	6.30%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2025/26	FY 2026/27
AVA as of beginning of year	$ 3,133,003	$ 3,525,025
Exp. employer contributions during the year	124,770	136,784
Exp. benefit payments during the year	(124,770)	(136,784)
Expected investment income	187,418	221,413
Exp. Trust administrative expenses	(19,008)	(21,386)
Exp. AVA as of end of year	$ 3,301,413	$ 3,725,052
Differences between expected and actual experience	223,612	TBD
AVA as of end of year	**$ 3,525,025**	**$ TBD**
Expected asset return as of beginning of year	6.00%	6.30%
Expected asset return as of end of year	6.30%	TBD

* FY 2026/27 assets are consistent with the PARS asset Statement as of June 30, 2026, projected to June 30, 2027 assuming a 6.30% investement return.

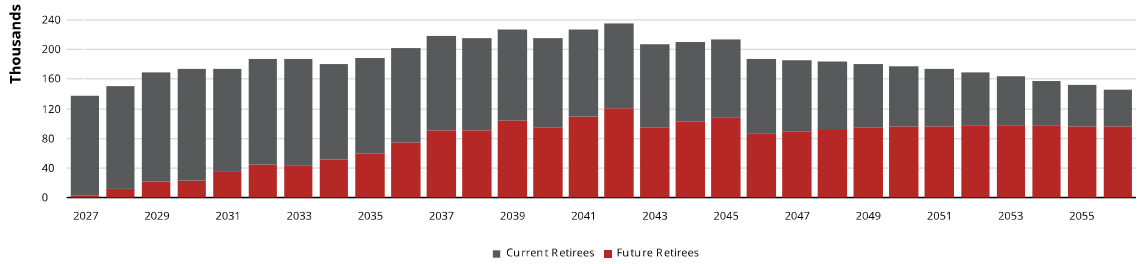
Cash Flow Projections

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current/future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees*	Total
2027	$ 132,993	$ 3,791	$ 136,784
2028	$ 137,567	$ 12,241	$ 149,808
2029	$ 146,003	$ 22,212	$ 168,215
2030	$ 150,198	$ 23,023	$ 173,221
2031	$ 139,857	$ 34,147	$ 174,004
2032	$ 142,136	$ 44,943	$ 187,079
2033	$ 143,927	$ 42,677	$ 186,604
2034	$ 129,565	$ 51,225	$ 180,790
2035	$ 129,075	$ 59,148	$ 188,223
2036	$ 128,062	$ 74,027	$ 202,089
2037	$ 126,631	$ 91,490	$ 218,121
2038	$ 124,796	$ 91,008	$ 215,804
2039	$ 122,753	$ 104,683	$ 227,436
2040	$ 120,492	$ 94,148	$ 214,640
2041	$ 117,994	$ 108,876	$ 226,870
2042	$ 115,231	$ 120,282	$ 235,513
2043	$ 112,180	$ 95,154	$ 207,334
2044	$ 108,820	$ 102,013	$ 210,833
2045	$ 105,137	$ 108,079	$ 213,216
2046	$ 101,121	$ 86,603	$ 187,724
2047	$ 96,777	$ 89,348	$ 186,125
2048	$ 92,122	$ 91,890	$ 184,012
2049	$ 87,193	$ 93,741	$ 180,934
2050	$ 82,040	$ 95,414	$ 177,454
2051	$ 76,723	$ 96,507	$ 173,230
2052	$ 71,302	$ 97,221	$ 168,523
2053	$ 65,832	$ 97,504	$ 163,336
2054	$ 60,375	$ 97,343	$ 157,718
2055	$ 54,976	$ 96,726	$ 151,702
2056	$ 49,683	$ 95,835	$ 145,518

Projected Employer Pay-go Cost



* Projections for future retirees do not take into account future new hires.

Discussion of Discount Rates

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The plan is identified as an Agent Multiple-Employer Defined Benefit OPEB Plan. The long-term expected rate of return on OPEB plan investment is assumed to be 6.30%. The District is invested with the PARS Trust in the Moderate-Strategic Blend portfolio. The Plan's 2026 target asset allocation is summarized in the following table. The long-term expected rate of return is selected by the District with Nyhart's concurrence.

Asset Class	Target Allocation	L/T Expected Real ROR
Equity	50%	N/A
Fixed Income	50%	N/A
Total	100%	6.30%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	June 30, 2025	June 30, 2026
Bond Buyer Go 20-Bond Municipal Bond Index	5.20%	4.67%
S&P Municipal Bond 20-Year High Grade Rate Index	4.81%	4.32%
Fidelity 20-Year Go Municipal Bond Index	4.71%	4.19%
Bond Index Range	4.71% - 5.20%	4.19% - 4.67%

3. The final equivalent single discount rate used for this year's valuation is 6.30%. The discount rate assumes that the District will not be making any additional contributions to the Trust and has not started to reimburse itself for its benefit payments through the Trust.

Summary of Plan Participants

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Active Employees

Actives	Total	Avg. Age	Avg. Svc
Total actives	6	56.2	23.1

Summary of Plan Participants

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Active Age-Service Distribution

	Years of Service										
Age	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25											**0**
25 to 29											**0**
30 to 34											**0**
35 to 39											**0**
40 to 44											**0**
45 to 49					1						**1**
50 to 54					2						**2**
55 to 59						1					**1**
60 to 64						1			1		**2**
65 to 69											**0**
70 & up											**0**
Total	**0**	**0**	**0**	**0**	**3**	**2**	**0**	**0**	**1**	**0**	**6**

Summary of Plan Participants

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Retirees

Retirees with coverage	Single	Non-Single	Total	Avg. Age
Total retirees with coverage	**7**	**5**	**12**	**76.2**

Retiree counts exclude three individuals who have never claimed retiree health benefits.

Retiree Age Distribution

Age	Retirees
< 45	
45 to 49	
50 to 54	
55 to 59	
60 to 64	1
65 to 69	3
70 to 74	2
75 to 79	1
80 to 84	3
85 to 89	1
90 & up	1
Total	**12**

Substantive Plan Provisions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The District provides health benefits for employees, retirees and their dependents with a choice of medical plans through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority. Employees and retirees make selections from a range of plans.

For all full-time employees, the District currently pays 100% of the lowest cost plan for employee-only coverage. The employee may elect to "buy up" to another plan and pay the difference.

Retired employees (hired prior to July 1, 2012) who are at least 55 years of age are eligible for retiree health and welfare benefits based on their years of full-time accrued service.

Tier 1: Employees retiring with a minimum of 10 consecutive years of full-time service with the District, earn medical coverage on the following terms:

- The District will pay for retiree only or couple coverage on the same basis as active employees.
- Retiree and spouse/domestic partner have the option to elect COBRA coverage at their own cost.
- Upon becoming Medicare eligible, the retiree health insurance terminates, and the retiree must enroll in Medicare coverage.
- The District will reimburse retiree only up to the annual cap of $3,080.82 for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance or Medicare Part B coverage.
- If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage, enrollment in another plan or becoming Medicare eligible.

Tier 2: Employees retiring with a minimum of 25 consecutive years of full-time service with the District, earn medical, dental and vision benefits on the following terms:

- The District will pay for retiree only or couple coverage on the same basis as active employees.
- The District pays the following for dental and vision coverage:
  - Dental for retiree only 90%; couple coverage 80%
  - Vision coverage for retiree only 100%; couple coverage 80%.
- Retirees and their spouses/domestic partner are required to enroll in Medicare Parts A and B upon eligibility.
- The District will reimburse for Medicare Part B for both retiree and their eligible spouse/domestic partner.
- If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage or enrollment in another plan.

Substantive Plan Provisions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Premium Rates

2026 Health Insurance Rates Pre-65	Kaiser CDHP	Anthem PPO CDHP	Kaiser Traditional	Anthem PPO (Classic)	Anthem HMO (CalCare)
Retiree Only	$ 587.86	$ 796.14	$ 812.45	$ 995.17	$ 1,132.75
Retiree plus Spouse	$ 1,175.72	$ 1,592.28	$ 1,624.90	$ 1,990.34	$ 2,265.50

2026 Health Insurance Rates Post-65	Kaiser Sr. Advantage	UHC Medicare Advantage
Retiree Only	$ 212.45	$ 557.45
Retiree plus Spouse	$ 424.90	$ 1,114.90

2026 Dental / Vision Rates	Dental	Vision VSP
Retiree Only	$ 53.46	$ 14.76
Retiree plus Spouse	$ 89.92	$ 23.46

Actuarial Methods and Assumptions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and District experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2025. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, mortality table, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2028.

Measurement Date

For the Fiscal Year Ending June 30, 2026, a June 30, 2026 measurement date was used.

Actuarial Valuation Date

June 30, 2026
Liabilities as of June 30, 2026 are based on an actuarial valuation date of June 30, 2026 with no adjustments to get to the June 30, 2026 measurement date.
Liabilities as of June 30, 2025 are based on an actuarial valuation date of June 30, 2024 projected to June 30, 2025 reflecting actual premium and trend rate changes.

Discount Rate

6.30% as of June 30, 2026 (for FY 2025/26) and 6.00% as of June 30, 2025 (for FY 2024/25) for accounting disclosure purposes
Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

The discount rate was chosen by the plan sponsor based on the information provided in the "Discussion of Discount Rates" section above

Long-Term Expected Rate of Return

6.30% as of June 30, 2026 and 6.00% as of June 30, 2025. Refer to the Discussion of Discount Rates section for more information.

Payroll Growth

3.00% per year plus merit increases for Miscellaneous employees based on the 2025 CalPERS Experience Study

Actuarial Methods and Assumptions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: • Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Employer Funding Policy	The District will not be making any additional contributions to the Trust and has not started to reimburse itself for its benefit payments through the Trust.
Census Data	Census information is as of June 30, 2026 and was provided by the District in July 2026. We have reviewed it for reasonableness and no material modifications were made to the census data.
Health Care Coverage Election Rate	100% of active employees are assumed to elect retiree health coverage at retirement. The participation rates are based on the District's historical experience.
Plan Election Assumption	Future retirees are assumed to elect Anthem PPO Classic based on current Tier 2 retiree plan enrollment experience. Current retirees are assumed to remain in their current plan.
Spousal Coverage	60% of future retirees electing coverage are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage is used for current retirees. The spousal coverage is based on the District's historical experience.

Actuarial Methods and Assumptions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Mortality	General employees: SOA Pub-2016 General Employees Headcount Weighted Mortality Table fully generational using Scale MP-2021 Healthy General retirees: SOA Pub-2016 General Retirees Headcount Weighted Mortality Table fully generational using Scale MP-2021 Disabled General employees and retirees: SOA Pub-2016 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2016 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2016 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.
Disability Rate	None
Turnover Rate	According to the termination rates for Miscellaneous employees under the 2025 CalPERS Experience Study by entry ages Under 30, 30 – 39, and 40+ The plan does not have sufficient data to have credible experience. Therefore, turnover assumptions are set to reflect general population trends based upon the most recent CalPERS Experience Study.
Retirement Rate	According to the retirement rates under the 2025 CalPERS Experience Study. According to the following retirement tables: Miscellaneous: 2% @ 55 The plan does not have sufficient data to have credible experience. Therefore, retirement assumptions are set to reflect general population trends based upon the most recent CalPERS Experience Study.

Health Care Trend Rates

	Pre-65	Post-65		Pre-65	Post-65
2026/27	8.50%	7.00%	2035/36	6.25%	4.75%
2027/28	8.25%	6.75%	2036/37	6.00%	4.50%
2028/29	8.00%	6.50%	2037/38	5.75%	4.50%
2029/30	7.75%	6.25%	2038/39	5.50%	4.50%
2030/31	7.50%	6.00%	2039/40	5.25%	4.50%
2031/32	7.25%	5.75%	2040/41	5.00%	4.50%
2032/33	7.00%	5.50%	2041/42	4.75%	4.50%
2033/34	6.75%	5.25%	2042/43+	4.50%	4.50%
2034/35	6.50%	5.00%			

Rising GLP-1 drug (diabetic/weight loss drug) usage, behavior health, substance abuse spending, new specialty medications, increases in facility costs, and changes in federal law are driving increased pre-65 trends. The initial trend rate considered employer history, national trends, professional judgment, and data from government agencies. Healthcare cost trend rates integrated these factors and additionally incorporated both short-term and long-term expectations.

The initial rate combined employer history, national trends surveys, professional judgment, and data published by government agencies, while medical trends blend short-term and long-term expectations.

The ultimate trend rate was selected based on historical medical CPI information.

The post-65 trends accounted for the potential impact of Medicare Payment Reform and the Inflation Reduction Act of 2022 (IRA) on Medicare Advantage plans, which will take effect in 2026, based on the April 7, 2025, Centers for Medicare & Medicaid Services (CMS) release of the CY 2026 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. The final policies are projected to increase MA payments to plans in CY 2026 by 5.06% which should help stabilize 2026 premium increases.

On April 6, 2026, CMS released the CY 2027 Advanced Notice, which proposes an average increase of MA payments by 2.48%. This proposal includes significant updates to risk adjustment models, most notably the exclusion of diagnoses from unlinked Chart Review Records. This lower-than-anticipated funding increase, combined with rising medical costs, creates a potential for increased plan premiums in 2027 as plans adjust to a flatter payment environment.

Actuarial Methods and Assumptions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Health Care Trend Rates (cont.)

Pharmaceutical tariffs are under discussion but not yet implemented; while they could increase costs beyond assumed trends, these potential costs are not in this valuation. Due to the lack of data and the evolving nature of these policies, it is challenging to accurately quantify their potential effects at this time. Nyhart will continue to monitor CMS payment policies and adjust future trends as needed.

Dental Trend

4.00% per year

Vision Trend

3.00% per year

Medicare Part B Trend Rates

	Part B
2026/27	6.50%
2027/28	6.25%
2028/29	6.00%
2029/30	5.75%
2030/31	5.50%
2031/32	5.25%
2032/33	5.00%
2033/34	4.75%
2034/35	4.50%

Per Capita Costs

The valuation claim costs are based on the 2026 premiums, actuarially increased using 2023 CalPERS health index factors and 2023 County subscriber enrollment. The valuation was based on the medical premiums furnished by the District. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.

Per Capita Costs (cont.)

Annual Per Capital Costs are as shown below:

Age	Anthem PPO (Classic)
40 – 44	$ 8,600
45 – 49	$ 10,400
50 – 54	$ 13,000
55 – 59	$ 15,800
60 – 64	$ 19,400

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Explicit Subsidy

The difference between (a) the premium rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a future Tier 2 retiree who is enrolled in Anthem PPO in 2026.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A – B
Retiree	$ 995.17	$ 40.73	$ 954.44
Spouse	$ 995.17	$ 357.34	$ 637.83

Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a Tier 2 retiree age 60 with spouse of the same age enrolled in Anthem PPO in 2026.

All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

	Per Capita Cost	Premium Rate	Implicit Subsidy
	A	B	C = A – B
Retiree	$ 1,616.67	$ 995.17	$ 621.50
Spouse	$ 1,616.67	$ 995.17	$ 621.50

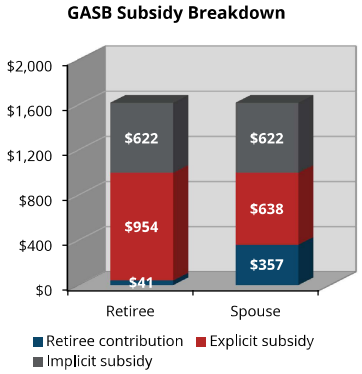
Actuarial Methods and Assumptions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

GASB Subsidy Breakdown

Below is a breakdown of the GASB 75 monthly total cost for a Tier 2 retiree age 60 with spouse of the same age enrolled in Anthem PPO in 2026.

	Retiree	Spouse
Retiree contribution	$ 40.73	$ 357.34
Explicit subsidy	$ 954.44	$ 637.83
Implicit subsidy	$ 621.50	$ 621.50
Total monthly cost	$ 1,616.67	$ 1,616.67



Models

ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

CalPERS 2023 Aging Factors

Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. Aging factors used for this valuation are the CalPERS 2023 aging factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.



Appendix

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of June 30, 2024	As of June 30, 2026
Active Participants	8	6
Retired Participants	13	12
Averages for Active		
Age	56.0	56.2
Service	23.7	23.1
Averages for Inactive		
Age	74.6	76.2

Appendix

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Detailed Actuary's Notes

There have been substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024. Effective December 18, 2024, the District intends to cover retiree health expenses for surviving spouses enrolled in the Coastal plan. This update led to a slight decrease in liabilities.

The following assumptions have also been updated in accordance with GASB 75:

1. The discount rate as of the June 30, 2026 measurement date was updated from 6.00% as of June 30, 2025 to 6.30% as of June 30, 2026. This change caused a decrease in liabilities.

2. In May 2025 the Society of Actuaries (SOA) released the Pub-2016 Mortality Tables, which serve as an important update to the Pub-2010 Tables previously utilized for public sector plans. We have incorporated these new tables, including separate mortality assumptions for active employees and retired participants, aligning with the detail provided by the Pub-2016 tables. The impact of this update was a slight decrease in liabilities.

3. Retirement rates have been updated based on the 2025 CalPERS pension plan experience study. This change caused a slight decrease in liabilities.

4. Termination rates have been updated based on the 2025 CalPERS pension plan experience study. This change caused a slight decrease in liabilities.

5. Salary scale has been updated to 3.00% per year plus merit increases for Miscellaneous employees based on the 2025 CalPERS pension plan experience study. This update led to a decrease in liabilities.

6. We have updated pre-65, post-65, and Medicare Part B healthcare trend rates with initial rates of 8.50%, 7.00%, and 6.50%, respectively, decreasing annually by 0.25% to an ultimate rate of 4.50%. This change caused an increase in liabilities.

7. We refined our post-65 per capita cost methodology to remove the implicit subsidy for Medicare Advantage plans, reflecting federal funding that supports non-age-rated premiums. This update led to a decrease in liabilities.

8. For the FY 2025/26, the Plan experienced an actuarial asset gain. This gain was driven by the actual investment return of 12.5%, which exceeded the actuarial expected rate of return of 6.0%.

Updating 2026 claim costs and premiums, as well as aging factors and enrollment based on the 2023 CalPERS implicit subsidy data, led to a net decrease in liabilities.
The updated census data resulted in a significant liability increase, driven by newly retired participants electing spousal coverage.

Appendix

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

Valuation Results Summary

Below is the summary of the GASB results for Fiscal Year Ending June 30, 2026 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 6.30%.

Present Value of Future Benefits	Explicit	Implicit	Total
Active	$ 906,265	$ 88,780	$ 995,045
Retirees	$ 1,639,963	$ 74,575	$ 1,714,538
Total	**$ 2,546,228**	**$ 163,355**	**$ 2,709,583**

Total (Accrued) OPEB Liability	Explicit	Implicit	Total
Active	$ 754,436	$ 65,064	$ 819,500
Retirees	$ 1,639,963	$ 74,575	$ 1,714,538
Total	**$ 2,394,399**	**$ 139,639**	**$ 2,534,038**

Projected Benefit Payments - FYE	Explicit	Implicit	Total
2027	$ 124,567	$ 12,217	$ 136,784
2028	$ 134,797	$ 15,011	$ 149,808
2029	$ 146,389	$ 21,826	$ 168,215
2030	$ 153,764	$ 19,457	$ 173,221
2031	$ 161,165	$ 12,839	$ 174,004
2032	$ 171,742	$ 15,337	$ 187,079
2033	$ 175,320	$ 11,284	$ 186,604
2034	$ 180,189	$ 601	$ 180,790
2035	$ 183,805	$ 4,418	$ 188,223
2036	$ 192,061	$ 10,028	$ 202,089

Designated OPEB Reserve Summary

The District has adopted a designated OPEB reserve to support the District's irrevocable trust. The District's designated OPEB reserve is not administered through a qualifying trust under GASB 75, paragraph 4, and therefore cannot be used to offset OPEB liabilities. For illustrative purposes only, a summary of the Liabilities / Assets including and excluding the designated reserve is provided below. The current balance of the designated OPEB reserve is $219,815.

As of June 30, 2026	Irrevocable OPEB Trust Only	Irrevocable OPEB Trust and OPEB Reserve
Total OPEB Liability	$ 2,534,038	$ 2,534,038
Allocated Assets	$ 3,525,025	$ 3,744,840
Allocated Assets as Percentage of Total OPEB Liability	139.1%	147.8%
Dollar Amount Exceeding 100% Funded Status	$ 990,987	$ 1,210,802

GLOSSARY

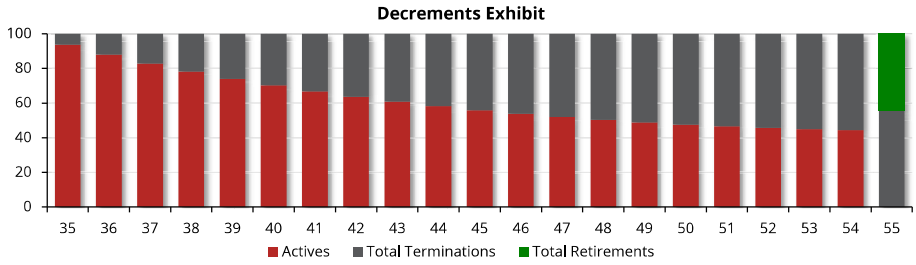
Glossary – Decrements Exhibit

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year[1]	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



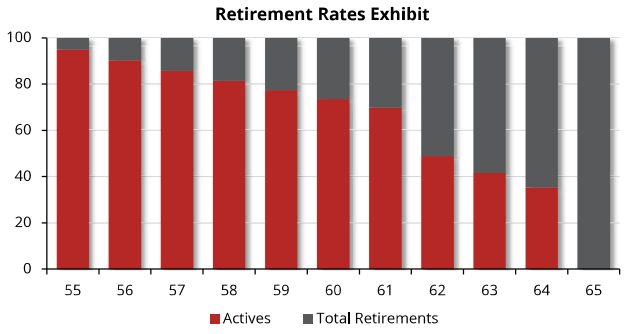
[1] The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Retirement Rates Exhibit

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Definitions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions –** Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

2. **Actuarial Cost Method –** A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.

3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.

4. **Actuarial Present Value –** The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
    a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
    b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
    c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

5. **Deferred Outflow / (Inflow) of Resources –** represents the following items that have not been recognized in the OPEB Expense:
    a. Differences between expected and actual experience of the OPEB plan
    b. Changes in assumptions
    c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

6. **Explicit Subsidy –** The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.

7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

Glossary – Definitions

Municipal Water District of Orange County GASB 75 Valuation for Fiscal Year Ending June 30, 2026

8. **Healthcare Cost Trend Rate –** The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

9. **Implicit Subsidy –** In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.

10. **OPEB –** Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.

12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

13. **Per Capita Costs –** The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

14. **Present Value of Future Benefits –** Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

15. **Real Rate of Return –** the rate of return on an investment after adjustment to eliminate inflation.

16. **Select and Ultimate Rates –** Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.

17. **Service Cost –** The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.

18. **Substantive Plan –** The terms of an OPEB plan as understood by the employer(s) and plan members.

19. **Total OPEB Liability –** That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

Administration, Board Support & Human Resources

Board Support

- Attended all Board and Committee Meetings, as well as preparation for these meetings, including packet preparation, coordinating speakers, Zoom coordination, etc.
- Met with the Administrative Code Review Ad Hoc Committee.
- Registered Directors and staff for various conferences and training, made travel accommodations, and processed business expenses.
- Reviewed Requests for Proposals, contracts, and agreements for content and consistency with the Administrative Code.
- Assisted the Finance Department with a Request for Qualifications process for Post-Implementation Support Services for Microsoft Dynamics 365 Finance & Operations.
- Began onboarding and training for the newly hired Records Specialist.
- Assistant Board Secretary attended Supervisor Academy Days 2 and 3 training.

Administration and Human Resources (HR) Projects and Activities

- Processed expense accounts for the General Manager, Assistant General Manager, and Department Directors.
- Assisted the Finance Department with filing, processing invoices, purchase requisitions, business expense reports, and credit card reconciliations, and the Public Affairs Department with various requisitions.
- HR hosted a kick-off meeting for all staff with Doug Johnson from Public Pay to review the Compensation, Benefits, and Salary Study; the importance of employee involvement in the process; and to explain the review of job descriptions via a Job Analysis Questionnaire.
- Coordinated conference and travel arrangements for various staff.
- Coordinated with the Executive Assistant to the General Manager/Board Secretary on the roof repair project and prepared a scope of work with the consultant.

- HR will complete and submit the application to the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) for the Minor Safety and Protection insurance as part of the requirements for participation in the Corporate Work Study Program with Cristo Rey High School.

- Corporate Work Study Student from Cristo Rey High School, Alex Mendez, started his assignment on September 29.

- Assisted Public Affairs with preparation for the Orange County Water Summit

Recruitments/Departures

- The Records Specialist position has been filled by Brittany Rucker, who joined the District on September 28.

- Recruitment efforts for the Water Loss Control Technician position are in the final phases. We anticipate finalizing this recruitment in the next couple of weeks.

Health and Welfare Benefits

- Staff reviewed the District Health Savings Account contribution amounts for the 2027 calendar year and prepared a recommendation for the Board's consideration.

- On September 22, ACWA JPIA presented information to staff regarding health and vision benefits via Zoom.

- An All-Staff Meeting was held on September 24.

- HR coordinated and attended the Quarterly HR Member Agency Meeting on September 24.

Records Management

- Reviewed, coordinated, and responded to 3 Public Records requests.

- Staff continues to review documents and update information in Laserfiche, including incoming mail.

Finance & Information Technology

Accounting

- The District is nearing completion of its annual fiscal year financial audit. Interim fieldwork was conducted during the week of July 13, followed by final fieldwork during the week of September 21, with additional audit procedures still underway. A Single Audit for Fiscal Year 2025-26 will also be performed.

- Started the year-end closing process, with preparation of the District's Annual Financial Report to follow.

Finance

- Began implementation of enterprise resource planning (ERP) system, coordinating configuration with implementation partners to replace the legacy AccuFund system.

Information Technology (IT)

- Weekly external vulnerability scans conducted by the DHS Cybersecurity and Infrastructure Security Agency (CISA) found no exposures or vulnerabilities.

- Backup reports indicate that systems are reliably and securely backed up on schedule and stored in two or more locations with immutable storage.

- The District's email security system protects against malware, impersonation, and fraud. Of 72,079 inbound emails, 51% were blocked or quarantined due to unsafe content or attachments. District staff sent more than 16,033 emails this month, and four email incidents required IT assessment and/or mitigation.

- 90 IT support tickets were created and 72 were closed/resolved (80% resolution rate), with 18 tickets handled by co-managed services.

- IT supported six public hybrid meetings by handling setup, providing real-time assistance, monitoring, and teardown.

- Major project activity continues across ERP, Droplet replacement, GIS, Work Planner application, Intern planner, District smartphone evaluation, Enterprise Contact Management, and AI.

- IT Systems Administrator completed a 13-week certificate program through Harvard Data Science titled *AI Leadership – Strategy, Governance and Agentic Systems*.