

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



CALIFORNIA VANPOOL AUTHORITY

Retirement Enhancement Plan (REP) Client Review

March 6, 2024

CONTACTS



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

Alexandra Irving
Client Services Coordinator
(800) 540-6369 x105
airving@pars.org



Dennis Mullins
Senior Portfolio Manager
(513) 304-0398
dennis.mullins@usbank.com

PARS 115 TRUST TEAM

Trust Administrator & Consultant



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

40	2,000+	1,000+	500+	500K+	\$7.2B
Years of Experience (1984-2024)	Plans under Administration	Public Agency Clients	115 Trust Clients	Plan Participants	Assets under Administration

Trustee



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

161	\$9.5T
Years of Experience (1863-2024)	Assets under Administration

Investment Manager



- Investment sub-advisor to trustee U.S. Bank
- Institutional asset management solutions
- Fixed income and multi asset portfolios
- Active and passive platform options
- Customized portfolios (with minimum asset level)

43	\$216.9B*
Years of Experience <small>(As of 9/30/23)</small>	Assets under Management & Advisement

** Assets under management and advisement as of September 30, 2023 includes fixed income and multi asset class portfolios*

The

PARS DEFINED BENEFIT RETIREMENT PLAN

PARS ADMINISTRATIVE SERVICES

- Fielding Participant and Agency information requests
- Coordinating with PARS Trustee on benefit distributions and tax-reporting (1099s and W2s)
- Preparing monthly and annual Agency statements
- Provide Quarterly Investment Updates
- Coordinating annual audit of PARS Trust by independent CPA firm for purposes of GASB 67/68 reporting
- Assisting Agency with ongoing compliance and qualification issues
- Coordinating actuarial valuations updates with Milliman USA to help comply with California Government Code 7504
- Evaluate annuity purchases for qualified plan

PARS BENEFIT

The monthly benefit is equal to one-twelfth (1/12) of the product of Benefit Service, times Final Pay, times the PARS Age Factor.

- **Benefit Service** means the total number of full and partial years of full-time service with the Employer credit from the date of hire through the Employee's separation of employment with the Employer.
- **Final Pay** means the highest average annual pensionable Compensation paid to an Employee during any thirty-six (36) consecutive months of employment with the Employer (capped at 120% of Social Security wage base).



SUMMARY OF AGENCY'S PLAN

Plan Effective Date:	July 1, 2013
Type of Plan:	401(a) Tax-Qualified Defined Benefit
Benefit Level:	2.0% at 62
Eligibility:	Full-time Employees on or after December 26, 2011 <ul style="list-style-type: none">• 52 years of age• 5 years of service
Employee Contribution:	9.40% <i>(Effective August 31, 2018)</i>

AGE FACTOR ENHANCEMENT

Age	Age Factor	Age	Age Factor
52	1.000%	60	1.800%
53	1.100%	61	1.900%
54	1.200%	62	2.000%
55	1.300%	63	2.100%
56	1.400%	64	2.200%
57	1.500%	65	2.300%
58	1.600%	66	2.400%
59	1.700%	67+	2.500%

EMPLOYEE DEMOGRAPHICS

	July 1, 2021*
Active Participant Count	25
Retired Participant Count	4
Terminated Due Refund of Contributions	21
Valuation Payroll	\$1,254,557
Average Age	46.6
Average Service	5.7

**Obtained from the Authority's 2021 Actuarial Valuation.*



PLAN FUNDING STATUS

	June 30, 2023* <i>Discount Rate: 6.25%</i>
Actuarial Liability	\$3,180,357
Plan Assets	\$3,382,696
Net Pension Liability	(\$202,339)
Funding Ratio	106.36%

**Obtained from the Authority's 2023 Draft GASB 68 Disclosure Report.*

PENSION COST

	July 1, 2021* Discount Rate: 6.25% Effective: 7/1/2022
Normal Cost (Net of Employee Contributions)	\$129,429 ¹
Amortized Unfunded Actuarial Liability (UAAL)	(\$66,591 ²)
Total Annual Contribution (ADC)	\$129,429
Contribution as a % of Payroll	10.04%

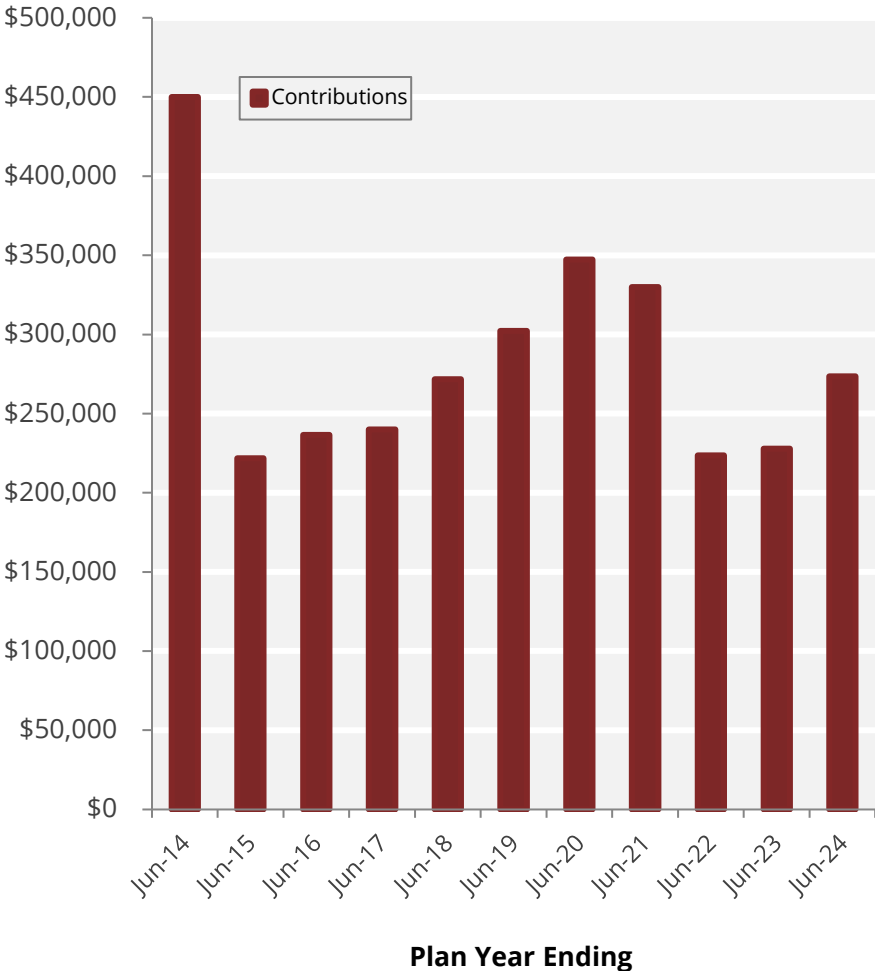
*Obtained from the Authority's 2021 Actuarial Valuation

¹Employees contribute **9.40%** of Compensation in addition to the Employer Contribution

²Based on a 20-yr amortization period from 7/1/2013 (**11** years remaining as of 7/1/2022)

PLAN CONTRIBUTIONS

AS OF JANUARY 31, 2024:

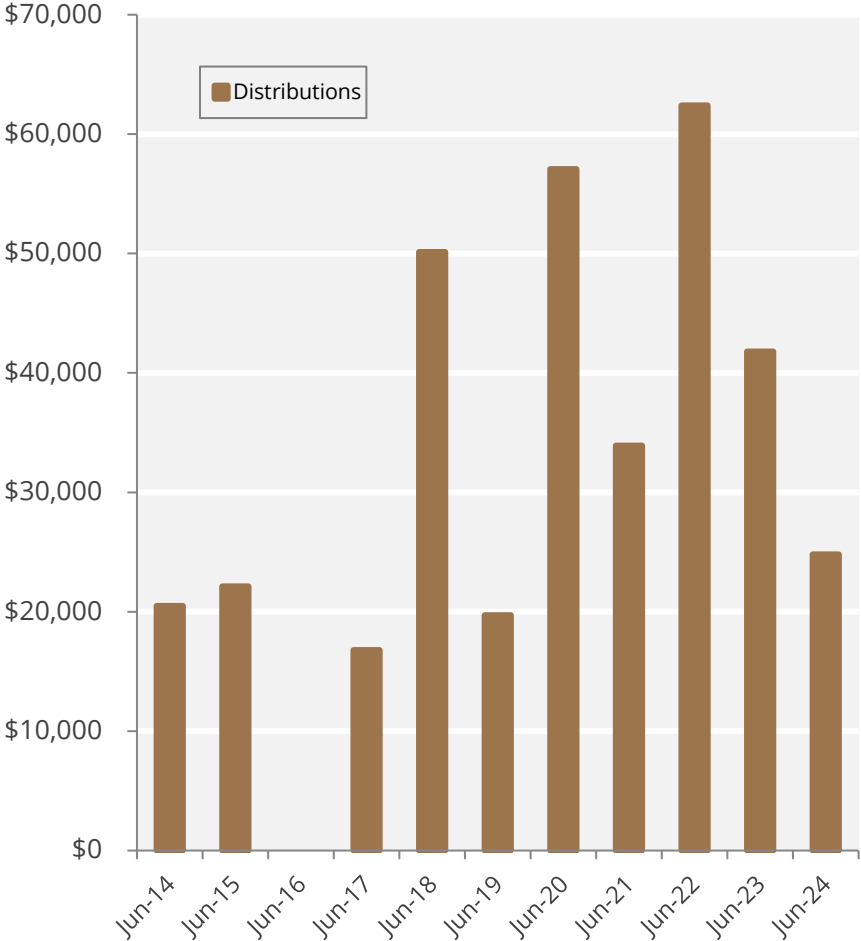


Year	Contributions
Jun-14*	\$449,996
Jun-15	\$221,782
Jun-16	\$236,466
Jun-17	\$239,928
Jun-18	\$271,617
Jun-19	\$302,144
Jun-20	\$347,342
Jun-21	\$329,837
Jun-22	\$223,622
Jun-23	\$227,826
Jun-24**	\$273,600

*Plan Year Ending June 2014 is based on 11 months of activity
 **Plan Year Ending June 2024 is based on 7 months of activity

PLAN DISTRIBUTIONS

AS OF JANUARY 31, 2024:



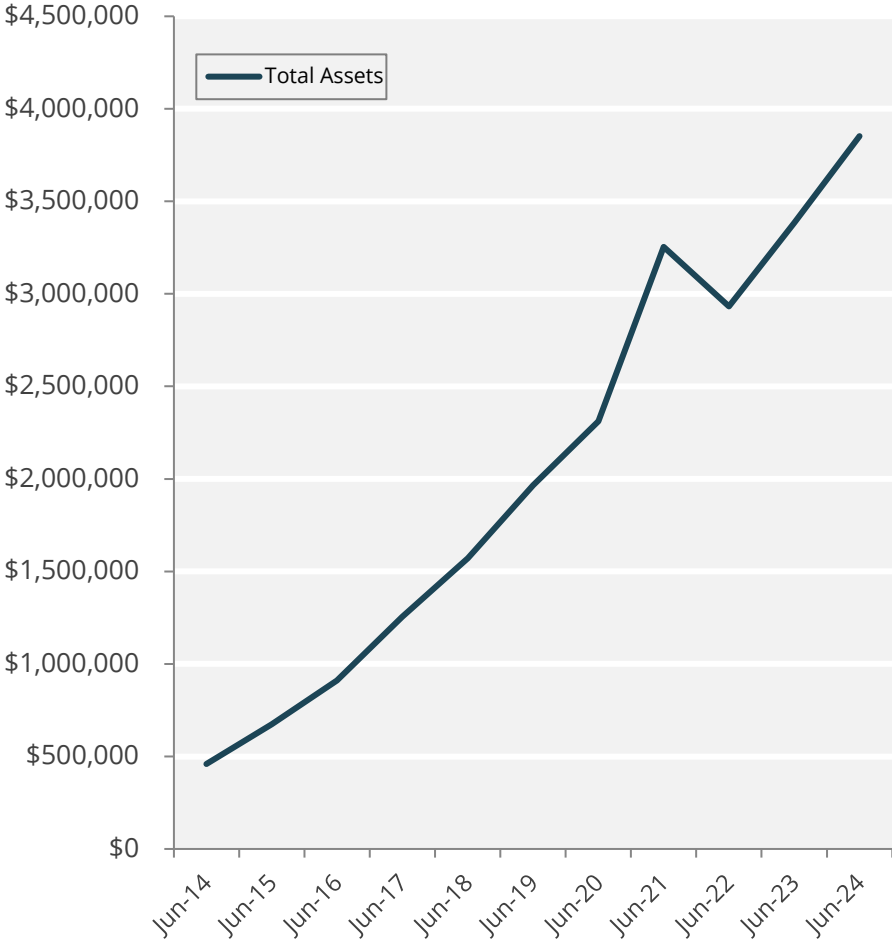
Plan Year Ending

Year	Distributions
Jun-14*	\$20,497
Jun-15	\$22,117
Jun-16	\$0
Jun-17	\$16,784
Jun-18	\$50,134
Jun-19	\$19,717
Jun-20	\$57,081
Jun-21	\$33,910
Jun-22	\$62,411
Jun-23	\$41,784
Jun-24**	\$24,806

*Plan Year Ending June 2014 is based on 11 months of activity
 **Plan Year Ending June 2024 is based on 7 months of activity

PLAN ASSETS

AS OF JANUARY 31, 2024:



Plan Year Ending

Year	Total Assets
Jun-14*	\$458,814
Jun-15	\$673,505
Jun-16	\$910,630
Jun-17	\$1,254,152
Jun-18	\$1,571,440
Jun-19	\$1,966,231
Jun-20	\$2,311,754
Jun-21	\$3,253,629
Jun-22	\$2,932,502
Jun-23	\$3,382,696
Jun-24**	\$3,851,482

*Plan Year Ending June 2014 is based on 11 months of activity

**Plan Year Ending June 2024 is based on 7 months of activity



INVESTMENT STRATEGY

- PFM Asset Management, the PARS Trustee, serves as investment manager and investment fiduciary for plan assets
- Asset mix is approximately 60% equities and 40% fixed income.
- Agency currently utilizes the **Balanced Strategic Blend** investment strategy.
- 2021 valuation assumed a 6.25% discount rate assumption.

INVESTMENT REVIEW

**PARS: California Vanpool Authority
Defined Benefit Plan**

As of December 31, 2023

Presented By

Dennis S. Mullins, CFA

Senior Client Portfolio Manager

PFM Asset Management, LLC

513-304-0398

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 1.68% in January.
- ▶ Within the S&P, five of the 11 sectors posted positive returns. The Telecom sector was the best performer for the month, returning 5.02%, while the second-best performing sector, Information Technology, posted a return of 3.95%. Real Estate was the worst performing sector, posting a return of -4.74%.
- ▶ Positive returns were seen only in large capitalizations, with small-caps (Russell 2000) returning -3.89%, mid-caps (Russell Mid Cap Index) returning -1.42%, and large-caps (Russell 1000 Index) returning 1.39%. Growth stocks outperformed value stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -0.99%. Developed markets, represented by the MSCI EAFE Index, saw returns of 0.58%. Within Developed markets, Netherlands, as represented by MSCI Netherlands Index, performed the best in January with a return of 6.07%, due to the strong performance of ASML, a semiconductor company that represents 23% of the index.
- ▶ Emerging markets (EM), represented by the MSCI Emerging Markets Index, saw returns of -4.64% in January. This was, in part, due to a negative month for Chinese equities, as represented by MSCI China Index, which returned -10.61%, while India, as represented by the MSCI India Index, saw modest positive returns of 2.41%.
- ▶ Within the ACWI ex-U.S. Index, two of the 11 sectors posted positive returns. Healthcare was the best performing sector, with a return of 1.09%. Information Technology, the second-best performer in January, posted a return of 0.85%. Materials was the worst performing sector, posting a return of -6.25%.

Fixed Income

- ▶ Treasury yields steepened during the month. On the long end, the yield on the 10-year increased by three basis points (bps) and the yield on the 30-year increased by 14 bps. On the shorter end, the yield on the 2- and 5-year decreased four bps and one bps respectively, causing the Broad Treasury Index to return -0.18% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned -0.27% in January. Investment-grade (IG) credit as a whole returned -0.18%, AAA-rated bonds returned 0.03%, AA-rated bonds returned -0.41%, A-rated bonds returned -0.22%, and BBB-rated bonds returned -0.13%. High-yield corporates saw a return of 0.00% during the month.

Alternatives and Other Asset Classes

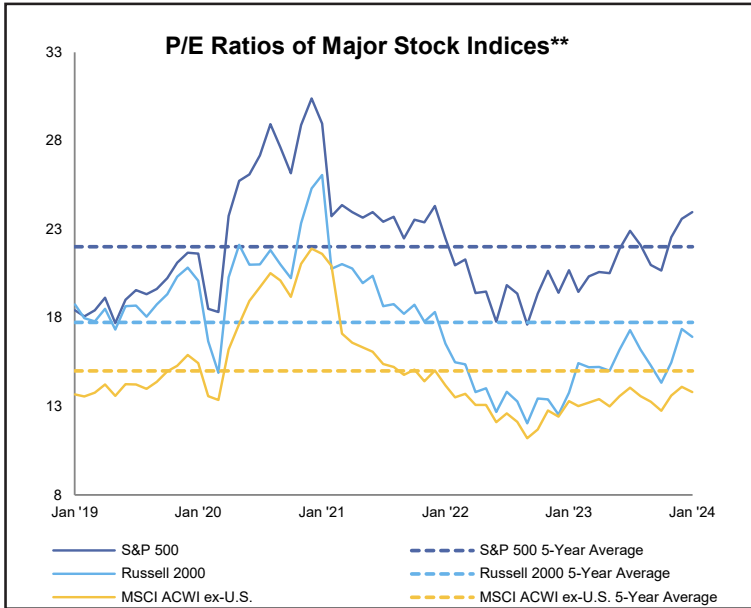
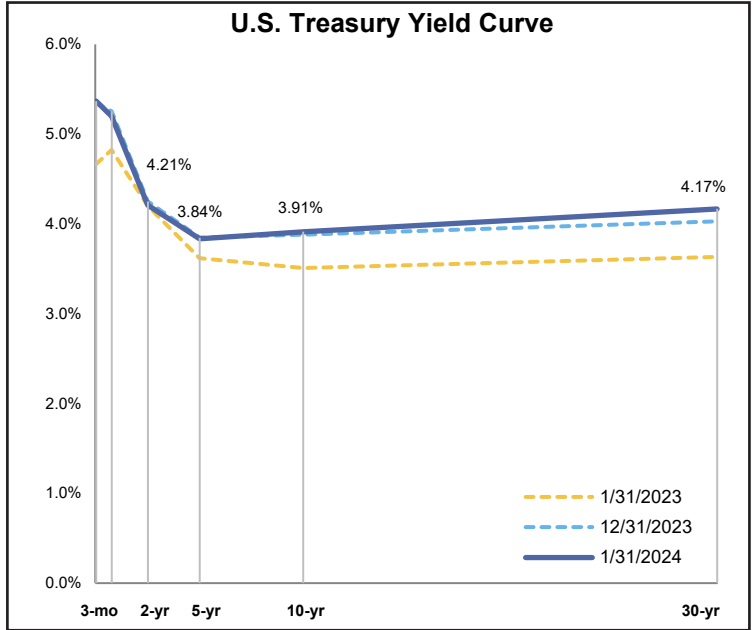
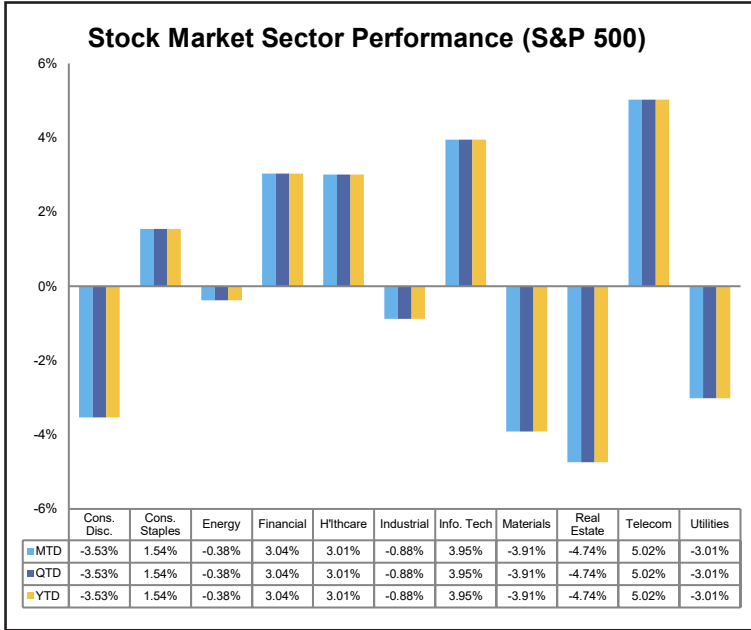
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned -4.15% in January. Eight of the nine real estate sectors had negative returns for the month. The Data Centers sector did the best, returning 3.50%. The worst performing sector of the month was Self-Storage, returning -8.18%.
- ▶ Listed infrastructure, represented by, MSCI World Infrastructure Index, returned -3.12% for the month. Energy and Utilities returned -0.38% and -3.01% respectively during the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude rose to \$75.85/barrel in January, up \$4.20 from \$71.65/barrel at the end of December.

Items to Watch

- ▶ In the fourth quarter, U.S. real gross domestic product (GDP) grew at an annual rate of 3.3% according to the advance estimate. This was higher than the forecast of 2%, and followed a 4.9% rate in Q3 as significantly higher exports and continued strength in consumer spending supported growth. The eurozone narrowly avoided a second straight quarter of contraction, expanding 0.1% year-over-year (YoY) in the fourth quarter. Among its member states, growth was mixed as Germany shrank 0.2%, consistent with soft manufacturing and trade activity, while France grew slightly at 0.7%.
- ▶ Consumer price inflation (CPI) rose slightly to 3.4% in December from a five-month low of 3.1% in November, mainly due to higher shelter and energy costs. Excluding food and energy, Core CPI continued its 15-month trend of cooling, with a rate of 3.9% in December, below November's 4%. In the Eurozone, inflation pressures are also easing, with the YoY CPI Index slowing to 2.8% in January, well below its 2022 peak of 10.6%.
- ▶ Despite this positive data, the Federal Reserve (Fed) shared sentiments regarding the unlikely scenario for a March rate cut in its post meeting commentary. After choosing to keep the target rate unchanged at its current range of 5.25% to 5.50% in January, the Fed underlined the importance of data in its policy decisions and its careful consideration of timing in order to balance the risk of cutting either too soon or too late.
- ▶ U.S. ISM purchasing manager index (PMI) improved in January, though activity remains mixed, with manufacturing still slightly contractionary at 49.1 and services in expansionary territory at 53.4. New orders were the primary strength in both. China's manufacturing saw no change from December, with a reading of 50.8, which is above the market forecast of 50.6. Manufacturing activity continues to contract in the Eurozone though at a somewhat slower pace — HCOB Eurozone Manufacturing PMI rose to 46.6 in January.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	1.68%	1.68%	1.68%	20.79%
Russell 3000	1.11%	1.11%	1.11%	19.12%
Russell 2000	-3.89%	-3.89%	-3.89%	2.36%
Russell 1000	1.39%	1.39%	1.39%	20.21%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-0.99%	-0.99%	-0.99%	5.88%
MSCI EAFE	0.58%	0.58%	0.58%	10.01%
MSCI Emerging Markets	-4.64%	-4.64%	-4.64%	-2.94%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.27%	-0.27%	-0.27%	2.10%
Bloomberg Barclays Global Agg	-1.38%	-1.38%	-1.38%	0.94%
Bloomberg Barclays U.S. HY	0.00%	0.00%	0.00%	9.28%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
FTSE Global Core Infrastructure	-3.12%	-3.12%	-3.12%	-2.80%
FTSE NAREIT Equity	-4.15%	-4.15%	-4.15%	-1.50%
Bloomberg Commodity	-0.09%	-0.09%	-0.09%	-11.84%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.7%	3.7%
Initial Jobless Claims (4 week average)	207.8 K	202.5 K
CB Leading Economic Indicators	-0.1	-0.5
Capacity Utilization	78.6%	78.6%
GDP (annual growth rate)	3.3%	4.9%
University of Michigan Consumer Confidence	78.8	69.7
New Home Starts	664 K	615 K
Existing Home Sales	3.8 MM	3.8 MM
Retail Sales (YoY)	4.5%	3.4%
U.S. Durable Goods (MoM)	0.0%	5.5%
Consumer Price Index (YoY)	3.4%	3.1%
Producer Price Index (MoM)	-0.1%	-0.3%
Developed International*	9/30/2023	6/30/2023
Market GDP (annual rate)	1.5%	1.9%
Market Unemployment	4.4%	4.3%



Source: Bloomberg. Data as of January 31, 2024, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2023 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Selected Period Performance
PARS/HCM BALANCED HIGHMARK PLUS
Account **112617**
Period Ending: 12/31/2023

	Quarter to Date (3 Months)	Year to Date (1 Year)	3 Years	5 Years	10 Years	Inception to Date 09/01/2013
Cash Equivalents <i>Lipper Money Market Funds Index</i>	1.33 <i>1.33</i>	4.98 <i>5.00</i>	2.14 <i>2.15</i>	1.76 <i>1.76</i>	1.16 <i>1.12</i>	1.11 <i>1.08</i>
Total Fixed Income <i>Bloomberg US Aggregate Bd Index</i>	6.91 <i>6.82</i>	6.92 <i>5.53</i>	-2.29 <i>-3.31</i>	1.61 <i>1.10</i>	1.97 <i>1.81</i>	1.97 <i>1.77</i>
Total Equities	12.20	22.41	5.92	12.44	8.91	9.72
Large Cap Funds <i>S&P 500 Composite Index</i>	11.95 <i>11.69</i>	28.35 <i>26.29</i>	9.01 <i>10.00</i>	15.13 <i>15.69</i>	11.33 <i>12.03</i>	12.14 <i>12.62</i>
Mid Cap Funds <i>Russell Midcap Index</i>	12.74 <i>12.82</i>	17.43 <i>17.23</i>	5.67 <i>5.92</i>	12.42 <i>12.68</i>	8.44 <i>9.42</i>	9.06 <i>10.06</i>
Small Cap Funds <i>Russell 2000 Index</i>	15.22 <i>14.03</i>	18.27 <i>16.93</i>	3.24 <i>2.22</i>	11.64 <i>9.97</i>	9.20 <i>7.16</i>	10.11 <i>8.03</i>
International Equities <i>MSCI EAFE Index</i> <i>MSCI EM Free Index</i>	9.45 <i>10.42</i> <i>7.86</i>	14.02 <i>18.24</i> <i>9.83</i>	.22 <i>4.02</i> <i>-5.08</i>	7.35 <i>8.16</i> <i>3.68</i>	4.06 <i>4.28</i> <i>2.66</i>	4.86 <i>5.24</i> <i>3.18</i>
REIT Funds <i>Wilshire REIT Index</i>	18.22 <i>16.30</i>	12.36 <i>16.18</i>	4.78 <i>7.52</i>	6.83 <i>7.56</i>	 <i>7.72</i>	 <i>6.91</i>
Total Managed Portfolio	9.76	15.54	2.87	8.21	6.24	6.67

Account Inception 9/1/2013

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.



Asset Allocation

As of December 31, 2023

Current Asset Allocation		Investment Vehicle	
Equity		Range: 50%-70%	59.11%
Large Cap Core	COFYX	Columbia Contrarian Core Inst3	6.10%
	VGIAX	Vanguard Growth & Income Adm	11.63%
Large Cap Value	DODGX	Dodge & Cox Stock I	5.15%
	IVE	iShares S&P 500 Value ETF	2.26%
Large Cap Growth	HNACX	Harbor Capital Appreciation Retirement	3.23%
	IVW	iShares S&P 500 Growth ETF	3.23%
Mid Cap Core	IWR	iShares Russell Mid-Cap ETF	6.47%
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Val R6	4.19%
Small Cap Growth	FGROX	Emerald Growth Institutional	3.97%
International Core	DFALX	DFA Large Cap International I	4.33%
International Value	DODFX	Dodge & Cox International Stock I	1.43%
International Growth	MGRDX	MFS International Growth R6	1.42%
Emerging Markets	HHHFX	Hartford Schroders Emerging Mkts Eq F	3.97%
Real Estate	VNQ	Vanguard Real Estate ETF	1.72%
Fixed Income		Range: 30%-50%	37.26%
Intermediate-Term	DODIX	Dodge & Cox Income I	11.34%
	PTRQX	PGIM Total Return Bond R6	11.32%
	DBLFX	DoubleLine Core Fixed Income I	11.30%
	MBB	iShares MBS ETF	3.30%
Cash		Range: 0%-20%	3.63%
	FGXXX	First Am Govt Ob Fd CI X	3.63%
TOTAL			100.00%

CALIFORNIA VANPOOL AUTHORITY

For Period Ending December 31, 2023

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	4.44	12.83	32.21	32.21	10.30	16.94	11.94
Vanguard Growth & Income Adm	4.21	11.53	24.76	24.76	10.12	15.39	11.90
Dodge & Cox Stock I	5.86	9.82	17.48	17.48	12.81	13.94	10.45
iShares S&P 500 Value ETF	5.51	13.57	22.02	22.02	12.90	13.92	9.83
Harbor Capital Appreciation Retirement	4.72	16.31	53.86	53.86	3.54	18.00	14.10
iShares S&P 500 Growth ETF	3.70	10.05	29.80	29.80	6.43	16.02	13.15
S&P 500 TR USD	4.54	11.69	26.29	26.29	10.00	15.69	12.03
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	7.72	12.78	17.07	17.07	5.76	12.50	9.26
Russell Mid Cap TR USD	7.73	12.82	17.23	17.23	5.92	12.68	9.42
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	10.19	15.36	14.57	14.57	15.08	14.26	9.53
Emerald Growth Institutional	10.12	14.94	19.06	19.06	-2.21	10.82	8.58
Russell 2000 TR USD	12.22	14.03	16.93	16.93	2.22	9.97	7.16
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	4.68	6.81	16.70	16.70	6.49	8.65	3.99
DFA Large Cap International I	5.24	10.29	17.87	17.87	4.96	8.82	4.54
MFS International Growth R6	4.99	10.87	14.96	14.96	2.32	9.57	6.47
MSCI EAFE NR USD	5.31	10.42	18.24	18.24	4.02	8.16	4.28
Hartford Schroders Emerging Mkts Eq F	2.92	8.26	9.00	9.00	-6.90	4.09	2.97
MSCI EM NR USD	3.91	7.86	9.83	9.83	-5.08	3.69	2.66
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	9.37	18.12	11.74	11.74	5.00	7.29	7.34
BOND FUNDS							
DoubleLine Core Fixed Income I	3.85	6.50	6.43	6.43	-2.55	1.08	2.14
Dodge & Cox Income I	4.08	7.32	7.70	7.70	-1.65	2.70	2.79
PGIM Total Return Bond R6	4.03	7.16	7.78	7.78	-3.20	1.73	2.66
Bloomberg US Agg Bond TR USD	3.83	6.82	5.53	5.53	-3.31	1.10	1.81
iShares MBS ETF	4.19	7.33	4.99	4.99	-2.97	0.20	1.28

Source: SEI Investments, Morningstar Investments

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

GASB 67/68 REPORTING

- **To assist our public agency clients with GASB 67/68, PARS will be providing the following:**
 - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
 - Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by Clifton Larson Allen (CLA) that is intended to be compliant with GASB 67/68 requirements.
 - Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
 - Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit plan as defined under GASB

PERFORMANCE SHEETS