

# OPEB PRE-FUNDING PROGRAM & PENSION RATE STABILIZATION PROGRAM

4/08/2026

## Summary of Agency's OPEB Plan

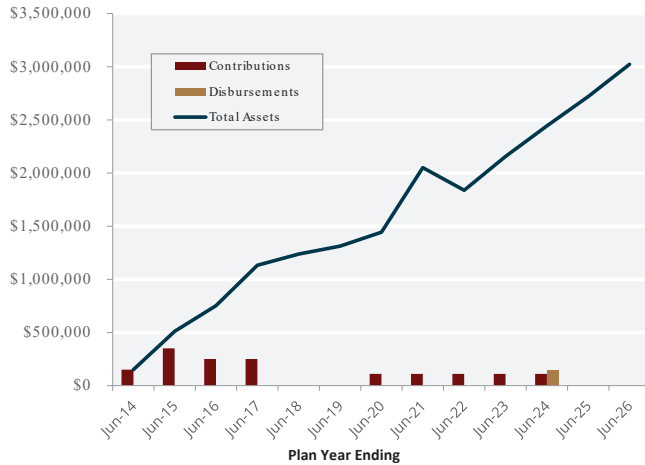
<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	April 10, 2014
<b>Plan Administrator:</b>	District Treasurer
<b>Current Investment Strategy:</b>	Capital Appreciation Strategic Blend; Individual Account

**AS OF FEBRUARY 28, 2026:**

<b>Initial Contribution:</b>	June 2014: \$150,000
<b>Additional Contributions:</b>	\$1,400,000
<b>Total Contributions:</b>	\$1,550,000
<b>Disbursements:</b>	(\$145,712)
<b>Net Investment Earnings:</b>	\$1,617,941
<b>Account Balance:</b>	\$3,022,230

# Summary of Agency's OPEB Plan

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF FEBRUARY 28, 2026:



Year	Contributions	Disbursements	Total Assets
Jun-14*	\$150,000	\$0	\$150,000
Jun-15	\$350,000	\$0	\$510,025
Jun-16	\$250,000	\$0	\$751,849
Jun-17	\$250,000	\$0	\$1,131,243
Jun-18	\$0	\$0	\$1,237,589
Jun-19	\$0	\$0	\$1,312,312
Jun-20	\$110,000	\$0	\$1,442,823
Jun-21	\$110,000	\$0	\$2,050,739
Jun-22	\$110,000	\$0	\$1,837,531
Jun-23	\$110,000	\$0	\$2,156,364
Jun-24	\$110,000	\$145,712	\$2,442,592
Jun-25	\$0	\$0	\$2,718,589
Jun-26**	\$0	\$0	\$3,022,230

\*Plan Year Ending June 2014 is based on 1 month of activity.  
 \*\*Plan Year Ending June 2026 is based on 8 months of activity.



# OPEB Actuarial Results

- We have received the actuarial report by *Foster & Foster* dated November 10, 2025, with a measurement date as of June 30, 2024. In the table below, we have summarized the results.

Demographic Study	Measurement Date June 30, 2023	Measurement Date June 30, 2024
<b>Actives</b>	58	54
<b>Retirees</b>	33	34
<b>Total</b>	91	88



# OPEB Actuarial Results

	Measurement Date June 30, 2023 Discount Rate: 6.25%	Measurement Date June 30, 2024 Discount Rate: 6.25%
<b>Total OPEB Liability (TOL)</b>	\$1,748,570	\$1,835,807
<b>Fiduciary Net Position</b>	\$2,156,364*	\$2,442,592*
<b>Net OPEB Liability (NOL)</b>	(\$407,794)	(\$606,785)
<b>Funded Ratio</b>	123.3%	133.1%
<b>Actuarially Determined Contribution (ADC)</b>	\$52,248 <i>For FY 2023-24</i>	\$36,366 <i>For FY 2024-25</i>
<b>Annual Benefit Payments (Pay-as-you-Go)</b>	\$104,993 <i>For FY 2023-24</i>	\$97,998 <i>For FY 2024-25</i>

\*As of February 28, 2026, assets at **\$3,022,230** (approx. **164.6%** funded assuming no change to TOL).  
**Rule of thumb:** For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.



# Summary of Agency's Pension Plan

<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	June 8, 2017
<b>Plan Administrator:</b>	District Treasurer
<b>Current Investment Strategy:</b>	Capital Appreciation Strategic Blend; Individual Account

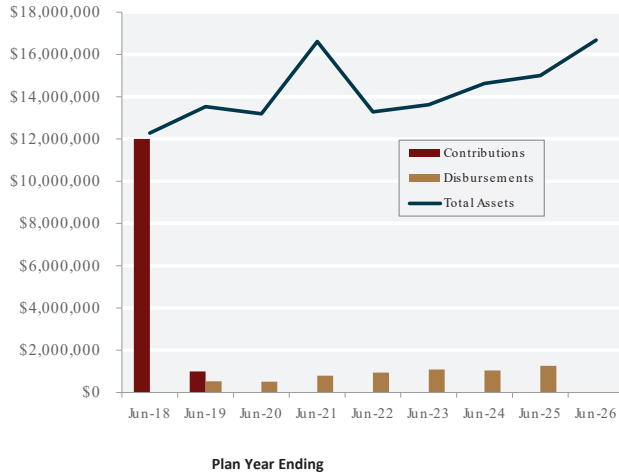
**AS OF FEBRUARY 28, 2026:**

<b>Initial Contribution:</b>	July 2017: \$1,000,000
<b>Additional Contributions:</b>	\$12,000,000
<b>Total Contributions:</b>	\$13,000,000
<b>Disbursements:</b>	(\$6,186,844)
<b>Net Investment Earnings:</b>	\$9,864,535
<b>Account Balance:</b>	\$16,677,691



# Summary of Agency's Pension Plan

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF FEBRUARY 28, 2026:



Year	Contributions	Disbursements	Total Assets
Jun-18	\$12,000,000	\$0	\$12,278,123
Jun-19	\$1,000,000	\$531,042	\$13,528,061
Jun-20	\$0	\$517,312	\$13,188,800
Jun-21	\$0	\$795,933	\$16,615,556
Jun-22	\$0	\$945,887	\$13,277,654
Jun-23	\$0	\$1,092,047	\$13,617,460
Jun-24	\$0	\$1,042,578	\$14,630,925
Jun-25	\$0	\$1,262,045	\$15,001,208
Jun-26*	\$0	\$0	\$16,677,691

\*Plan Year Ending June 2026 is based on 8 months of activity.



# Pension Funding Status

As of June 30, 2024, Mesa Water District's CalPERS pension plan is funded as follows\*:

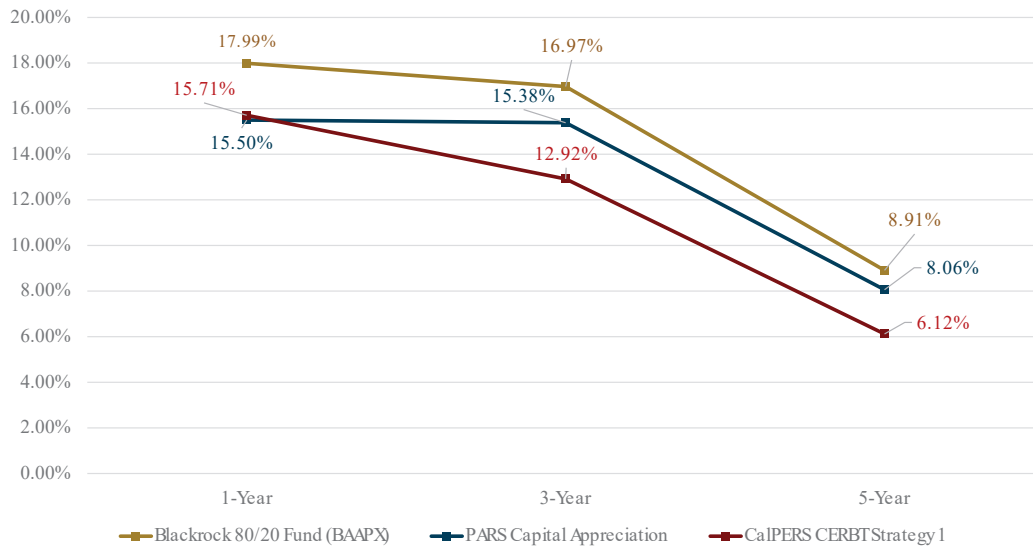
Combined Miscellaneous Groups	Valuation as of June 30, 2023	Valuation as of June 30, 2024	Change
Actuarial Liability	\$58.9 M	\$62.2 M	5.7% ↑
Assets	\$41.3 M	\$44.8 M	8.6% ↑
Unfunded Liability	\$17.6 M	\$17.4 M	1.3% ↓
Funded Ratio	70.1%	72.1%	2.8% ↑
Employer Contribution Amount	\$1.9 M (FY 24-25)	\$2.1 M (FY 25-26)	11.3% ↑
Employer Contribution Amount	---	\$2.6 M (FY 31-32)	21.6% ↑

\* Data through 2031-32 from Agency's latest CalPERS actuarial valuation



# Annualized Return Comparison

PARS CAPITAL APPRECIATION, CALPERS CERBT STRATEGY 1, BLACKROCK 80/20 FUND (BAAPX) AS OF DECEMBER 31, 2025



# Investment Discussion Highlights: Mesa Water District

## Investment objective – Capital Appreciation

- **Asset Allocation: PARS/Capital Appreciation (As of 12-31-2025)**
- Allocation Target – 76.6% stocks (65-85% range), 20.3% bonds (10-30% range), 3.1% cash (0-20% range)
- Large cap 51.57%, Small cap 2.17%, International 15.05%, REIT 3.72%, Infrastructure 3.65%

## Asset Allocation:

- Modestly overweight equities
- Increased International; Reduced REIT allocation
- Neutral duration fixed income



# Investment Discussion Highlights: Mesa Water District

## Performance: Mesa Water District 115 Pension

(as of 12-31-2025) gross of investment management fees, net of fund fees

- 3 Months: 2.22%
- 1 Year (YTD): 15.45%
- 3 Years: 15.44%
- 5 Years: 8.03%
- 08/2017 (ITD): 9.06%

## Performance: Mesa Water District 115 OPEB

(as of 12-31-2025) gross of investment management fees, net of fund fees

- 3 Months: 2.23%
- 1 Year (YTD): 15.56%
- 3 Years: 15.47%
- 5 Years: 8.12%
- 08/2014 (ITD): 9.0%



### Factors to Consider Over the Next 6-12 Months

<p><b>Monetary Policy (Global):</b></p> <ul style="list-style-type: none"> <li>The Fed cut rates by 50 bps in Q4 but noted continuing challenges in achieving its dual mandate.</li> <li>Markets view policy risks as skewed towards additional easing, assuming a more dovish Chair takes office in mid-2026 as expected.</li> <li>Major central banks have an accommodative policy in place with the BOJ being the notable exception.</li> </ul>	<p><b>Economic Growth (Global):</b></p> <ul style="list-style-type: none"> <li>Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support U.S. growth in 2026.</li> <li>The effects of U.S. government shutdown expected to be temporary and fully recouped in Q1 2026.</li> <li>Strong consumer spending and steadier trade dynamics continue to support global growth.</li> </ul>	<p><b>Inflation (U.S.):</b></p> <ul style="list-style-type: none"> <li>While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower and warrants attention.</li> <li>Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p> <ul style="list-style-type: none"> <li>Financial conditions eased as corporate earnings exceeded expectations and tariff concerns abated resulting in equities reaching new all-time highs and credit spreads tightening to historical lows.</li> <li>Financial conditions expected to remain tailwind as monetary policy eases, but any fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p> <ul style="list-style-type: none"> <li>Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between slowing sentiment and activity.</li> <li>Consumer spending is dominated by higher-income cohorts pointing to K-shaped economy.</li> <li>A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending.</li> </ul>	<p><b>Labor Markets (U.S.):</b></p> <ul style="list-style-type: none"> <li>Labor market conditions continued to cool with net new job creation close to zero. Initial jobless claims and layoff rates remain low, easing some concerns over labor weakness.</li> <li>The unemployment rate continued to tick higher, while job openings declined and the quits rate remains subdued, signaling reduced worker leverage even as real wage growth remains positive.</li> </ul>
<p><b>Corporate Fundamentals:</b></p> <ul style="list-style-type: none"> <li>Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks.</li> <li>In the U.S., M&amp;A and capital spending pickup, tax changes and rate cuts are positives while any tariff related cost pressures need to be monitored.</li> </ul>	<p><b>Valuations:</b></p> <ul style="list-style-type: none"> <li>U.S. equities and credit markets trade at valuations that are expensive relative to their history.</li> <li>Resilient growth, strong earnings growth and higher profit margins are supportive of the current valuations while inflation and AI related exuberance are not fully reflected in the current valuations.</li> </ul>	<p><b>Political/Policy Risks:</b></p> <ul style="list-style-type: none"> <li>Some of the policy and trade related uncertainty was resolved in 2025.</li> <li>The possibility of another U.S. government shutdown, legal challenges to tariffs and ongoing geopolitical uncertainty are negatives.</li> </ul>

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 (December 31, 2025) 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.



# CONTACTS



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

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



**J. Keith Stribling, CFA**  
**Senior Portfolio Manager**  
(949) 966-3373  
james.stribling@pfmam.com

13 | 4/08/2026



## Disclosures

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. (USBAM) at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

*PFM Asset Management (PFMAM) serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc. which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.*

*Public Agency Retirement Services ("PARS") is a third-party and not affiliated with PFMAM, USBAM or U.S. Bank. PARS serves as the trust administrator to the Public Agencies Post-Employment Benefits Trust, Public Agencies Post-Retirement Health Care Plan Trust, and the Public Agency Retirement System Trust (the "Trusts"). U.S. Bank N.A. serves as the discretionary trustee to the Trusts. In its capacity as discretionary trustee, U.S. Bank N.A. delegates the investment management of the Trusts to its affiliate USBAM through a sub-advisory agreement. PARS is serviced by PFMAM, a division of USBAM.*

*U.S. Bank N.A. pays the sub-adviser up to 67% of the annual management fee for assets sub-advised under its sub-advisory agreement with U.S. Bank N.A. Refer to your U.S. Bank N.A. fee schedule for investment management fees applied to your specific portfolio. U.S. Bank N.A. compensates the sub-adviser for these services from its own fees.*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

*For Institutional Investor or Investment Professional Use Only – This material is not for inspection by, distribution to, or quotation to the general public.*



## Additional Disclosures

*Assets under management as of 6/30/2024 represent the assets managed by PFM asset Management LLC (PFMAM). As of 10/1/2024 PFMAM and U.S. Bancorp Asset Management, Inc. (USBAM) formerly separately registered investment advisers consolidated into one legal entity and one registered investment adviser with the SEC, with USBAM as the continuing legal entity and registered investment adviser.*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

*For Institutional Investor or Investment Professional Use Only – This material is not for inspection by, distribution to, or quotation to the general public.*

