





**AGENDA**

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
NOCCCD RETIREMENT BOARD MEETING  
FEBRUARY 26, 2026  
4:00 PM–5:30 PM**

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
CHANCELLOR’S CONFERENCE ROOM, 9<sup>TH</sup> FLOOR  
1830 WEST ROMNEYA DRIVE  
ANAHEIM, CA 92801**

**I. CALL TO ORDER**

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**II. ROLL CALL**

**NOCCCD RETIREMENT BOARD (the “Board”) MEMBERS:**

“Acting” Vice Chancellor, Finance & Facilities	Erika Almaraz
Vice Chancellor, Human Resources	Irma Ramos
Full-time Faculty Representative	Phillip Mayfield
Full-time Faculty Representative	Jeremy Peters
Classified Representative	Gail Smead
Classified Representative	Gloria Ortega
Board of Trustee Representative	Mark Lopez
Retiree Representative	Fred Williams
Retiree Representative	Jim Phillips

**PROGRAM COORDINATOR:**

Keenan Financial Services	Roslyn Washington
Keenan Financial Services	Justin Rich

**CONSULTANTS:**

Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley, Graystone- Investment Consultant to BTC	Mark Payne
Morgan Stanley, Graystone- Investment Consultant to BTC	Brian Sharpes

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**III. PUBLIC COMMENTS**

**Information  
2025/2026-001**

The public may address the NOCCCD Retirement Board on any matter pertaining to the Agency that is not on the agenda. The Chair reserves the right to limit the time of presentations by individual or topic.

**IV. APPROVAL OF AGENDA**

**Action**  
**2025/2026-002**

The NOCCCD Retirement Board retains the right to change the order in which agenda items are discussed. Subject to review by the Retirement Board the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**V. APPROVAL OF MINUTES**

**Action**  
**2025/2026-003**

The Retirement Board will review the Minutes from the previous Retirement Board meeting held on **September 18, 2025**, for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**VI. INVESTMENTS**

**PORTFOLIO PERFORMANCE REVIEW**

**Information**  
**2025/2026-004**

Benefit Trust Company, Inc. (BTC) will review the portfolio's fund construction and the portfolio performance of the District's Public Entity Investment Trust (the "Trust").

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**MARKET OVERVIEW**

**Information**  
**2025/2026-005**

Morgan Stanley (MS), Investment Consultant to BTC, will provide an overview of the of the global capital markets since the last Retirement Board meeting.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**INVESTMENT POLICY STATEMENT REVIEW**

**Action**  
**2025/2026-006**

The Retirement Board shall, with the assistance of Benefit Trust Company, adopt an Investment Policy Statement (IPS) setting forth the investment objectives for the Trust. Key to this process is a review of the Board's time horizon for investment, short-term liquidity needs, attitudes as well as the capacity to accept investment risk as measured through the completion of a Risk Tolerance Questionnaire. The Retirement Board shall also discuss the expected rate of return of the Board considering the discount rate and assumptions contained in the most recent Actuarial Valuation Study, as well as any other information the Board Members feel pertinent to the discussion.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**VII. ADMINISTRATIVE ITEMS**

**DESIGNATION OF NEW RETIREMENT BOARD (RB) MEMBER**

**Information**  
**2024/2025-007**

The Retirement Board (RB) has been duly appointed by the North Orange County Community College District Board of Trustees and acknowledges **Erika Almaraz, “Acting” Vice Chancellor, Finance & Facilities, Phillip Mayfield, Faculty Representative, and Fred Williams, Retiree Representative**

PUBLIC COMMENTS:

BOARD CONSIDERATION

**DISBURSEMENT REPORT**

**Information**  
**2025/2026-008**

The Retirement Board (RB) members will review all expenses related to GASB Statement 74/75 compliance duties and the management/operational requirements related to the District’s Public Entity Investment Trust.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**ACTUARIAL VALUATION STUDY UPDATE**

**Information**  
**2025/2026-009**

The Retirement Board (RB) will review the district’s current Actuarial Valuation Study, dated **August 21, 2025**. The Retirement Board of Authority (RBOA) membership shall review the actuarial assumptions and metrics of the district’s new Actuarial Valuation Study to ensure we follow GASB 74/75.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**STATUS OF DISTRICT’S CURRENT OPEB PLAN INDEPENDENT AUDITOR’S REPORT**

**Information**  
**2025/2026-010**

The Independent Auditors Report provides the District’s OPEB Plan with an Independent Auditor’s certification of GASB accounting and financial reporting standards for OPEB expenses, OPEB liabilities, Note: disclosures and Required Supplementary Information (RSI).

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**REIMBURSEMENTS TO THE DISTRICT FOR PAY-AS-YOU-GO**

**Action**  
**2025/2026-011**

The Retirement Board (RB) members will discuss the timeframe and amount feasible to reimburse the district for Fiscal Year **2025/2026** OPEB related expenditures using monies from the Trust.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**VIII. INFORMATION**

**THE NOCCCD RETIREMENT BOARD COMMENTS**

**Information  
2025/2026-012**

Each member of the NOCCCD Retirement Board may report about various matters involving the Board. There will be no Retirement Board discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**PROGRAM COORDINATOR/BTC COMMENTS**

**Information  
2025/2026-013**

The Program Coordinator and Benefit Trust Company will report to the NOCCCD Retirement Board about various matters involving the Board. There will be no Retirement Board discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**IX. DATE, TIME, AND AGENDA ITEMS FOR NEXT MEETING**

**Information  
2025/2026-014**

The NOCCCD Retirement Board’s members and visitors may suggest items for consideration at the next Retirement Board meeting that will be held in February 2026.

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**X. ADJOURNMENT**

**Americans with Disabilities Act:** The North Orange County Community College District Retirement Board conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the North Orange County Community College District Retirement Board, shall be made to: Attn: Vice Chancellor, Finance & Facilities, North Orange County Community College District, 1830 West Romney Drive, Anaheim, CA 92801.



# MINUTES

## NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

September 18, 2025

4:00 PM– 5:30 PM

### I. CALL TO ORDER

1. Meeting was called to order at 4:04 PM by RB Chair, Fred Williams.

### II. ROLL CALL

#### 1. **All Retirement Board members were present: Except Irma Ramos, Gail Smead, Archie Dalshad, & Joe Boyle.**

Fred Williams, Vice Chancellor, Finance & Facilities

Irma Ramos, Vice Chancellor, Human Resources

Archie Delshad, Full-time Faculty Representative

Jeremy Peters, Full-time Faculty Representative

Gloria Ortega, Classified Representative

Gail Smead, Classified Representative

Mark Lopez, Board of Trustee Representative

Jim Phillips, Retiree Representative

Joe Boyle, Retiree Representative

#### 2. **All Program Coordinators/Consultants were present:**

Roslyn Washington, Assistant Vice President, Keenan Financial Services

Scott Rankin, Senior Vice President, Benefit Trust Company (BTC)

Mark Payne, Morgan Stanley (MS), Investment Consultant to BTC

Chad Bolnick, Morgan Stanley (MS), Investment Consultant to BTC.

#### 3. **Guests:**

Erika Almaraz, NOCCCD Executive Director of Fiscal Services

Will Kane, Foster & Foster Actuaries

Stacey Coe, Nigro & Nigro Auditing Firm

### III. PUBLIC COMMENTS

1. There were no public comments.

### IV. APPROVAL OF AGENDA

1. A motion was made by Jeremy Peters and seconded by Jim Phillips to approve the agenda as presented; motion unanimously carried.

### VI. APPROVAL OF MINUTES

1. A motion was made by Jeremy Peters and seconded by Jim Phillips to approve the minutes; motion unanimously carried.

**VII. INVESTMENTS**

**1. Portfolio Performance Review**

- a. Scott Rankin, Benefit Trust Company reviewed the performance of the Investment Trust’s portfolio account as of **August 31, 2025**.
- b. The portfolio value in the long-term account as of August 31, 2025, was **\$143,770,340.51**.
- c. The portfolio value in the short-term account as of August 31, 2025, was **\$19,858,955.75**. Today’s value in the short-term account is **\$14,056,681.73**.
- d. This includes the \$6,000,000 withdrawal reimbursement the district took on September 1, 2025 to cover the Pay-as-you-go for fiscal year 2024/2025.

**Time weighted return net of fees (Long-Term Account):**

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
2.17	2.72	10.50	9.74	11.23	5.97	6.96

**Time weighted return net of fees (Short-Term Account):**

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized Inception to Date
1.79	1.93	7.70	6.61	6.61

**2. Market Overview – Morgan Stanley (Investment Consultants to BTC)**

**Economy:**

- US Equities continue to see strong returns amid historic 3-year performance
  - Beginning to see performance dispersion widening across Large, Mid, and Small Cap Equities as opposed to the “Magnificent 7” leading returns
  - The S&P 500 is experiencing above historical average valuations indicating markets are expensive
- Rise of leverage in the markets via levered ETF’s may indicate speculative behavior and riskier markets
- Federal Reserve has begun to cut rates amid lower inflation and cracks in the labor market
  - Markets are pricing in 100bps of rate cuts through 2026

## **VII. ADMINISTRATION**

### **1. Annual Reporting on the Status of the Trust**

- a. Roslyn Washington of Keenan presented the Annual Report for Fiscal Year end 2024/2025.
- b. This report has been uploaded to the district website.
- c. This item is information only.

### **2. Disbursement Report**

- a. Roslyn Washington of Keenan presented the disbursement report outlining the fees paid to the Program Coordinator and discretionary Trustee from Feb 2025 thru August 2025.
- b. This item is information only.

### **3. Updating the Substantive/Comprehensive Compliance Plan**

- a. Roslyn Washington of Keenan presented the OPEB Questionnaire for Fiscal Year end 2024/2025.
- b. There have been no changes to the Retiree Health Benefits.
- c. This item is information only.

### **4. Actuarial Valuation Study**

- a. The most current Actuarial Valuation report was presented by Will Kane of Foster & Foster Actuaries.
- b. Will advised the district that as of June 30, 2025, the Total OPEB Liability (TOL) is \$170,268,728. The Fiduciary Net Position (FNP) was \$159,367,272. This leaves a Net OPEB Liability (NOL) of \$10,901,456.
- c. Fred Williams advised the next Actuarial Study to be completed will be a Roll-Forward.
- d. This item is information only.

### **5. Status of District's OPEB Plan Independent Auditors Report**

- a. The district's June 30, 2024 Independent Auditors Report for the OPEB Trust account was completed by the auditing firm Nigro & Nigro
- b. There are no negative factors to report. This is a clean audit.
- c. This item is information only.

### **6. Reimbursement to the District for OPEB Related Expenses**

- a. The projected cost of the Pay-As-You-Go is approximately \$5.9 million. The Retirement Board approved a \$6mil reimbursement. There was an additional service cost of \$80,000 that was paid from the District's general fund.
- b. Trustee Mark Lopez moved to approve the reimbursement of the Retiree Health Premium amount for fiscal year 2024/2025; Motion seconded by Jeremy Peters and unanimously approved by all RB members present.

**7. Transfer of Assets from the Long-Term to Short-Term Trust Account**

- a. The RB made a transfer of \$6 million dollars from the Long-Term to the Short-Term trust account.
- b. Jim Phillips motioned to approve the transfer; Motion was seconded by Jeremy Peters and unanimously approved by all RB members present.
- c. Fred Williams discussed contributing \$10million dollars to bring it back to fully funded, but the Retirement Board agreed to wait until the next Full Actuarial Valuation Study is completed because the gains may cover the difference.

**VIII. INFORMATION**

**1. NOCCCD Retirement Board Comments**

- a. There were no NOCCCD Retirement Board comments.

**2. Program Coordinator/Consultant Comments**

- a. There were no Program Coordinator/Consultant comments.

**IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

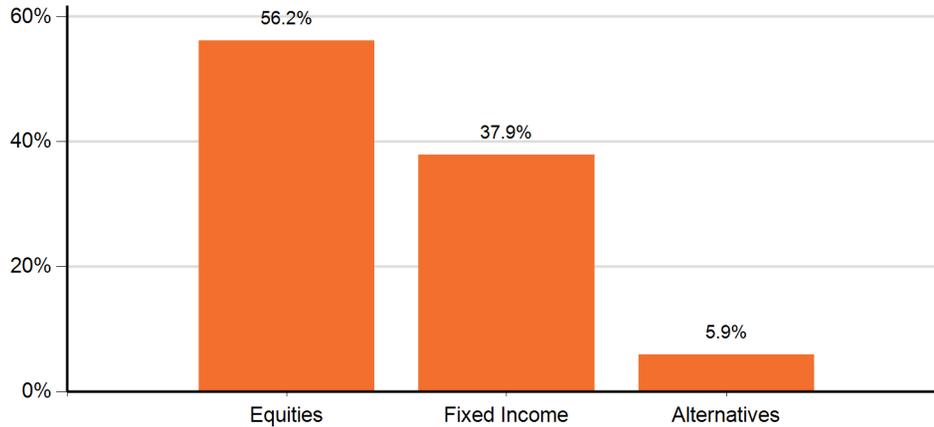
- a. The next Retirement Board meeting will be held on **Feb 26, 2026**.
- b. Bring back “action items” Review of the IPS and Election of Chairperson
- c. The OPEB Independent Audit Report to discuss whether the district will continue using the services of Nigro & Nigro.

**X. ADJOURNMENT**

1. The meeting was adjourned by Fred Williams at 4:59 p.m. Motion to adjourn made by Jeremy Peters; Seconded by Trustee Mark Lopez and unanimously approved by all Retirement Board members present.



## Asset Allocation



## Portfolio Summary

	Year to Date
Beginning Value	\$ 143,629,178.48
Net Contributions	-
Interest	-
Dividends	210,093.74
Change in Market Value	2,835,982.31
Management Fees	(31,718.11)
<b>Ending Value</b>	<b>\$ 146,643,536.43</b>

YTD: 12/31/2025 - 1/31/2026

## Performance

	Market Value	Current Yield	Month to Date	Quarter to Date	Year to Date	Last 12 Months	Last 3 Years	Last 5 Years	Inception* to Date
Fixed Income	55,577,441.34	4.1	0.04	0.04	0.04	5.91	3.77	-0.49	2.22
Equities	82,382,623.83	1.8	3.39	3.39	3.39	22.95	19.97	9.77	11.99
Alternatives	8,683,471.25	3.1	2.37	2.37	2.37	5.98	5.12	5.78	4.72
<b>Total Account</b>	<b>146,643,536.43</b>	<b>2.7</b>	<b>2.04</b>	<b>2.04</b>	<b>2.04</b>	<b>15.09</b>	<b>12.58</b>	<b>5.64</b>	<b>7.67</b>
<b>Total Account (Net of Fees)</b>		<b>2.7</b>	<b>2.02</b>	<b>2.02</b>	<b>2.02</b>	<b>14.79</b>	<b>12.26</b>	<b>5.32</b>	<b>7.30</b>
<i>S&amp;P 500 TR</i>			1.44	1.44	1.44	16.32	21.09	14.98	15.18
<i>MSCI EAFE</i>			5.22	5.22	5.22	31.18	16.17	10.27	8.99
<i>MSCI ACWI Ex US Net</i>			5.97	5.97	5.97	34.88	16.55	9.11	9.03
<i>BBG Agg (US)</i>			0.11	0.11	0.11	6.85	3.65	-0.20	1.72
<i>BBG Global Agg</i>			0.94	0.94	0.94	8.56	3.19	-1.78	0.67
<i>50% MSCI ACWI / 50% BBG Agg</i>			1.53	1.53	1.53	14.25	11.20	5.84	7.06

\* Inception date: 4/30/2016

Performance for periods greater than one year are annualized.

**PORTFOLIO APPRAISAL**  
**NORTH ORANGE COUNTY CCD**  
**BENEFIT TRUST ACCOUNT 7320**

January 31, 2026

<u>Quantity</u>	<u>Security</u>	<u>Security Symbol</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>
<b>FIXED INC MUTUAL FUNDS</b>								
TAXABLE BOND FUND								
578,697.426	COMMUNITY CAPITAL TR COM ACT INV INST	CRAN.X	9.29	5,376,692.11	9.65	5,584,430.16	3.8	3.5
2,971,909.787	NORTHERN BOND INDEX	NOBO.X	9.27	27,552,139.78	9.32	27,698,199.21	18.9	3.9
1,265,088.467	TARGET PIGM CORE BOND R6	TPCQ.X	8.64	10,935,689.91	8.82	11,158,080.28	7.6	4.4
996,129.847	WELLS FARGO FDS TR WF CORE BOND R6	WTRL.X	10.99	10,943,374.63	11.18	11,136,731.69	7.6	4.4
				54,807,896.44		55,577,441.34	37.9	4.1
				54,807,896.44		55,577,441.34	37.9	4.1
<b>DOMESTIC EQUITY MUTUAL FUNDS</b>								
LARGE CAP FUND								
396,397.458	COLUMBIA FDS SER TR I	COFY.X	27.83	11,029,940.18	40.18	15,927,249.86	10.9	0.4
34,610.087	STATE STREET INST INV TR EQUITY 500 INDEX A	SSSY.X	350.15	12,118,876.64	517.15	17,898,606.49	12.2	1.2
				23,148,816.82		33,825,856.35	23.1	0.9
SMALL CAP FUNDS								
152,711.436	ALGER FDS SMALL CP FOCUS Z	AGOZ.X	11.98	1,828,844.91	23.21	3,544,432.43	2.4	0.0
43,877.638	UNDISCOVERED MANAGERS FDS BEHAVR VAL R6	UBVF.X	60.76	2,665,977.71	82.05	3,600,160.20	2.5	1.9
				4,494,822.62		7,144,592.63	4.9	1.0
				27,643,639.44		40,970,448.98	27.9	0.9
<b>INTERNATIONAL MUTUAL FUNDS</b>								
INTERNATIONAL EMERGING MARKET FUND								
38,178.595	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	66.35	2,532,964.35	98.43	3,757,919.11	2.6	1.3
INTERNATIONAL FUND								
74,649.638	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	40.67	3,035,730.06	72.03	5,377,013.43	3.7	1.3
58,094.697	CLEARBRIDGE INTERNATIONAL GROWTH IS	LMGP.X	79.69	4,629,854.04	76.44	4,440,758.64	3.0	1.7
148,708.775	HARTFORD INTERNATIONAL VALUE Y	HILY.X	15.07	2,241,458.34	26.35	3,918,476.22	2.7	2.9
130,803.953	STATE STR INSTL INVT TR GBL ALCP EQ K	SSGL.X	114.48	14,973,808.51	137.78	18,022,168.64	12.3	3.2
167,829.172	THORNBURG INVESTMENT INCOME BUILDER	TIBO.X	21.87	3,670,057.08	35.13	5,895,838.81	4.0	3.7
				28,550,908.02		37,654,255.74	25.7	2.8
				31,083,872.37		41,412,174.85	28.2	2.6

"#noc-ccd."

**PORTFOLIO APPRAISAL**  
**NORTH ORANGE COUNTY CCD**  
**BENEFIT TRUST ACCOUNT 7320**  
*January 31, 2026*

<u>Quantity</u>	<u>Security</u>	<u>Security Symbol</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>
<b>ALTERNATIVE INVESTMENT FUNDS</b>								
ALTERNATIVE FUND								
342,272.194	COHEN & STEERS RLTY INCM NEW SHS CL Z	CSZI.X	15.25	5,218,074.16	17.65	6,041,104.22	4.1	3.1
123,590.600	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	21.24	2,625,545.68	21.38	2,642,367.03	1.8	2.9
				7,843,619.84		8,683,471.25	5.9	3.1
				7,843,619.84		8,683,471.25	5.9	3.1
<b>TOTAL PORTFOLIO</b>				<b>121,379,028.10</b>		<b>146,643,536.43</b>	<b>100.0</b>	<b>2.7</b>

"#noc-ccd."

## Asset Allocation



## Portfolio Summary

	Year to Date
Beginning Value	\$ 20,406,514.39
Net Contributions	-
Interest	-
Dividends	51,535.68
Change in Market Value	207,031.75
Management Fees	(4,506.43)
<b>Ending Value</b>	<b>\$ 20,660,575.39</b>

YTD: 12/31/2025 - 1/31/2026

## Performance

	Market Value	Current Yield	Month to Date	Quarter to Date	Year to Date	Last 12 Months	Inception* to Date
Fixed Income	13,633,058.70	4.1	0.04	0.04	0.04	5.98	3.63
Equities	6,356,736.91	1.8	3.39	3.39	3.39	23.20	18.96
Alternatives	670,779.78	3.1	2.37	2.37	2.37	6.34	0.80
<b>Total Account</b>	<b>20,660,575.39</b>	<b>3.3</b>	<b>1.13</b>	<b>1.13</b>	<b>1.13</b>	<b>10.96</b>	<b>7.95</b>
<b>Total Account (Net of Fees)</b>		<b>3.3</b>	<b>1.11</b>	<b>1.11</b>	<b>1.11</b>	<b>10.66</b>	<b>7.69</b>
<i>S&amp;P 500 TR</i>			1.44	1.44	1.44	16.32	17.04
<i>MSCI EAFE</i>			5.22	5.22	5.22	31.18	19.03
<i>MSCI ACWI Ex US Net</i>			5.97	5.97	5.97	34.88	22.34
<i>BBG Agg (US)</i>			0.11	0.11	0.11	6.85	3.86
<i>BBG Global Agg</i>			0.94	0.94	0.94	8.56	3.76
<i>50% MSCI ACWI / 50% BBG Agg</i>			1.53	1.53	1.53	14.25	11.17

\* Inception date: 8/31/2024

Performance for periods greater than one year are annualized.

**PORTFOLIO APPRAISAL**  
**BENEFIT TRUST COMPANY AS TRUSTEE FOR NORTH ORANGE COUNTY CCD SHORT TERM**  
**BENEFIT TRUST ACCOUNT 7700**

January 31, 2026

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
<b>FIXED INC MUTUAL FUNDS</b>								
TAXABLE BOND FUND								
141,953.923	COMMUNITY CAPITAL TR COM ACT INV INST	CRAN.X	9.52	1,351,050.17	9.65	1,369,855.36	6.6	3.5
729,006.564	NORTHERN BOND INDEX	NOBO.X	9.34	6,811,462.14	9.32	6,794,341.18	32.9	3.9
310,322.884	TARGET PIGM CORE BOND R6	TPCQ.X	8.79	2,727,856.72	8.82	2,737,047.84	13.2	4.4
244,348.330	WELLS FARGO FDS TR WF CORE BOND R6	WTRL.X	11.17	2,728,776.19	11.18	2,731,814.33	13.2	4.4
				13,619,145.22		13,633,058.70	66.0	4.1
				13,619,145.22		13,633,058.70	66.0	4.1
<b>DOMESTIC EQUITY MUTUAL FUNDS</b>								
LARGE CAP FUND								
30,619.912	COLUMBIA FDS SER TR I	COFY.X	37.47	1,147,263.39	40.18	1,230,308.06	6.0	0.4
2,673.458	STATE STREET INST INV TR EQUITY 500 INDEX A	SSSY.X	424.45	1,134,746.70	517.15	1,382,578.80	6.7	1.2
				2,282,010.09		2,612,886.87	12.6	0.9
SMALL CAP FUNDS								
11,797.389	ALGER FDS SMALL CP FOCUS Z	AGOZ.X	18.54	218,776.54	23.21	273,817.40	1.3	0.0
3,389.327	UNDISCOVERED MANAGERS FDS BEHAVR VAL R6	UBVF.X	83.88	284,301.07	82.05	278,094.28	1.3	1.9
				503,077.61		551,911.68	2.7	1.0
				2,785,087.70		3,164,798.55	15.3	0.9
<b>INTERNATIONAL MUTUAL FUNDS</b>								
INTERNATIONAL EMERGING MARKET FUND								
2,949.106	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	81.97	241,728.41	98.43	290,280.50	1.4	1.3
INTERNATIONAL FUND								
5,766.320	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	63.58	366,613.58	72.03	415,348.03	2.0	1.3
4,487.522	CLEARBRIDGE INTERNATIONAL GROWTH IS	LMGP.X	79.69	357,632.87	76.44	343,026.18	1.7	1.7
11,399.598	HARTFORD INTERNATIONAL VALUE Y	HILY.X	21.28	242,598.84	26.35	300,379.41	1.5	2.9
10,103.914	STATE STR INSTL INV TR GBL ALCP EQ K	SSGL.X	116.50	1,177,144.42	137.78	1,392,117.27	6.7	3.2
12,831.966	THORNBURG INVESTMENT INCOME BUILDER	TIBO.X	29.85	383,032.45	35.13	450,786.97	2.2	3.7
				2,527,022.16		2,901,657.86	14.0	2.8
				2,768,750.57		3,191,938.36	15.4	2.6

"#north-ocs."

**PORTFOLIO APPRAISAL**  
**BENEFIT TRUST COMPANY AS TRUSTEE FOR NORTH ORANGE COUNTY CCD SHORT TERM**  
**BENEFIT TRUST ACCOUNT 7700**  
*January 31, 2026*

<u>Quantity</u>	<u>Security</u>	<u>Security Symbol</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>
<b>ALTERNATIVE INVESTMENT FUNDS</b>								
ALTERNATIVE FUND								
26,440.197	COHEN & STEERS RLTY INCM NEW SHS CL Z	CSZI.X	17.69	467,709.85	17.65	466,669.48	2.3	3.1
9,546.787	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	19.94	190,377.15	21.38	204,110.31	1.0	2.9
				658,087.00		670,779.78	3.2	3.1
				658,087.00		670,779.78	3.2	3.1
<b>TOTAL PORTFOLIO</b>				<b>19,831,070.49</b>		<b>20,660,575.39</b>	<b>100.0</b>	<b>3.3</b>

"#north-ocs."



# Market Update- Q1 2026

# Current Indicators: Equity Valuation

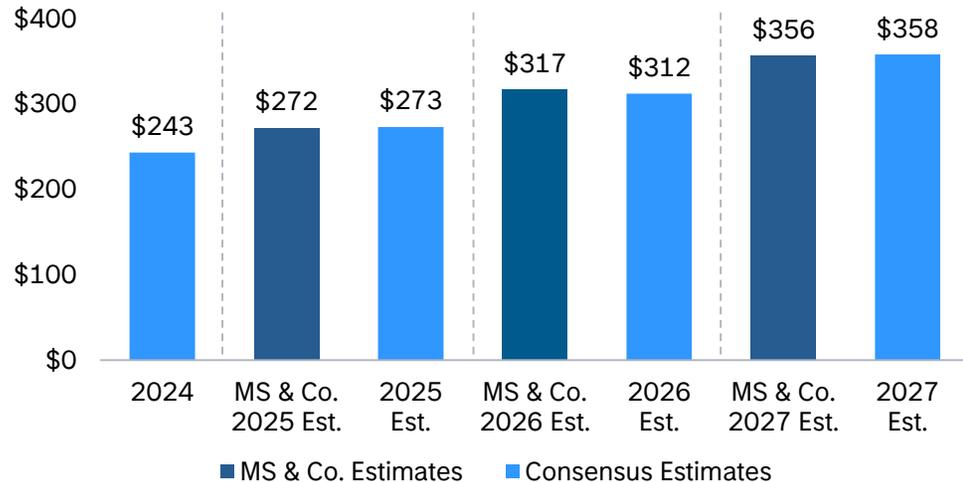
## MORGAN STANLEY & CO. S&P 500 YEAR-END 2026 FORECAST

AS OF DECEMBER 19, 2025

	Dec. 2027 EPS Estimates	P/E Multiple	Price Target	Upside / (Downside)
<b>Bull Case</b>	\$393	22.9	9,000	31.7%
<b>Base Case</b>	\$356	21.9	7,800	14.1%
<b>Bear Case</b>	\$280	20.0	5,600	(18.1%)
<b>Price</b>	<b>6,835</b>			

## S&P 500 EARNINGS ESTIMATES: MS & CO. VS. CONSENSUS

AS OF DECEMBER 19, 2025



## S&P 500 CURRENT AND HISTORICAL VALUATION

AS OF DECEMBER 19, 2025

	Dec. 19, 2025	Tech Bubble	Financial Crisis	20-Year Average	Relative to Avg.
<b>Trailing P/E Ratio</b>	<b>27.3</b>	28.9	12.1	18.9	1.44
<b>Forward P/E Ratio</b>	<b>22.1</b>	26.6	11.2	16.3	1.36
<b>Technology</b>	<b>26.5</b>	62.4	12.6	21.1	1.26
<b>Consumer Disc.</b>	<b>26.6</b>	28.5	29.3	20.9	1.27
<b>Communication Serv.</b>	<b>21.2</b>	28.6	11.4	16.4	1.30
<b>Industrials</b>	<b>24.0</b>	20.1	8.6	17.6	1.36
<b>Real Estate</b>	<b>33.8</b>	-	-	-	-
<b>Financials</b>	<b>16.7</b>	12.9	7.8	14.2	1.18
<b>Consumer Staples</b>	<b>22.5</b>	19.6	11.5	18.1	1.24
<b>Energy</b>	<b>15.8</b>	25.2	11.6	21.4	0.74
<b>Utilities</b>	<b>17.5</b>	14.8	9.8	14.9	1.17
<b>Materials</b>	<b>19.2</b>	13.8	13.9	18.1	1.06
<b>Health Care</b>	<b>18.6</b>	24.5	9.3	18.2	1.02

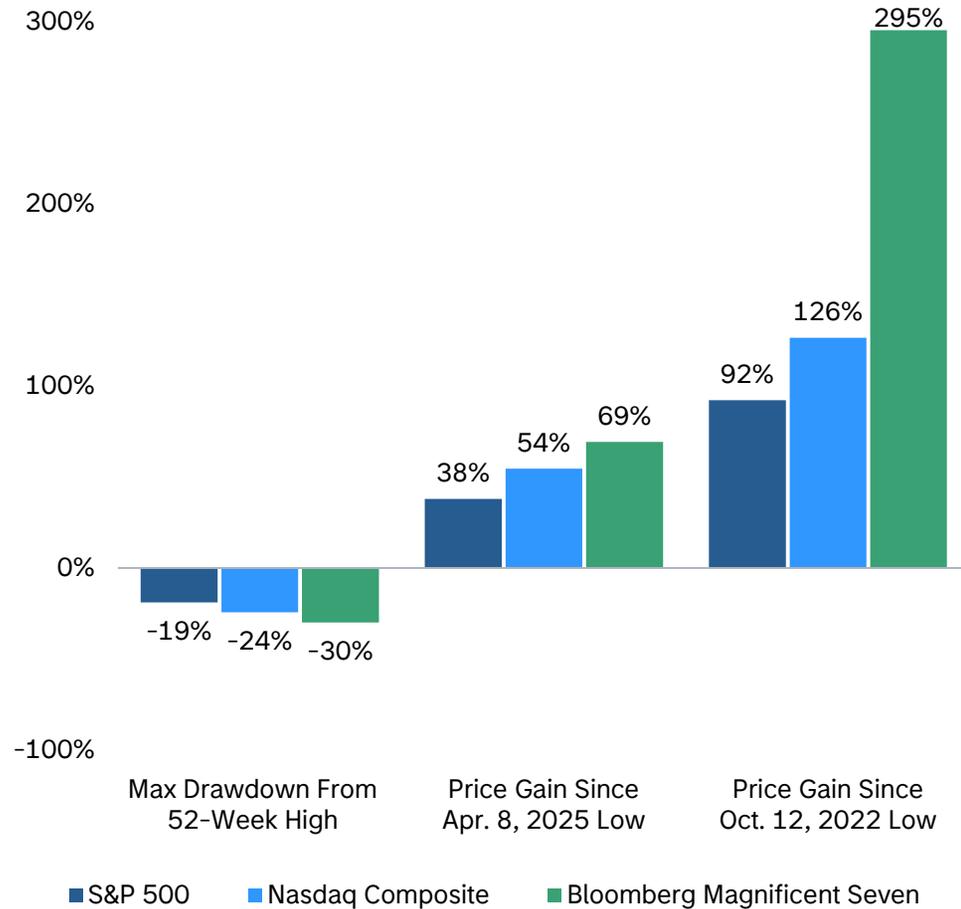
Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

# NASDAQ and “Mag 7” Have Led, but Performance Dispersion Is Widening

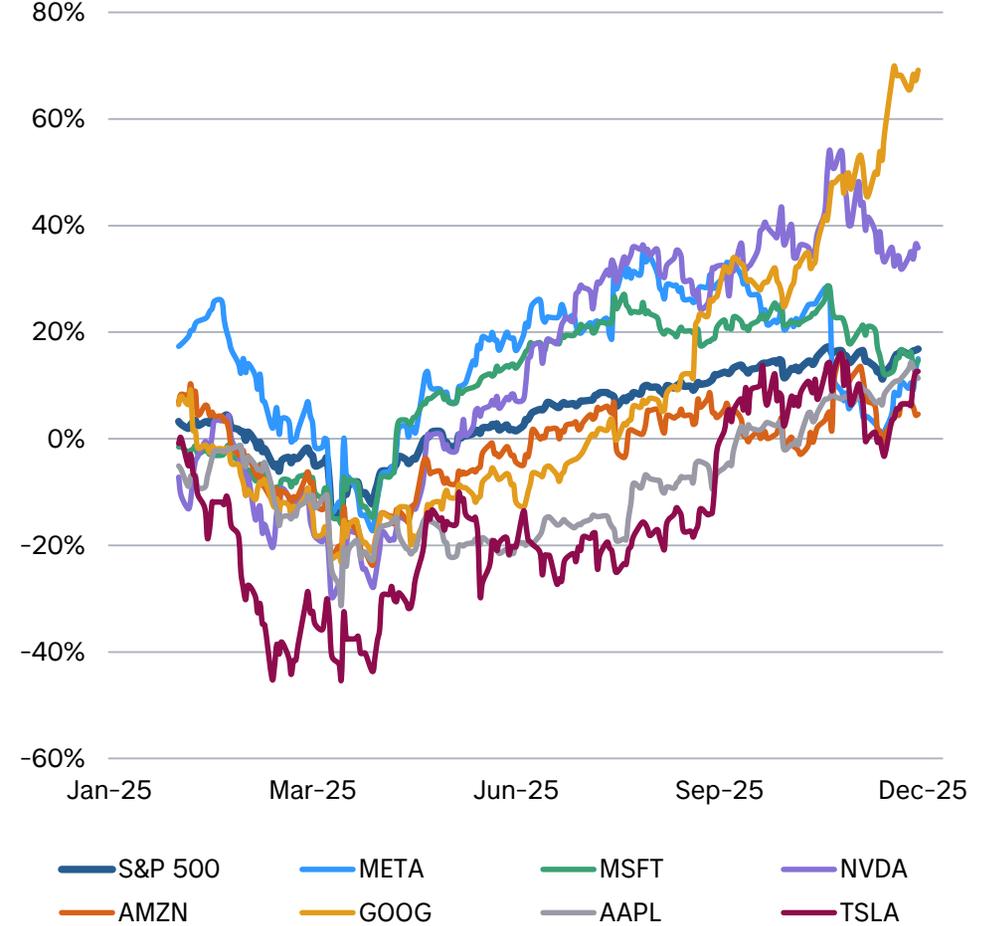
## EQUITY PERFORMANCE

AS OF DECEMBER 5, 2025



## YEAR-TO-DATE PERFORMANCE

AS OF DECEMBER 5, 2025



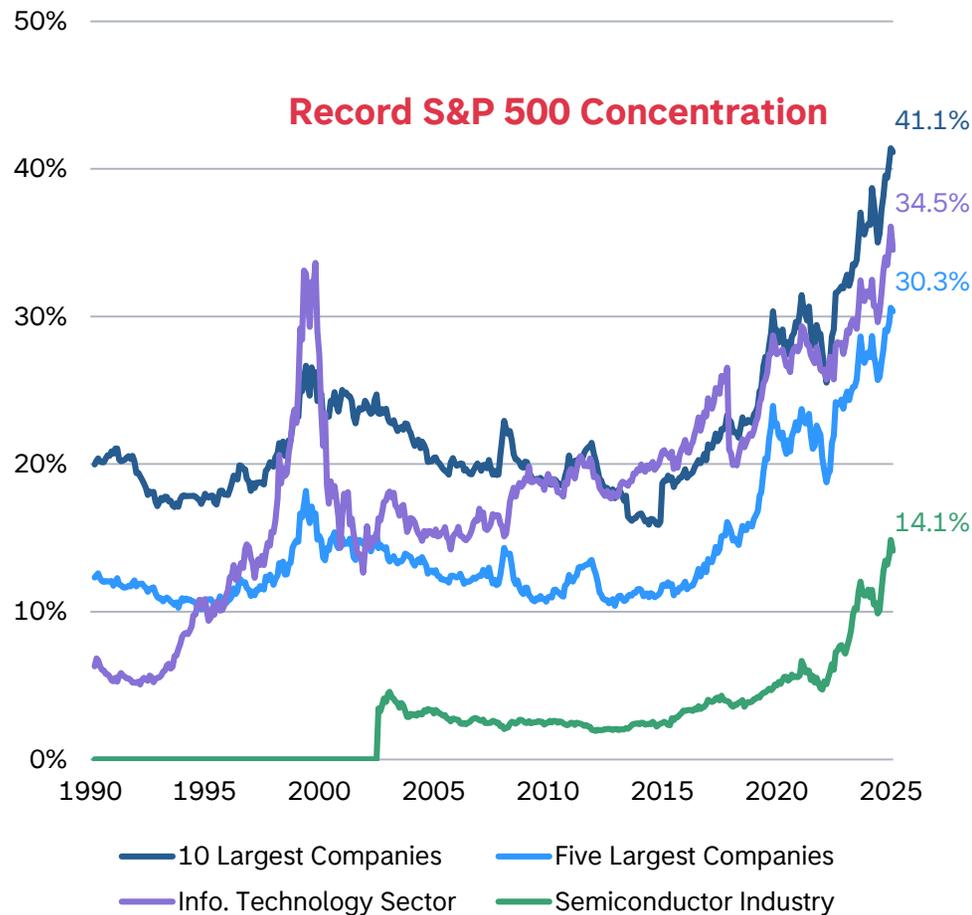
Source: Morgan Stanley Wealth Management GIO, Bloomberg. Drawdown is the peak-to-trough decline during a specific period.

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

# Producing a Concentrated and Expensive Market

## COMPOSITION OF S&P 500 BY WEIGHT

AS OF DECEMBER 8, 2025



## S&P 500 12-MONTH FORWARD P/E RATIO

AS OF DECEMBER 5, 2025



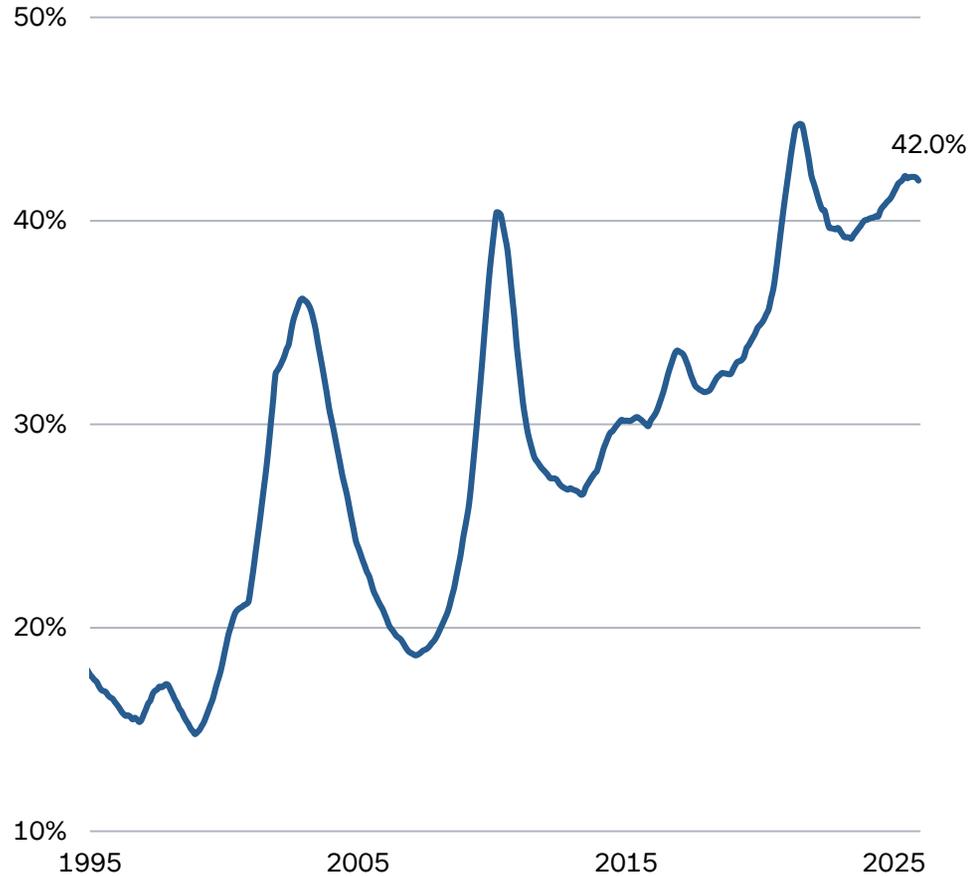
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Strategas

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# Smaller Companies Are Stressed

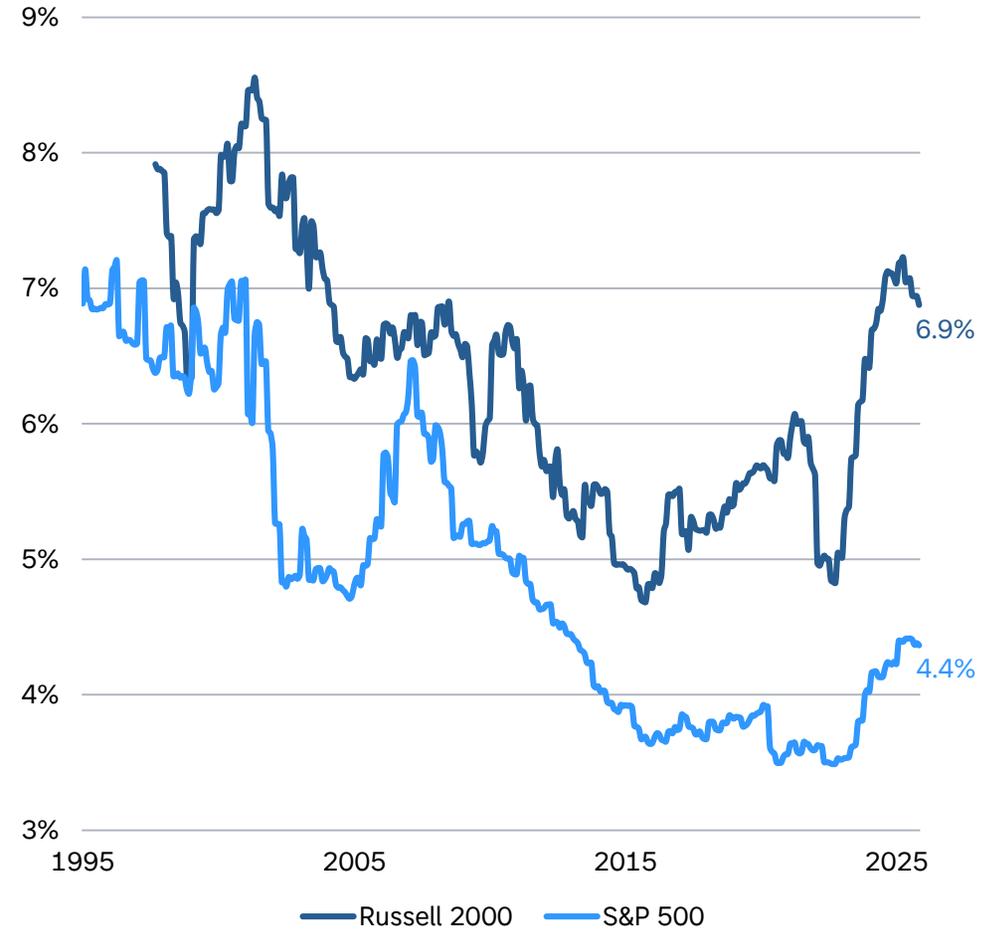
## RUSSELL 2000: SHARE OF UNPROFITABLE COMPANIES

AS OF DECEMBER 8, 2025



## INTEREST EXPENSE AS A SHARE OF DEBT

AS OF DECEMBER 8, 2025



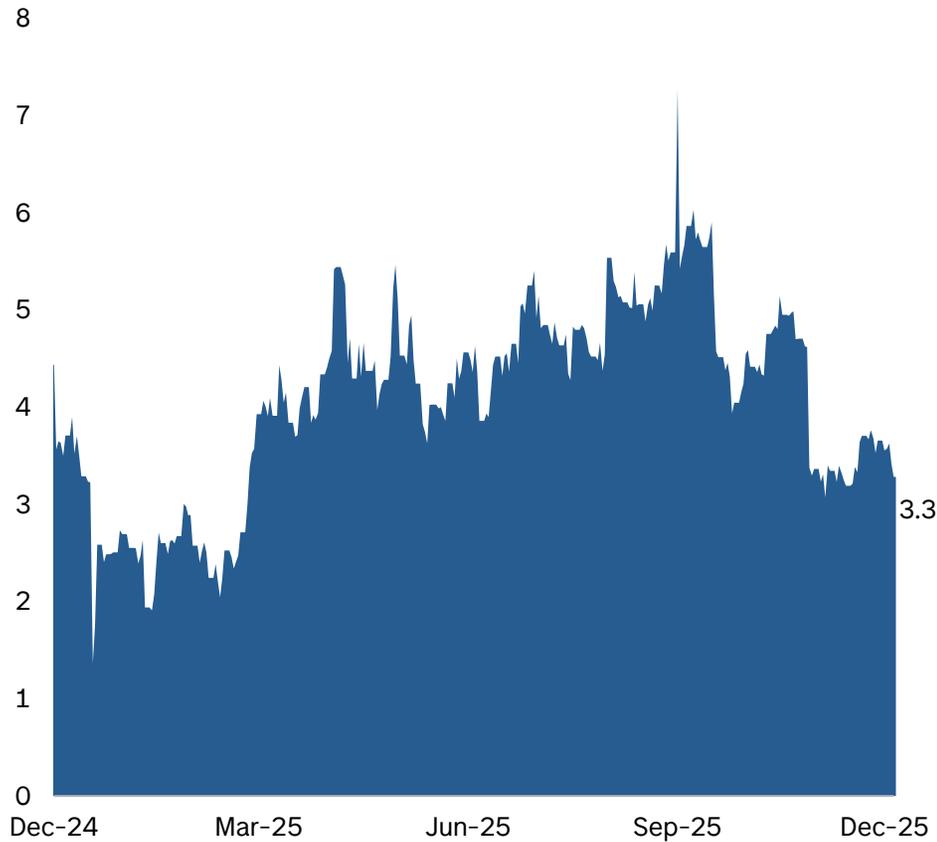
Source: Morgan Stanley Wealth Management GIO, Strategas

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# Another 75bps of Rate Cuts Priced Through 2026

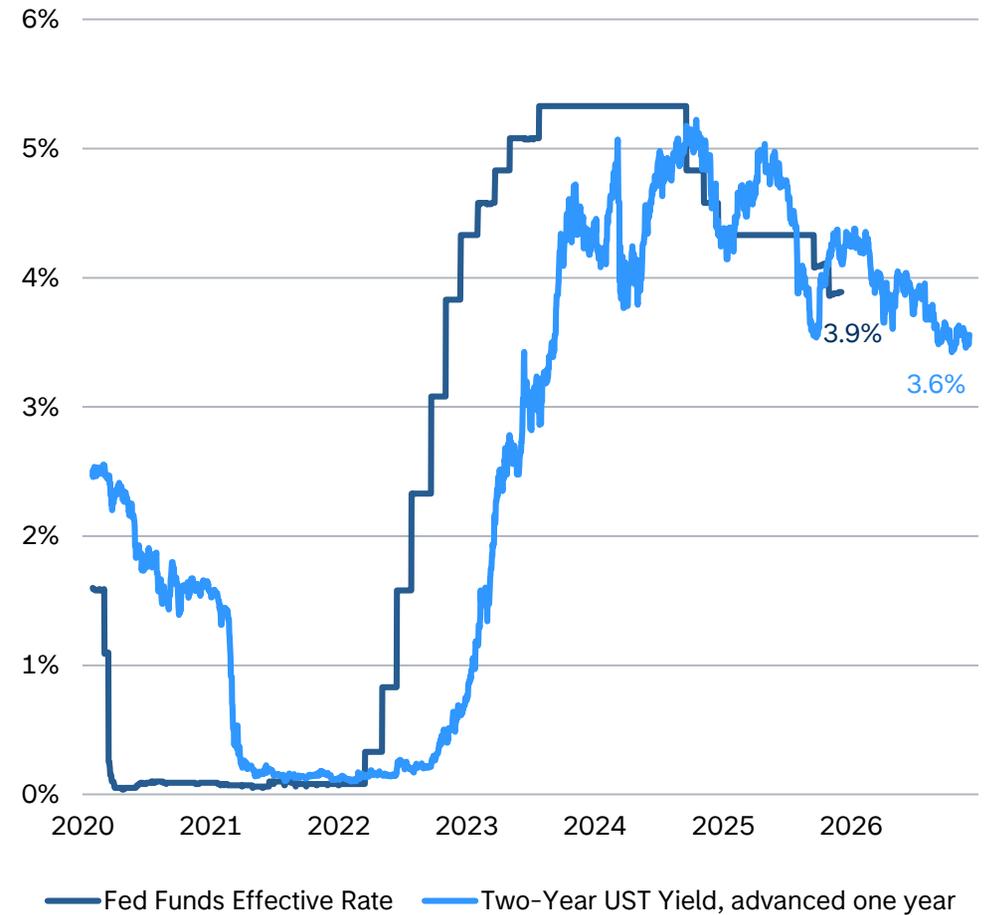
## 25-BP FED RATE CUTS PRICED THROUGH DEC. 2026

AS OF DECEMBER 5, 2025



## FED FUNDS EFFECTIVE RATE VS. TWO-YEAR US TREASURY

AS OF DECEMBER 5, 2025

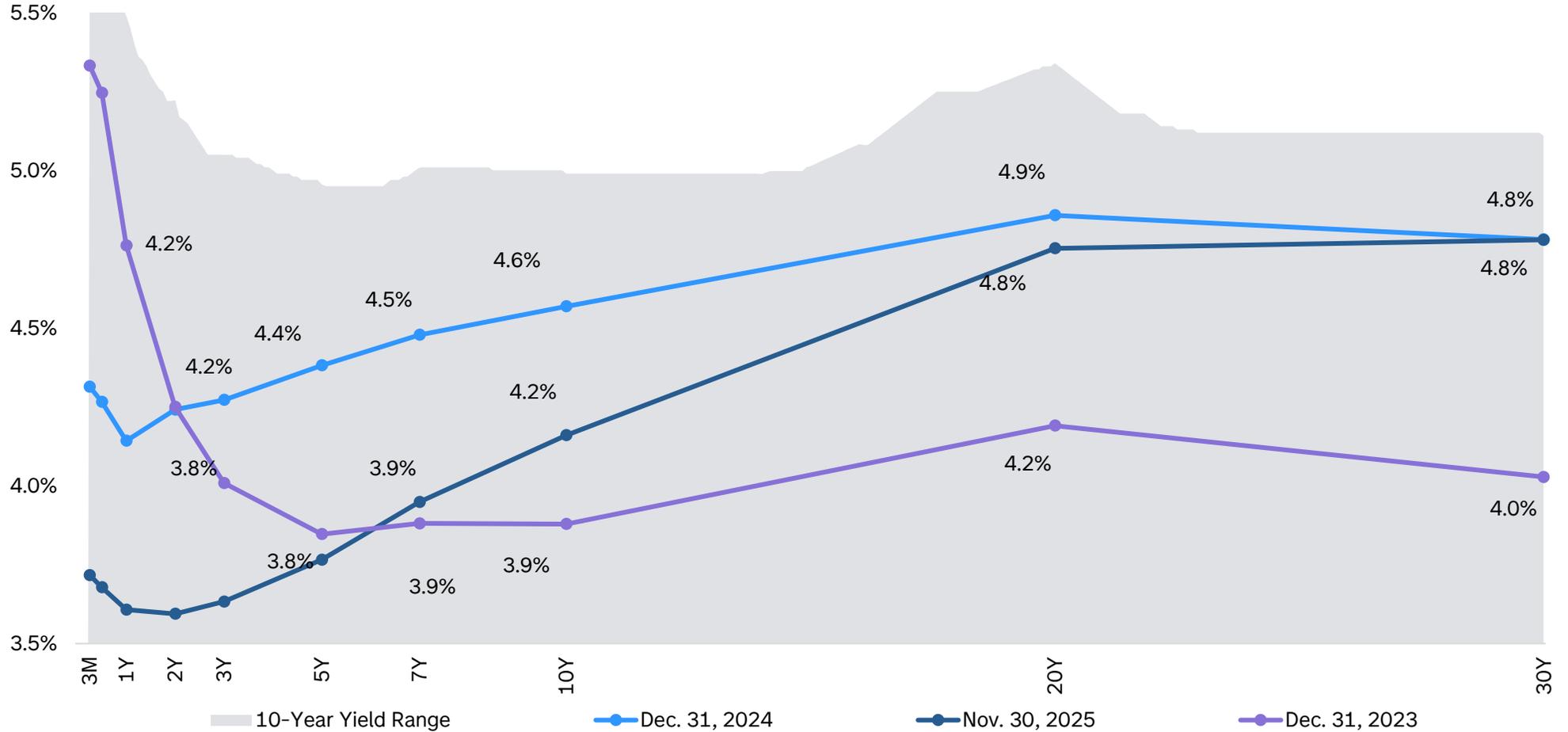


Source: Morgan Stanley Wealth Management GIO, Bloomberg

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

# US Yield Curve

AS OF NOVEMBER 30, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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**Asset allocation, diversification, rebalancing and dollar cost averaging** do not guarantee a profit or protect against loss in declining markets. Past performance is no guarantee of future results and actual results may vary. Rebalancing strategies may also have tax consequences; investors should consult a qualified tax advisor before implementing such strategies.

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**Indices** are unmanaged and cannot be invested in directly. For index, indicator and survey definitions referenced in this report, please visit: [www.morganstanley.com/wealth-investmentsolutions/wmir-definitions](http://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions)

For more information, please refer to additional General Disclosures here: [www.morganstanley.com/wealthbooks#general-disclosures](http://www.morganstanley.com/wealthbooks#general-disclosures).

### Risks Associated With Investing

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. **Please carefully consider the investment objectives, risks, charges and expenses of investment fund(s) before investing. The fund prospectus contains this and other information about the fund(s). To obtain a prospectus, contact your financial advisor. Please read the prospectus carefully before investing.** There is no assurance that investment funds will achieve their investment objectives. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, closed-end funds may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets and frontier markets. Some funds also invest in foreign securities, which may involve currency risk. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. **Growth investing** does not guarantee a profit or eliminate risk. Growth stocks can trade at relatively high valuations which may increase risk compared with an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies deemed value stocks are able to turn around their business or successfully execute corrective strategies, and their stock prices may not rise as initially expected.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or value at maturity. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. Yields may change with economic conditions and should be considered alongside other factors when making investment decisions. Credit ratings are subject to change. **High yield bonds** carry additional risks, including increased risk of default and greater volatility due to lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes, though some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities (TIPS)** adjust coupon payments and underlying principal to compensate for inflation in line with the consumer price index (CPI). While the real rate of return is guaranteed, TIPS typically offer lower returns and may significantly underperform conventional U.S. Treasuries during periods of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The **Ultrashort-term fixed income** asset class consists of high-quality securities with very short maturities and is therefore still subject to the risks associated with debt securities such as credit and interest rate risk.

**Money Market Funds:** You could lose money in money market funds. Although government money market funds (defined as investing 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (defined as money market funds open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee doing so. The price of other money market funds will fluctuate, and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund and investors should not expect that the sponsor will provide financial support to the Fund at any time.

Investing in **Commodities:** Commodity prices may be affected by factors such as supply and demand, government policies, domestic or international political and economic events (including war or terrorism), changes in interest and exchange rates, trading activity in commodities and related contracts, pestilence, technological developments, weather, price volatility, and liquidity constraints. Physical precious metals are speculative, non-regulated products that may experience short- and long-term price volatility. Precious metals do not make interest or dividend payments and therefore may not be appropriate for investors who require current income. Precious metals must be stored, which may impose additional costs on investors.

**Master Limited Partnerships (MLPs):** Investments in MLPs are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity price fluctuations, supply

and demand imbalances, resource depletion and exploration risk. MLPs also carry interest rate risk and may underperform in rising interest rate environments. In addition, MLP funds accrue deferred income taxes on net operating gains and capital appreciation; as a result their after-tax performance could differ significantly from that of its underlying assets.

**Exchange Funds** are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification.

**Alternative investments** are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They are appropriate only for eligible, long-term investors willing to forgo liquidity and put capital at risk for an indefinite period. They are often illiquid, may employ leverage, short-selling, or other speculative practices that increase volatility and risk of loss, and may require large minimum investments and initial lock-ups. Alternative investments may also involve complex tax structures, tax-inefficient investing, and delays in distributing important tax documents. Clients should consult their own tax and legal advisors, as Morgan Stanley Wealth Management does not provide tax or legal advice. They also typically carry higher fees and expenses than traditional investments, which can reduce overall returns.

**Sector investments**, due to their narrow focus, tend to be more volatile than broadly diversified investments. **Non-diversified portfolios:** Portfolios that hold a concentrated number of securities may experience greater overall declines when those securities lose value compared with more diversified portfolios. Portfolios that invest heavily in one or a few industry sectors are more vulnerable to price fluctuations than those diversified across a wider range of sectors.

**Environmental, Social and Governance (ESG)** investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain any such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.

**Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets ("Digital Assets"),** and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to: Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. The price of Digital Assets could decline rapidly, and investors could lose their entire investment. Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset. Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.

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In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a **Platform Fee** (which is subject to a Platform Fee offset) as described in the Morgan Stanley ADV. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. **Fees and expenses are charged directly to the pool of assets** the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the Morgan Stanley ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's SMA programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instances, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported

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MSWM, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. MSWM believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all these companies from an account.

Morgan Stanley charges each fund family we offer a **mutual fund support fee**, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

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CRC 4953093 (11/25)



## INVESTMENT POLICY STATEMENT

### North Orange County Community College District

The purpose of this Investment Policy Statement is to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the **Futuris Public Entity Investment Trust** (the "**Trust**"), which has been adopted for use by **North Orange County Community College District** (the "**Employer**") for, among other things, to assist the Employer in meeting applicable funding requirements for the payment of future retiree health and welfare obligations and other post-employment benefit obligations (generally referred to as "**OPEB Liability**"), but may also be used to fund other purposes related to excess funds of the Employer as allowable under applicable law.

This Investment Policy Statement shall be consistent with the governing law, including the Internal Revenue Code of 1986 as amended from time to time (the "**Code**"), applicable provisions of Governmental Accounting Standards Board Statement Nos. 74 and 75, California laws, including applicable provisions of the California Government Code.

## TRUST FUNDING STATEMENT

The purpose of the Trust is to provide a uniform method of investing contributions and earnings of all contributed amounts between funds deposited within the Trust Fund, as such term is defined within the Trust. The Trust shall be funded primarily by irrevocable contributions made by the Employer, but may also include other contributions made by any Participant as determined necessary and appropriate under applicable circumstances and in compliance with underlying legal requirements. These contributions shall be remitted to the Trust on a discretionary basis, as determined by and through the direction of the Employer, or such delegated Trust.

## RETIREMENT BOARD

The Retirement Board (the "**Retirement Board**") is directly responsible for the implementation and oversight of this Investment Policy Statement. This responsibility includes the selection and ongoing evaluation of investments and/or investment managers in accordance with applicable laws and regulations. However, these investment responsibilities may be delegated to an authorized third-party trustee. In this case, the Retirement Board has appointed Benefit Trust Company ("**BTC**") as Discretionary Trustee and Trust Fund custodian, who may further designate and delegate any corresponding Investment Manager responsibilities as set forth below. On behalf of the Trust, and as approved by the Retirement Board, BTC shall administer the assets of the Trust in such a manner that the investments are:

- Prudent; in consideration of the stated purpose of the Trust, any underlying Plan and in accordance with Article 16, Section 17 of the California Constitution creating a Retirement System, and California Government Code Sections 53620 through 53622, as applicable;
- Diversified; among a broad range of investment alternatives;
- Permitted; in accordance with the terms of the Trust, any applicable Plan document and

in accordance with California Government Code Sections 53620 through 53622 and other applicable requirements;

- Selected; for the exclusive benefit of the Plan participants as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

The above notwithstanding, the Retirement Board retains the responsibility to oversee the management of the Trust, including BTC's, or any successor trustee's, requirement that investments and assets held within the Trust continually adhere to the requirements of California Government Code.

### **INVESTMENT OBJECTIVES**

The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics. In general, assets held in the Trust Fund will be for the primary purpose of meeting present and future OPEB Liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that subject to applicable legal requirements may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

Though investment responsibilities are delegated to the Trustee, the Retirement Board determines the target asset allocation that is applicable for this Trust as it relates to those assets held in the Trust Fund. Attachment A of this Investment Policy details the target asset allocation selected by the Retirement Board. The target asset allocation may be modified from time to time by amending the Appendix. Related to the investments and the holding of investments themselves, the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

### **PERIODIC ANALYSIS AND EVALUATION**

The Retirement Board and/or its designees shall periodically meet with the Trustee to review investment performance reports that analyze the performance of the managers selected in each market sector that take into consideration:

- adherence to applicable legal constraints on investment prudence;
- consistency and adherence to stated investment management style and discipline;
- risk adjusted performance relative to managers with similar style;
- long-term investment performance relative to appropriate benchmarks; and
- changes in investment personnel managing the portfolio

**ETHICS AND CONFLICT OF INTEREST**

Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by the California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.)

**AMENDMENT**

The Retirement Board shall have the right to amend this Policy, in whole or in part, at any time and from time to time.

**ADOPTION**

The Retirement Board hereby adopts the provisions of this Investment Policy Statement as of this 26<sup>th</sup> day of February, 2026.

By: Erika Almaraz, Acting Vice Chancellor – Finance and Facilities

By: Irma Ramos, Vice Chancellor – Human Resources

By: Jeremy Peters, Full-Time Faculty Representative

By: Philip Mayfield, Full-time Faculty Representative

By: Gail Smead, Classified Representative

By: Gloria Ortega, Classified Representative

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Deleted: Fred Williams

Deleted: Archie Delshad

By: \_\_\_\_\_  
[Mark Lopez](#), Trustee Representative

**Deleted:** Jacqueline Rodarte

By: \_\_\_\_\_  
[Fred Williams](#), Retiree Representative

**Deleted:** Joe Boyle

By: \_\_\_\_\_  
Jim Phillips, Retiree Representative

## **APPENDIX A: Target Asset Allocation**

Subject to the ability of the Retirement Board and Trustee to deviate from these guidelines as set forth under the heading "Investment Objectives" in the Statement, the Retirement Board has determined after due consideration to the time horizon of the trust, trust liquidity needs, and the District's risk tolerance and capacity for risk, that the Trust Fund shall consist of two accounts. The first shall be invested with the objective of maintaining a target asset allocation of 61% equity investments and 39% fixed income investments, and the second shall be invested with the objective of maintaining a target asset allocation of 33% equity investments and 67% fixed income investments. The Trust Fund shall be allocated between these two accounts from time to time by Retirement Board Resolution.

In accordance with Article 16 Section 17 of the California Constitution creating a retirement system and California Government Code sections 53620 through 53622, the Retirement Board has the authority to invest or reinvest funds intended for the payment of employee retiree health benefits under a prudent investor standard and shall diversify investments so as to minimize the risk of loss and to maximize the rate of return. The Trustee shall establish investment portfolios on a discretionary basis to meet the diverse needs of the Trust and its applicable purposes. Applicable provisions and requirements of, in particular, the California Government Code (specifically provisions under Sections 53216.1, 53216.5 and 53216.6, as applicable) shall be examined before selecting the investment portfolios to achieve the targets stated above.

The Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target asset allocation objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Trustee or any of its affiliates or advisors. To the degree consistent with principles of fiduciary investment and applicable law, the trust shall be invested in a manner which gives regard to North Orange County Community College policies regarding environmental sustainability.

### **Equity Investments**

The purpose of the aggregate equity allocation within the Trust is to provide a total return consisting primarily of appreciation, with dividend income a secondary consideration. In order to maximize return opportunity while minimizing risk, the Trustee shall, in its discretion, allocate the Trust's equity allocation among a diverse group of equity fund managers, taking into consideration such factors as investment style (value, growth, international, etc.) as well as the capitalization (large, mid, small, etc.) of the investment.

Permitted equity investments shall include:

- Publicly traded common stocks, preferred stocks, securities convertible into common stocks, and securities which carry the right to buy common stocks, listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;

- American Depository Receipts (“ADRs”);
- SEC-registered open-end mutual funds and Bank, Insurance Company or Trust Company commingled funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives;
- Closed-end SEC-registered mutual funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives; and
- Exchange Traded Funds (“ETFs”) which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives.

In managing the equity portfolio, the Trustee shall not do any of the following:

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

However, all of the above restrictions shall be permitted in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, and the investments provide for daily liquidity.

Additionally, certain securities may not be held directly, but only in open-end or closed-end mutual funds, comingled funds, or ETFs. These include common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common stocks of non-U.S. companies traded on global exchanges, traded in any currency, as well as restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings, and forward currency contracts or currency futures contracts to hedge foreign currency exposure.

Not more than 5% of the Trust assets shall be invested in any single equity security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund.

Both an investment fund manager’s performance and the performance of individual securities, if purchased, will be compared to the following benchmarks based upon the particular investment style and capitalization range:

Domestic Equities:	S&P 500
International Equities:	MSCI EAFE and ACWI ex.U.S.

The Trustee shall pay particular attention to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's equity portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

### **Fixed Income Investments**

The purpose of the aggregate fixed income allocation within the Trust is to provide a total return consisting of income and appreciation, while preserving capital by investing in a diversified portfolio of high-quality fixed income securities. The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by the Bloomberg Aggregate Bond Index for domestic securities, and the Bloomberg Global Aggregate Bond Index for international securities, with attention given to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's fixed income portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

**Deleted:** high quality

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**Deleted:** Barclay's

Permitted securities shall include:

- Obligations of the U.S. Government and its agencies;
- Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;
- Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than the FDIC coverage amount (including interest) deposited to any single institution;
- Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.
- SEC-registered open-end mutual funds and Bank, Insurance Company and Trust Company commingled funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Closed-end SEC registered mutual funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Exchange Traded Funds ("ETFs") which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Investment grade foreign government or corporate bonds carrying a minimum BBB rating, whether or not denominated in U.S. currency, and whether or not hedged for foreign currency risk.

- Securities backed by pools of consumer or corporate receivables other than mortgages (“Asset-backed Securities”), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and objectives and carry a minimum BBB rating; and
- U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Trustee shall not do any of the following:

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

However, all of the above restrictions shall be permitted only in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives, prudent management, risk mitigation, and the investments provide for daily liquidity. In addition, investment in non-investment grade bonds or loans by such funds shall be permitted so long as the average aggregate rating of the funds are investment grade, and in the opinion of the Trustee the proportion of non-investment grade bonds to investment grade bonds in the portfolio is prudent.

Not more than 5% of the Trust assets shall be invested in any single debt security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities.

**Use of Mutual Funds**

The Retirement Board envisions that the Trustee will invest predominantly in open and closed-end mutual funds. The Board recognizes that the limitations and restrictions set forth in this Statement cannot be imposed on the managers of such mutual funds and that mutual funds held by the Trust may be managed outside of the requirements of this Statement. Nonetheless, the Trustee shall seek to identify mutual funds that comply as closely as possible to these guidelines and shall diligently monitor for prompt removal and replacement of those that do not.

**Performance Review**

In the execution of its fiduciary responsibilities, the Trustee shall review, on a regular basis, the

performance of the various investments and fund managers employed by the Trust to determine if assets are being properly managed according to the stated objectives and policies set forth in the Trust Agreement and in this Statement. The Trustee shall view performance and investment risk on the basis of a full 3 to 5-year market cycle, though the stated objectives and policies of the Trustee may result in the prompt sale of a security or dismissal of a fund manager based upon shorter term results. In addition, any deviation or change in the structure, management or investment style of any fund manager employed shall precipitate a review by the Trustee to determine whether or not that manager should be retained.

**Change of Target Asset Allocation**

The Retirement Board may, from time to time, discuss with Trustee the need to change the target asset allocation for the trust as conditions or characteristics of the Trust, or applicable Fund requirements change. In the event a change is made, a new Appendix A will be adopted by the Retirement Board to reflect the change.



**RESOLUTION OF THE BOARD OF TRUSTEES OF THE  
NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**



**RESOLUTION No. 14/15-11, North Orange County Community College District,  
Public Entity Investment Trust**

WHEREAS, the Board of Trustees (the "**Board**") of North Orange County Community College District ("**Employer**") desires to establish a trust to be used for the purposes of: (i) investment and disbursement of funds irrevocably designated by Employer for the payment of its obligations to eligible employees (and former employees) of Employer and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental, and other similar benefits (sometimes referred to as "other post-employment benefits," or "**OPEB**"), in compliance with Governmental Accounting Statement Nos. 43 and 45; and (ii) investment and disbursement of excess funds held by Employer for future use in connection with any lawful purpose of Employer, as further described herein.

WHEREAS, the Board has not selected an alternative for accomplishing the above objectives and the Board has engaged RPM Consultant Group (RPM) and other necessary parties to assist in the process of establishing a trust ("the **Trust**") for these approved objectives.

WHEREAS, the Board has the authority and desire to establish a nine (9) member Retirement Board for the Trust ("the **Retirement Board**"), which shall be appointed, terminated, or replaced by the Employer at any time to serve at the pleasure of the Board, to have the authority to engage other necessary providers of services in connection with the Program, including the adoption of the Trust, the appointment of a fiduciary trustee and custodian, as well as to make any and all decisions in the name of an on behalf of the Employer with regard to the Trust and other applicable agreements;

NOW THEREFORE, be it:

RESOLVED, that the Retirement Board shall be established to serve at the pleasure of the Employer, with authority to make decisions on behalf of and in the name of the Employer with regard to the implementation of the Trust and other corresponding agreement and the following named positions shall be appointed as the members of the Retirement Board, until such as their successors shall be appointed by the Employer:

Vice Chancellor, Finance & Facilities; Vice Chancellor, Human Resources; 2 Faculty nominated by United Faculty; 2 Classified employees nominated by CSEA; 2 Retirees; and 1 Board of Trustees Member.

RESOLVED FURTHER, that the Retirement Board is hereby authorized and directed to execute the Adoption Agreement to implement the Trust; it is authorized and directed to execute the Program Services Agreement; and it is authorized to execute any other necessary agreements and take other action as is necessary to appoint the Retirement Board Trustee and any investment manager, as well as appoint any other "Authorized Representatives" who may act on behalf of the Employer in accordance with the terms of the Trust;

RESOLVED FURTHER, that decisions of the Retirement Board shall require an affirmative vote of at least a majority of the members of the Retirement Board and that the decisions of the Retirement Board may be made in accordance with Government Code §§ 54950 et seq. (the "Brown Act").

RESOLVED FURTHER, that the members of the Retirement Board shall meet periodically, for regular or special meetings to be held at any place which has been designated from time to time by resolution of the Retirement Board, on such date as they shall determine but not less than every twelve (12) months, with the notice of such time and place of each meeting being provided with no less than seventy-two (72) hours' notice that is delivered personally or electronically by telephone, facsimile, or other electronic means, to review the investments held in the Trust and to transact such other business and make sure other decisions as are required to be made by the Retirement Board;

RESOLVED FURTHER, that any meeting, regular or special, may be held in any manner consistent with the Brown Act.

RESOLVED FURTHER, that the members of the Retirement Board shall receive no compensation for serving as members of the Retirement Board;

RESOLVED FURTHER, that the members of the Retirement Board are hereby authorized and directed to take any and all other actions as they deem necessary and appropriate to carry out the purposes of these resolutions, including the execution of any and all applicable agreements to implement the Trust and to carry out the purposes of the Program as otherwise described therein.

RESOLVED FURTHER, that the members of the Retirement Board are hereby authorized to review and approve an Investment Policy Statement developed by the Trustee through consultation with the investment manager selected by the Trustee, which shall provide the guidelines for the investment of funds and assets contributed by the Employer to the Trust, and that the Retirement Board are further authorized to amend the Investment Policy Statement from time to time as they shall determine appropriate based upon consultation and advice received from the Trustee and the investment manager.

RESOLVED FURTHER, that the Trustee shall have the authority to cause any or all assets of the Trust to be commingled, if the investment and the issuance of such investment thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1), or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

RESOLVED FURTHER, that the Retirement Board shall provide information and copies of investment statements and other similar reports regarding the Trust and its applicable investment performance to the Board on a not-less-than an annual basis.

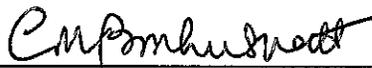
I DO HEREBY CERTIFY that I am the Vice Chancellor, Finance & Facilities, of the Employer, and that the foregoing is a true and correct copy of the resolutions of the Board of Trustees of the Employer, duly adopted and approved at a meeting which was duly called and held in accordance with all applicable provisions of law and the bylaws of the Employer, on May 12, 2015.

I FURTHER CERTIFY that the above resolutions are presently in full force and effect and have not been amended or revoked.

IN WITNESS WHEREOF, this certificate has been executed on May 12, 2015.

AFFIX SEAL

CERTIFIED BY AND ATTESTED TO:



---

C. M. Brahmhatt  
Interim Vice Chancellor, Finance & Facilities



North Orange County Community College District				
Fiscal Year 2025/2026 1st Quarter		BTC	Keenan	Total
Date	Disbursement			
7/9/2025	Futuris Fees	\$ 23,316.46	\$ 7,577.85	\$ 30,894.31
8/11/2025	Futuris Fees	\$ 23,452.18	\$ 7,621.96	\$ 31,074.14
9/9/2025	Futuris Fees	\$ 23,961.72	\$ 7,787.56	\$ 31,749.28
	<b>Total</b>	<b>\$ 70,730.36</b>	<b>\$ 22,987.37</b>	<b>\$ 93,717.73</b>

North Orange County Community College District				
Fiscal Year 2025/2026 2nd Quarter		BTC	Keenan	Total
Date	Disbursement			
10/7/2025	Futuris Fees	\$ 23,457.42	\$ 7,623.66	\$ 31,081.08
11/14/2025	Futuris Fees	\$ 23,713.70	\$ 7,706.95	\$ 31,420.65
12/5/2025	Futuris Fees	\$ 23,837.54	\$ 7,747.20	\$ 31,584.74
	<b>Total</b>	<b>\$ 71,008.66</b>	<b>\$ 23,077.81</b>	<b>\$ 94,086.47</b>

North Orange County Community College District				
Fiscal Year 2025/2026 3rd Quarter		BTC	Keenan	Total
Date	Disbursement			
1/8/2026	Futuris Fees	\$ 23,938.20	\$ 7,779.91	\$ 31,718.11
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	<b>Total</b>	<b>\$ 23,938.20</b>	<b>\$ 7,779.91</b>	<b>\$ 31,718.11</b>

North Orange County Community College District				
Fiscal Year 2025/2026 4th Quarter		BTC	Keenan	Total
Date	Disbursement			
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fiscal Year-To-Date Totals	BTC	Keenan	Fiscal YTD Total
	\$ 165,677.22	\$ 53,845.09	\$ 219,522.31

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT DISBURSEMENTS		
9/25/2025	Transfer to Short Term Account	\$ 6,000,000.00
	<b>Total</b>	<b>\$ 6,000,000.00</b>

North Orange Community College District Short Term Account				
Fiscal Year 2024/2025 1st Quarter		BTC	Keenan	Total
Date	Disbursement			
7/9/2025	Futuris Fees	\$ 3,244.74	\$ 1,054.54	\$ 4,299.28
8/11/2025	Futuris Fees	\$ 3,251.66	\$ 1,056.79	\$ 4,308.45
9/9/2025	Futuris Fees	\$ 3,309.82	\$ 1,075.69	\$ 4,385.51
	<b>Total</b>	<b>\$ 9,806.22</b>	<b>\$ 3,187.02</b>	<b>\$ 12,993.24</b>

North Orange Community College District Short Term Account				
Fiscal Year 2024/2025 2nd Quarter		BTC	Keenan	Total
Date	Disbursement			
10/7/2025	Futuris Fees	\$ 3,349.74	\$ 1,088.67	\$ 4,438.41
11/14/2025	Futuris Fees	\$ 3,378.40	\$ 1,097.98	\$ 4,476.38
12/5/2025	Futuris Fees	\$ 3,396.58	\$ 1,103.89	\$ 4,500.47
	<b>Total</b>	<b>\$ 10,124.72</b>	<b>\$ 3,290.54</b>	<b>\$ 13,415.26</b>

North Orange Community College District Short Term Account				
Fiscal Year 2024/2025 3rd Quarter		BTC	Keenan	Total
Date	Disbursement			
1/8/2026	Futuris Fees	\$ 3,401.08	\$ 1,105.35	\$ 4,506.43
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	<b>Total</b>	<b>\$ 3,401.08</b>	<b>\$ 1,105.35</b>	<b>\$ 4,506.43</b>

North Orange Community College District Short Term Account				
Fiscal Year 2024/2025 4th Quarter		BTC	Keenan	Total
Date	Disbursement			
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	Futuris Fees			\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fiscal Year-To-Date Totals	BTC	Keenan	Fiscal YTD Total
	\$ 23,332.02	\$ 7,582.91	\$ 30,914.93

Date	Disbursement		
9/20/2025	Reimbursement for Fiscal Year 2024/2025		\$ 6,000,000.00
	<b>Total</b>		<b>\$ 6,000,000.00</b>



**North Orange County Community College  
District  
Actuarial Study of  
Retiree Health Liabilities Under GASB 74/75  
Valuation Date: June 30, 2025  
Measurement Date: June 30, 2025  
For Fiscal Year-End: June 30, 2025**

*Prepared by:  
Foster & Foster Actuaries and Consultants  
(Formerly Total Compensation Systems, Inc.)*



*Date: August 25, 2025*

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## North Orange County Community College District Actuarial Study of Retiree Health Liabilities

### PART I: EXECUTIVE SUMMARY

#### A. Introduction

This report was produced by Foster & Foster, Inc. for North Orange County Community College District to determine the liabilities associated with its current retiree health program as of a June 30, 2025 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2025. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2025 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2026 measurement date is provided on page 13.

#### B. Key Results

North Orange County CCD uses an Actuarial Measurement Date that is the same as its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2025 will be used directly for the June 30, 2025 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2025 Measurement Date for June 30, 2025 Fiscal Year-End</i>	<i>June 30, 2024 Measurement Date for June 30, 2024 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$170,268,728	\$130,481,944
Fiduciary Net Position (FNP)	\$159,367,272	\$142,544,436
Net OPEB Liability (NOL)	\$10,901,456	(\$12,062,492)
Service Cost <i>(for year following)</i>	\$3,639,841	\$2,909,496
Estimated Pay-as-you-go Amount <i>(for year following)</i>	\$7,377,464	\$5,750,057
GASB 75 OPEB Expense <i>(for year ending)</i>	\$5,491,350	\$3,324,845

Refer to results section beginning on page 10 or the glossary on page 28 for descriptions of the above items.

Key Assumptions	Current Year	Prior Year
	<i>June 30, 2025 Measurement Date for June 30, 2025 Fiscal Year-End</i>	<i>June 30, 2024 Measurement Date for June 30, 2024 Fiscal Year-End</i>
Valuation Interest Rate	6.25%	6.25%
Expected Rate of Return on Assets	6.25%	6.25%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

**Portion of Key Measurements Due to Implicit Rate Subsidy**

The implicit rate subsidy represents the difference between retiree premium rates and the underlying cost of retiree coverage. Because medical costs generally increase with age, the direct premium rate for pre-Medicare retirees will typically fall short of the underlying cost of retiree coverage when the premium rates are determined by blending active employees and pre-Medicare retirees. GASB 75 requires the underlying cost to be reflected in most cases, so OPEB actuaries develop age-adjusted costs to estimate the underlying cost of coverage solely for retirees.

Below is a breakdown of key measurements between the portion due to the employer share of retiree premiums and the portion due to the implicit rate subsidy. Although the two pieces are typically treated the same under GASB 75, the distinction can be important for planning purposes because the implicit rate subsidy will not be paid directly in the same way that the employer share of retiree premiums will be paid.

<b>June 30, 2025 Measurement Date</b>	<b>Portion due to Employer Share of Retiree Premium</b>	<b>Portion due to Implicit Rate Subsidy</b>	<b>Total</b>
Total OPEB Liability	\$158,247,729	\$12,020,999	\$170,268,728
Service Cost <i>(for year following)</i>	\$3,238,987	\$400,854	\$3,639,841

The following table shows the “pay as you go” projection of annual payments for the employer share of retiree health costs as well as the projected annual amount of the implicit rate subsidy. Although actual payments are certain to vary from those shown below, these projections can be useful for planning purposes.

<b>Year Beginning July 1</b>	<b>Employer Share of Retiree Premium</b>	<b>Implicit Rate Subsidy</b>	<b>Total Projected Benefit Payments</b>
2025	\$6,880,353	\$497,111	\$7,377,464
2026	\$7,417,638	\$674,076	\$8,091,714
2027	\$7,899,201	\$824,084	\$8,723,285
2028	\$8,322,658	\$902,219	\$9,224,877
2029	\$8,735,703	\$943,125	\$9,678,828
2030	\$9,202,754	\$1,010,889	\$10,213,643
2031	\$9,599,257	\$1,036,619	\$10,635,876
2032	\$10,105,262	\$1,098,356	\$11,203,618
2033	\$10,569,473	\$1,178,572	\$11,748,045
2034	\$10,968,815	\$1,242,572	\$12,211,387

**C. Summary of GASB 75 Accounting Results**

**1. Changes in Net OPEB Liability**

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 NOL. A more detailed version of this table can be found on page 12.

	<b>TOL</b>	<b>FNP</b>	<b>NOL</b>
<b>Balance at June 30, 2024 Measurement Date</b>	<b>\$130,481,944</b>	<b>\$142,544,436</b>	<b>(\$12,062,492)</b>
Service Cost	\$2,909,496	\$0	\$2,909,496
Interest on TOL / Return on FNP	\$8,066,354	\$16,918,107	(\$8,851,753)
Employer Contributions	\$0	\$6,051,157	(\$6,051,157)
Benefit Payments	(\$5,750,057)	(\$5,750,057)	\$0
Administrative Expenses	\$0	(\$396,371)	\$396,371
Experience (Gains)/Losses	\$22,539,991	\$0	\$22,539,991
Changes in Assumptions	\$12,021,000	\$0	\$12,021,000
Other	\$0	\$0	\$0
Net Change	\$39,786,784	\$16,822,836	\$22,963,948
<b>Actual Balance at June 30, 2025 Measurement Date</b>	<b>\$170,268,728</b>	<b>\$159,367,272</b>	<b>\$10,901,456</b>

2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 25.

<b>Balances at June 30, 2025 Fiscal Year-End</b>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$19,410,986	(\$6,038,719)
Changes in assumptions	\$12,824,409	\$0
Differences between projected and actual return on assets	\$0	(\$5,809,302)
<b>Total</b>	<b>\$32,235,395</b>	<b>(\$11,848,021)</b>

<b>To be recognized fiscal year ending June 30:</b>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2026	\$6,498,732	\$1,111,087
2027	\$5,739,189	(\$5,715,532)
2028	\$5,095,907	(\$4,484,106)
2029	\$5,019,114	(\$2,654,287)
2030	\$4,945,172	(\$105,183)
Thereafter	\$4,937,281	\$0
<b>Total</b>	<b>\$32,235,395</b>	<b>(\$11,848,021)</b>

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

<b>To be recognized fiscal year ending June 30, 2025</b>	<i>Expense Component</i>
Service Cost	\$2,909,496
Interest Cost	\$8,066,354
Expected Return on Assets	(\$8,906,050)
Administrative Expenses	\$396,371
Recognition of Experience (Gain)/Loss Deferrals	\$1,151,528
Recognition of Assumption Change Deferrals	\$3,249,379
Recognition of Investment (Gain)/Loss Deferrals	(\$1,375,728)
Employee Contributions	\$0
Changes in Benefit Terms	\$0
<b>Net OPEB Expense for fiscal year ending June 30, 2025</b>	<b>\$5,491,350</b>

4. Adjustments

We are unaware of any adjustments that need to be made.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

<b>Net OPEB Liability at June 30, 2025 Measurement Date</b>	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$33,153,171	(\$10,422,960)
Current Assumption	\$10,901,456	\$10,901,456
1% Increase in Assumption	(\$7,497,648)	\$37,384,714

**D. Description of Retiree Benefits**

Following is a description of the current retiree benefit plan:

	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	15 years*	15 years**	15 years**
Minimum Age	Retirement Age	Retirement Age	Retirement Age
Dependent Coverage	Surviving spouses under certain conditions	Surviving spouses under certain conditions	Surviving spouses under certain conditions
District Contribution %	100%	100%	100%
District Cap	None	None	None

\*Permanent employees hired after May 1, 1994 and employed less than 100% receive lifetime medical for the cumulative pro-rata equivalent of 15 years of credited service or 20 years of service, whichever occurs sooner. Additionally, Certificated employees hired on or after July 1, 2021 require 50 years of service for eligibility.

\*\*Classified and Management employees hired on or after January 1, 2019 require 50 years of service for eligibility.

Employees for which 50 years of service is required for eligibility do not generate any liability under this valuation, however, they are included in the count of active employees shown below.

**E. Summary of Valuation Data**

This report is based on census data provided to us as of July, 2025. Distributions of participants by age and service can be found on page 18. For non-lifetime benefits, the active count below excludes employees for whom it is not possible to receive retiree benefits (e.g. employees who are already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	<b>Current Year</b> <i>June 30, 2025 Valuation Date</i> <i>June 30, 2025 Measurement Date</i>	<b>Prior Year</b> <i>June 30, 2023 Valuation Date</i> <i>June 30, 2024 Measurement Date</i>
<b>Active Employees eligible for future benefits</b>		
Count	1369	1356
Average Age	50.5	49.7
Average Years of Service	17.0	15.5
<b>Retirees currently receiving benefits</b>		
Count	979	991
Average Age	77.1	76.6

We were not provided with information about any terminated, vested employees.

## **F. Certification**

The actuarial information in this report is intended solely to assist North Orange County CCD in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. Foster & Foster recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. Foster & Foster's work is prepared solely for the use and benefit of North Orange County CCD. Release of this report may be subject to provisions of the Agreement between North Orange County CCD and Foster & Foster. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with Foster & Foster.

This report is for fiscal year July 1, 2024 to June 30, 2025, using a measurement date of June 30, 2025. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by North Orange County CCD. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, 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 measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of North Orange County CCD and any plan sponsor. Foster & Foster does not intend to benefit from and assumes no duty or liability to other parties who receive this report. Foster & Foster is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all

applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Will Kane, FSA, EA, MAAA  
Actuary  
Foster & Foster, Inc.

## PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

### A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by North Orange County CCD. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

### B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent North Orange County CCD uses contribution caps, the influence of the trend factor is further reduced. We multiplied each future year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid in any future year is zero if the participant will not be eligible. The participant will not be eligible if s/he will not have met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2025 at 6.25% interest.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2025 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

### C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

### D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current **cost of retiree health benefits** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “**trend**” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- **Mortality rates** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- **Employment termination rates** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The **service requirement** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

### **E. Total OPEB Liability**

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

**F. Valuation Results**

This section details the measured values of the concepts described on the previous pages.

**1. Actuarial Present Value of Projected Benefit Payments (APVPBP)**

**Actuarial Present Value of Projected Benefit Payments as of June 30, 2025 Valuation Date**

	<i>Certificated</i>		<i>Classified</i>		
	<i>Total</i>	<i>Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Active: Pre-65 Benefit	\$40,498,921	\$1,430,147	\$18,613,932	\$19,540,336	\$914,506
Post-65 Benefit	\$83,065,206	\$3,557,599	\$44,061,215	\$33,754,072	\$1,692,320
Subtotal	\$123,564,127	\$4,987,746	\$62,675,147	\$53,294,408	\$2,606,826
Retiree: Pre-65 Benefit	\$5,713,432	\$113,671	\$169,782	\$4,421,691	\$1,008,288
Post-65 Benefit	\$71,459,170	\$2,823,103	\$23,037,357	\$41,769,037	\$3,829,673
Subtotal	\$77,172,602	\$2,936,774	\$23,207,139	\$46,190,728	\$4,837,961
Grand Total	\$200,736,729	\$7,924,520	\$85,882,286	\$99,485,136	\$7,444,787
Subtotal Pre-65 Benefit	\$46,212,353	\$1,543,818	\$18,783,714	\$23,962,027	\$1,922,794
Subtotal Post-65 Benefit	\$154,524,376	\$6,380,702	\$67,098,572	\$75,523,109	\$5,521,993

**2. Service Cost**

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

**Service Cost Valuation Year Beginning July 1, 2025**

	<i>Certificated</i>		<i>Classified</i>		
	<i>Total</i>	<i>Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
# of Eligible Employees	1,369	59	514	721	75
<b>First Year Service Cost</b>					
Pre-65 Benefit	\$1,193,533	\$45,076	\$600,866	\$519,841	\$27,750
Post-65 Benefit	\$2,446,308	\$123,959	\$1,336,914	\$926,485	\$58,950
Total	\$3,639,841	\$169,035	\$1,937,780	\$1,446,326	\$86,700

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

**Total OPEB Liability and Net OPEB Liability as of June 30, 2025 Valuation Date**

	<i>Certificated</i>		<i>Certificated</i>	<i>Classified</i>	<i>Classified</i>
	<i>Total</i>	<i>Management</i>			
Active: Pre-65 Benefit	29,930,639	\$997,628	\$13,492,470	\$14,804,060	\$636,481
Active: Post-65 Benefit	\$63,160,504	\$2,541,596	\$33,278,327	\$26,151,679	\$1,188,902
Subtotal	\$93,091,143	\$3,539,224	\$46,770,797	\$40,955,739	\$1,825,383
Retiree: Pre-65 Benefit	\$5,713,601	\$113,672	\$169,785	\$4,421,795	\$1,008,349
Retiree: Post-65 Benefit	\$71,463,984	\$2,823,270	\$23,038,858	\$41,771,904	\$3,829,952
Subtotal	\$77,177,585	\$2,936,942	\$23,208,643	\$46,193,699	\$4,838,301
Subtotal: Pre-65 Benefit	\$35,644,240	\$1,111,300	\$13,662,255	\$19,225,855	\$1,644,830
Subtotal: Post-65 Benefit	\$134,624,488	\$5,364,866	\$56,317,185	\$67,923,583	\$5,018,854
Total OPEB Liability (TOL)	\$170,268,728	\$6,476,166	\$69,979,440	\$87,149,438	\$6,663,684
Fiduciary Net Position as of June 30, 2025	\$159,367,272				
Net OPEB Liability (NOL)	\$10,901,456				

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be **inaccurate**. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning July 1</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
2025	\$7,377,464	\$248,856	\$2,373,909	\$4,332,567	\$422,132
2026	\$8,091,714	\$283,968	\$2,845,030	\$4,548,696	\$414,020
2027	\$8,723,285	\$292,707	\$3,270,087	\$4,735,192	\$425,299
2028	\$9,224,877	\$323,799	\$3,666,363	\$4,807,858	\$426,857
2029	\$9,678,828	\$333,103	\$4,008,340	\$4,892,889	\$444,496
2030	\$10,213,643	\$363,400	\$4,313,237	\$5,093,826	\$443,180
2031	\$10,635,876	\$412,584	\$4,582,841	\$5,211,103	\$429,348
2032	\$11,203,618	\$435,664	\$4,866,923	\$5,467,359	\$433,672
2033	\$11,748,045	\$459,385	\$5,085,869	\$5,755,228	\$447,563
2034	\$12,211,387	\$478,959	\$5,288,051	\$5,988,000	\$456,377

**G. Additional Reconciliation of GASB 75 Results**

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
<b>Balance at June 30, 2024</b>	<b>\$130,481,944</b>	<b>\$142,544,436</b>	<b>(\$12,062,492)</b>
Service Cost	\$2,909,496	\$0	\$2,909,496
Interest on Total OPEB Liability	\$8,066,354	\$0	\$8,066,354
Expected Investment Income	\$0	\$8,906,050	(\$8,906,050)
Administrative Expenses	\$0	(\$396,371)	\$396,371
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$301,100	(\$301,100)
Employer Contributions as Benefit Payments	\$0	\$5,750,057	(\$5,750,057)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer	(\$5,750,057)	(\$5,750,057)	\$0
<b>Expected Balance at June 30, 2025</b>	<b>\$135,707,737</b>	<b>\$151,355,215</b>	<b>(\$15,647,478)</b>
Experience (Gains)/Losses	\$22,539,991	\$0	\$22,539,991
Changes in Assumptions	\$12,021,000	\$0	\$12,021,000
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$8,012,057	(\$8,012,057)
Other	\$0	\$0	\$0
Net Change during 2025	\$39,786,784	\$16,822,836	\$22,963,948
<b>Actual Balance at June 30, 2025*</b>	<b>\$170,268,728</b>	<b>\$159,367,272</b>	<b>\$10,901,456</b>

\* May include a slight rounding error.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for North Orange County CCD is shown beginning on page 25. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

**Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2025**

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$8,016,196)	\$22,539,991	(\$1,151,528)	\$13,372,267
Assumption Changes	\$4,052,788	\$12,021,000	(\$3,249,379)	\$12,824,409
Investment (Gains)/Losses	\$827,027	(\$8,012,057)	\$1,375,728	(\$5,809,302)
Deferred Balances	(\$3,136,381)	\$26,548,934	(\$3,025,179)	\$20,387,374

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

**OPEB Expense Fiscal Year Ending June 30, 2025**

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	(\$12,062,492)	\$10,901,456	\$22,963,948
Deferred Balances	(\$3,136,381)	\$20,387,374	\$23,523,755
Net Position	(\$8,926,111)	(\$9,485,918)	(\$559,807)
Adjust Out Employer Contributions			\$6,051,157
OPEB Expense			\$5,491,350

**H. Procedures for Future Valuations**

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for North Orange County CCD will be a roll-forward valuation with a measurement date of June 30, 2026 which will be used for the fiscal year ending June 30, 2026. Please let us know if North Orange County CCD would like to discuss whether another full valuation would be preferable based on any of the examples listed above.

### **PART III: ACTUARIAL ASSUMPTIONS AND METHODS**

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for North Orange County CCD to understand that the appropriateness of all selected actuarial assumptions and methods are North Orange County CCD's responsibility. Unless otherwise disclosed in this report, Foster & Foster believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, North Orange County CCD's actual historical experience, and Foster & Foster's judgment based on experience and training.

#### **A. ACTUARIAL METHODS AND ASSUMPTIONS:**

*ACTUARIAL COST METHOD:* GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

*SUBSTANTIVE PLAN:* As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by North Orange County CCD regarding practices with respect to employer and employee contributions and other relevant factors.

**B. ECONOMIC ASSUMPTIONS:**

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.25% per year net of expenses. This is based on assumed long-term return on employer assets. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by North Orange County CCD.

**Fiduciary Net Position as of June 30, 2025**

	<u>06/30/2024</u>	<u>06/30/2025</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$142,544,436	\$159,367,272
Capital Assets	\$0	\$0
Total Assets	<u>\$142,544,436</u>	<u>\$159,367,272</u>
Benefits Payable	<u>\$0</u>	<u>\$0</u>
Fiduciary Net Position	<u>\$142,544,436</u>	<u>\$159,367,272</u>

**C. NON-ECONOMIC ASSUMPTIONS:**

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

**MORTALITY**

<i>Participant Type</i>	<i>Mortality Tables</i>
Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees

**RETIREMENT RATES**

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Certificated Management	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees
Classified Management	Hired 2012 and earlier: 2021 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2021 CalPERS 2.0%@62 Rates for School Employees

**COSTS FOR RETIREE COVERAGE**

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 44.0% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Certificated	Employer portion of premium: \$13,479 Implicit rate subsidy: \$6,646	\$7,067
Certificated Management	Employer portion of premium: \$13,479 Implicit rate subsidy: \$6,646	\$7,067
Classified	Employer portion of premium: \$12,414 Implicit rate subsidy: \$6,033	\$6,120
Classified Management	Employer portion of premium: \$12,414 Implicit rate subsidy: \$6,033	\$6,120

**PARTICIPATION RATES**

<i>Employee Type</i>	<i>&lt;65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Certificated	100%	100%
Classified	100%	100%

**TURNOVER**

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Certificated	2020 CalSTRS Termination Rates
Classified	2021 CalPERS Turnover for School Employees

**SPOUSE PREVALENCE**

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

**SPOUSE AGES**

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

***AGING FACTORS***

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

**PART IV: APPENDICES**

**APPENDIX A: DEMOGRAPHIC DATA BY AGE**

**ELIGIBLE ACTIVE EMPLOYEES BY AGE AND EMPLOYEE CLASS**

<i>Age</i>	<i>Total</i>	<i>Certificated</i>		<i>Classified</i>	
		<i>Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Under 25	10	0	0	3	7
25 – 29	48	0	2	36	10
30 – 34	110	4	12	84	10
35 – 39	175	6	51	107	11
40 – 44	200	11	76	106	7
45 – 49	200	6	73	113	8
50 – 54	208	9	90	96	13
55 – 59	200	11	99	86	4
60 – 64	138	9	57	69	3
65 and older	80	3	54	21	2
<b>Total</b>	<b>1369</b>	<b>59</b>	<b>514</b>	<b>721</b>	<b>75</b>

**ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE**

<i>Age</i>	<i>Total</i>	<i>Under 5</i>	<i>5 – 9</i>	<i>10 – 14</i>	<i>15 – 19</i>	<i>20 – 24</i>	<i>25 – 29</i>	<i>30 – 34</i>	<i>Over 34</i>
		<i>Years of Service</i>							
Under 25	10	9	1						
25 – 29	48	26	20	2					
30 – 34	110	44	42	21	3				
35 – 39	175	42	75	38	19	1			
40 – 44	200	38	78	48	20	13	3		
45 – 49	200	32	52	40	29	26	21		
50 – 54	208	24	32	28	39	53	24	8	
55 – 59	200	19	20	23	34	53	35	12	4
60 – 64	138	7	19	19	18	26	31	12	6
65 and older	80	2	8	13	8	16	20	4	9
<b>Total</b>	<b>1369</b>	<b>243</b>	<b>347</b>	<b>232</b>	<b>170</b>	<b>188</b>	<b>134</b>	<b>36</b>	<b>19</b>

**ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS**

<i>Age</i>	<i>Total</i>	<i>Certificated</i>		<i>Classified</i>	
		<i>Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Under 50	0	0	0	0	0
50 – 54	2	0	0	2	0
55 – 59	21	0	0	15	6
60 – 64	65	2	5	52	6
65 – 69	157	4	26	120	7
70 – 74	166	6	37	110	13
75 – 79	200	10	80	96	14
80 – 84	153	7	70	73	3
85 – 89	128	2	60	66	0
90 and older	87	0	43	44	0
<b>Total</b>	<b>979</b>	<b>31</b>	<b>321</b>	<b>578</b>	<b>49</b>

**APPENDIX B: ADMINISTRATIVE BEST PRACTICES**

It is outside the scope of this report to make specific recommendations of actions North Orange County CCD should take to manage the liability created by the current retiree health program. The following items are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of North Orange County CCD's practices, it is possible that North Orange County CCD is already complying with some or all of these suggestions.

- We suggest that North Orange County CCD maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, North Orange County CCD should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. North Orange County CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, North Orange County CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- North Orange County CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under North Orange County CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, North Orange County CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for North Orange County CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

**APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES**

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

**Paragraph 50: Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by North Orange County CCD. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	979
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	<u>1369</u>
Total Number of participants	2348

\*We were not provided with information about any terminated, vested employees

**Paragraph 51: Significant Assumptions and Other Inputs**

Shown in Part III.

**Paragraph 52: Information Related to Assumptions and Other Inputs**

The following information is intended to assist North Orange County CCD in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2020 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.

Mortality Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Mortality Table	2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2020 CalSTRS 2.0%@60 Rates
Disclosure	The retirement assumptions are based on the 2020 CalSTRS 2.0%@60 Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2020 CalSTRS 2.0%@62 Rates
Disclosure	The retirement assumptions are based on the 2020 CalSTRS 2.0%@62 Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2021 CalPERS 2.0%@55 Rates for Schools Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.0%@55 Rates for Schools Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2021 CalPERS 2.0%@62 Rates for School Employees
Disclosure	The retirement assumptions are based on the 2021 CalPERS 2.0%@62 Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2020 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2020 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Turnover Table	2021 CalPERS Turnover for School Employees
Disclosure	The turnover assumptions are based on the 2021 CalPERS Turnover for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	(\$10,422,960)	\$10,901,456	\$37,384,714

**Paragraph 53:**

**Discount Rate**

The following information is intended to assist North Orange County CCD to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.25% was used in the valuation. The interest rate used in the prior valuation was 6.25%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 29 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 50 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.

Futuris - Aggressive Growth

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	24.0000	4.2500
All Domestic Equities	39.0000	7.2500
Real Estate Investment Trusts	7.0000	7.2500
All International Equities	30.0000	7.2500

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$33,153,171	\$10,901,456	(\$7,497,648)

**Paragraph 55: Changes in the Net OPEB Liability**

Please see reconciliation on pages 2 or 12.

**Paragraph 56: Additional Net OPEB Liability Information**

The following information is intended to assist North Orange County CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2025.

The measurement date is June 30, 2025.

56.b: We are not aware of a special funding arrangement.

56.c: There were no assumption changes since the prior measurement date.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

**Paragraph 57: Required Supplementary Information**

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 29 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

**Paragraph 58:**            **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 29 years.

**Paragraph 244:**        **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

**APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

**EXPERIENCE GAINS AND LOSSES**

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Experience Gains and Losses  
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	Amounts to be Recognized in OPEB Expense after 2025							
				2025	2026	2027	2028	2029	2030	Thereafter	
2019-20	(\$3,763,659)	7.2	(\$2,613,655)	(\$522,731)	(\$522,731)	(\$104,542)					
2020-21	(\$3,714,831)	7.1	(\$2,092,864)	(\$523,216)	(\$523,216)	(\$523,216)	(\$52,319)				
2021-22	\$208,410	7.1	\$88,062	\$29,354	\$29,354	\$29,354	\$29,354	\$2,932			
2022-23	(\$7,468,329)	7.1	(\$2,103,756)	(\$1,051,878)	(\$1,051,878)	(\$1,051,878)	(\$1,051,878)	(\$1,051,878)	(\$105,183)		
2023-24	\$0	0	\$0	\$0	\$0						
2024-25	\$22,539,991	7	\$0	\$3,219,999	\$3,219,999	\$3,219,999	\$3,219,999	\$3,219,999	\$3,219,999	\$3,219,999	\$3,219,997
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>(\$6,722,213)</b>	<b>\$1,151,528</b>	<b>\$13,372,267</b>	<b>\$1,151,528</b>	<b>\$1,569,717</b>	<b>\$2,145,156</b>	<b>\$2,171,053</b>	<b>\$3,114,816</b>	<b>\$3,219,997</b>

CHANGES OF ASSUMPTIONS

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Changes of Assumptions  
(Measurement Periods)**

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2019-20	\$6,835,881	7.2	\$4,747,140	\$949,428	\$1,139,313	\$949,428	\$189,885				
2020-21	\$3,576,747	7.1	\$2,015,072	\$503,768	\$1,057,907	\$503,768	\$503,768	\$50,371			
2022-23	\$560,166	7.1	\$157,794	\$78,897	\$323,475	\$78,897	\$78,897	\$78,897	\$78,897	\$7,887	
2023-24	\$0	0	\$0	\$0	\$0						
2024-25	\$12,021,000	7	\$0	\$1,717,286	\$10,303,714	\$1,717,286	\$1,717,286	\$1,717,286	\$1,717,286	\$1,717,286	\$1,717,284
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>\$6,920,006</b>	<b>\$3,249,379</b>	<b>\$12,824,409</b>	<b>\$3,249,379</b>	<b>\$2,489,836</b>	<b>\$1,846,554</b>	<b>\$1,796,183</b>	<b>\$1,725,173</b>	<b>\$1,717,284</b>

**INVESTMENT GAINS AND LOSSES**

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Investment Gains and Losses  
(Measurement Periods)**

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2019-20	\$2,514,853	5	\$2,514,853	\$0	\$0						
2020-21	(\$22,923,216)	5	(\$18,338,576)	(\$4,584,640)	\$0						
2021-22	\$36,224,040	5	\$21,734,424	\$7,244,808	\$7,244,808	\$7,244,808					
2022-23	(\$3,279,920)	5	(\$1,311,968)	(\$655,984)	(\$1,311,968)	(\$655,984)	(\$655,984)				
2023-24	(\$8,887,497)	5	(\$1,777,500)	(\$1,777,500)	(\$5,332,497)	(\$1,777,500)	(\$1,777,500)	(\$1,777,497)			
2024-25	(\$8,012,057)	5	\$0	(\$1,602,412)	(\$6,409,645)	(\$1,602,412)	(\$1,602,412)	(\$1,602,412)	(\$1,602,409)		
<b>Net Increase (Decrease) in OPEB Expense</b>			<b>\$2,821,233</b>	<b>(\$1,375,728)</b>	<b>(\$5,809,302)</b>	<b>\$3,208,912</b>	<b>(\$4,035,896)</b>	<b>(\$3,379,909)</b>	<b>(\$1,602,409)</b>	<b>\$0</b>	<b>\$0</b>

**APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS**

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:	DATE:	02/26/2026
NOCCCD Retirement Board		

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SUBJECT:	ITEM #:	<u>2025/2026-010</u>
Status of the District's OPEB Independent Audit Report	Enclosure:	<u>Yes</u>
	Action Item	<u>No</u>

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Prepared by:	<u>Keenan Financial Services</u>
Requested by:	<u>Retirement Board of Authority</u>

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**BACKGROUND:**

The Independent Auditor's Report is designed to provide the District's OPEB Plan with an independent third-party certification of compliance with accepted accounting standards and financial report standards; attest governance protocols; validate funding progress and fiduciary controls.

**STATUS:**

The NOCCCD Retirement Board will discuss the District's Independent Auditor's Report for Plan Year ending **June 30, 2025**, relative to District's OPEB Trust compliance with accepted accounting standards, financial reporting standards, funding progress and governance controls.

**RECOMMENDATION:**

The NOCCCD Retirement Board shall discuss and file accordingly.



**TRANSFER FROM LONG-TERM TO SHORT-TERM \$6 MILLION**



Posting Date Range: 2/19/2025 - 2/19/2026  
 Account Number: 115150007320

Transactions Report  
 Generated: 2/19/2026 6:21:01 PM CT

Posting Date	Trade Date	Description	CUSIP	Cash	Price	Units
09/09/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST FEES		(\$7,787.56)		
09/25/2025		PLAN TO PLAN TRANSFER NO ORANGE SHORT TERM EFFECTIVE 09/24/2025 PLAN TO PLAN TRANSFER		(\$6,000,000.00)		
10/07/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER FEES		(\$23,457.42)		
10/07/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER FEES		(\$7,623.66)		
11/14/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER FEES		(\$23,713.70)		
11/14/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER FEES		(\$7,706.95)		
12/05/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER FEES		(\$23,837.54)		
12/05/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER FEES		(\$7,747.20)		
01/08/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER FEES		(\$23,938.20)		
01/08/2026		MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER FEES		(\$7,779.91)		
02/11/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY FEES		(\$24,440.58)		
02/11/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY FEES [REVERSED 02/11/2026]		(\$24,440.58)		
02/11/2026		MONTHLY FEE TO KEENAN AND ASSOCIATES JANUARY FEES		(\$7,943.19)		
<b>TOTAL FOR DISBURSEMENT</b>				<b>(\$6,430,133.49)</b>		

**REIMBURSEMENT TO NOCCD TO COVER OPEB EXPENSES**



Posting Date Range: 2/19/2025 - 2/19/2026  
 Account Number: 115150007700

Transactions Report  
 Generated: 2/19/2026 6:25:07 PM CT

Posting Date	Trade Date	Description	CUSIP	Cash	Price	Units
08/11/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES JULY FEES		(\$1,056.79)		
09/02/2025		DISTRIBUTION TO NO ORANGE CCCD SHORT REIMBURSEMENT FOR FISCAL YEAR 2024/2025		(\$6,000,000.00)		
09/09/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST FEES		(\$3,309.82)		
09/09/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST FEES		(\$1,075.69)		
10/07/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER FEES		(\$3,349.74)		
10/07/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER FEES		(\$1,088.67)		
11/14/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER FEES		(\$3,378.40)		
11/14/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER FEES		(\$1,097.98)		
12/05/2025		MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER FEES		(\$3,396.58)		
12/05/2025		MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER FEES		(\$1,103.89)		
01/08/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER FEES		(\$3,401.08)		
01/08/2026		MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER FEES		(\$1,105.35)		
02/11/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY FEES		(\$3,443.42)		
02/11/2026		MONTHLY FEE TO BENEFIT TRUST COMPANY JANUARY FEES [REVERSED 02/11/2026]		(\$3,443.42)		
02/11/2026		MONTHLY FEE TO KEENAN AND ASSOCIATES JANUARY FEES		(\$1,119.11)		
<b>TOTAL FOR DISBURSEMENT</b>				<b>(\$6,069,187.82)</b>		

ENSES \$6 MILLION





