



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Michelle Ronning, Finance Officer

DATE: February 25, 2025

SUBJECT: **Agenda Item 6B:** Review of the Groveland Community Services District California Employer's Retiree Benefit Trust (CERBT)

RECOMMENDED ACTION:

Staff recommends the following action:

This item is for review and discussion only at this time, with a CalPERS representative presentation at an upcoming regular board meeting.

BACKGROUND:

The California Employers' Retiree Benefit Trust (CERBT) Fund is a multiple-employer tax-exempt trust established under Section 115 of the Internal Revenue Code to prefund Other Post-Employment Benefits (OPEB) for eligible California public agencies. Administered by CalPERS, CERBT receives employer contributions to cover the health and other post-employment benefit costs for retirees and their beneficiaries.

The District entered into an agreement with CalPERS CERBT on January 6, 2014, and began funding the Trust in July 2014. Contributions continued until the total OPEB liability was fully funded in fiscal year 2018-19. As of December 31, 2024, the District's valuation assets total \$1,290,189, with a funding status of 106%.

The CERBT Trust offers agencies three investment strategies, ranging from less conservative to more conservative. The District is currently enrolled in the Strategy 3 Portfolio, which carries the lowest risk level and has an expected rate of return of 5.8%. Since 2014, investment earnings have totaled \$331,133, with total expenses amounting to \$7,423.

Staff has been in contact with CalPERS CERBT plan representatives and will be collaborating with them to gain a deeper understanding of the trust to make full use of its benefits with a presentation by the representative at a future board meeting.

FINANCIAL IMPACTS:

None

ATTACHMENTS:

CERBT Account Update Summary as of December 31, 2024

CERBT Account Update Summary

Groveland Community Services District

as of December 31, 2024



OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates	
Valuation Date	6/30/2021
Measurement Date	6/30/2021
Total OPEB Liability (TOL)	\$1,219,800
Valuation Assets	\$1,290,189
Net OPEB Liability (NOL)	(\$70,389)
Funded Status	106%
Actuarially Determined Contribution (ADC)	--
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	6.00%

CERBT Account Summary

As of December 31, 2024	Strategy 3
Initial contribution (06/30/2014)	\$69,538
Additional contributions	\$885,418
Disbursements	\$0
CERBT expenses	(\$7,423)
Investment earnings	\$331,133
Total assets	\$1,278,666
Annualized net rate of return* (06/30/2014-12/31/2024 = 10.50 years)	3.94%

*Net rate of return is unaudited and includes rounding variances.

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$0	\$0	\$0	\$0	\$0
2009-10	\$0	\$0	\$0	\$0	\$0
2010-11	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0
2012-13	\$0	\$0	\$0	\$0	\$0
2013-14	\$69,538	\$0	\$0	\$0	\$69,538
2014-15	\$162,000	\$0	\$111	(\$68)	\$231,581
2015-16	\$175,200	\$0	\$12,231	(\$268)	\$418,700
2016-17	\$180,450	\$0	\$28,232	(\$631)	\$614,790
2017-18	\$182,768	\$0	\$57,315	(\$1,170)	\$826,101
2018-19	\$185,000	\$0	\$116,866	(\$1,882)	\$1,069,941
2019-20	\$0	\$0	\$185,009	(\$2,817)	\$1,137,149
2020-21	\$0	\$0	\$339,560	(\$3,849)	\$1,290,667
2021-22	\$0	\$0	\$201,272	(\$4,938)	\$1,151,290
2022-23	\$0	\$0	\$219,839	(\$5,910)	\$1,168,885
2023-24	\$0	\$0	\$293,609	(\$6,917)	\$1,241,648
as of 12/31/2024	\$0	\$0	\$331,133	(\$7,423)	\$1,278,666

CERBT/CEPPT Investment Returns

Periods ended November 30, 2024

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$20,243,751,704	2.80%	2.02%	7.90%	19.16%	2.90%	6.89%	6.50%	5.63%
Benchmark		2.76%	1.90%	7.77%	18.85%	2.67%	6.63%	6.17%	5.25%
CERBT Strategy 2 (Inception October 1, 2011)	\$2,156,511,746	2.43%	1.41%	7.06%	16.21%	1.13%	4.91%	5.22%	6.58%
Benchmark		2.36%	1.28%	6.92%	15.91%	0.97%	4.72%	4.94%	6.32%
CERBT Strategy 3 (Inception January 1, 2012)	\$811,063,838	2.10%	0.97%	6.30%	13.88%	0.22%	3.61%	4.15%	5.01%
Benchmark		2.03%	0.85%	6.16%	13.60%	0.09%	3.46%	3.92%	4.75%
CERBT Total	\$23,211,327,288								
CEPPT Strategy 1 (Inception October 1, 2019)	\$213,451,241	2.32%	1.51%	6.77%	15.58%	1.97%	5.04%	-	5.33%
Benchmark		2.27%	1.40%	6.69%	15.44%	1.78%	4.90%	-	5.21%
CEPPT Strategy 2 (Inception January 1, 2020)	\$67,862,206	1.79%	0.87%	5.54%	11.92%	0.46%	-	-	2.59%
Benchmark		1.72%	0.76%	5.42%	11.78%	0.36%	-	-	2.47%
CEPPT Total	\$281,313,447								

CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.4%	6.1%	5.8%
Standard Deviation	11.5%	9.5%	8.1%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index IMI (Net)	49% ±5%	34% ±5%	23% ±5%
Fixed Income	Bloomberg Long Liability Index	23% ±5%	41% ±5%	51% ±5%
Real Estate Investment Trusts (REITs)	FTSE EPRA/NAREIT Developed Index (Net)	20% ±5%	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5% ±3%	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	3% ±3%	3% ±3%
Cash	91-Day Treasury Bill	- +2%	- +2%	- +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, not-for-profit
 - Fee is applied daily to assets under management
 - 8.5 basis points - CERBT
 - 25 basis points - CEPPT

Financial Reporting

- CERBT provides audited and compliant GASB 75 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in January each year

CERBT FNP Fiscal Year	Availability
<u>2020-21</u>	Available at <u>https://www.calpers.ca.gov/cerbt</u>
<u>2021-22</u>	
<u>2022-23</u>	

Questions? Where to Get Trust Fund Information?

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