

CERBT Account Update

Santa Monica-Malibu Unified School District Financial Oversight Committee Meeting

September 21, 2021

Discussion Overview

- CERBT Account Summary
- CERBT Investment Policy
- OPEB Funding Policies
- Trust Administration
- Contacts and Communication

CERBT Account Summary

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	07/01/2019
Present Value of Benefits (PVB)	\$73,274,636
Total OPEB Liability (TOL)	\$48,696,722
Valuation Assets	\$5,864,788
Net OPEB Liability	\$42,831,934
Normal Cost for 2019-20	\$2,467,889
Projected Retiree Premiums for 2021-22	\$1,341,150
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	4.09%

CERBT Account Summary

Account Summary as of September 9, 2021

Initial contribution <small>(6/23/2016)</small>	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	(\$0)
CERBT expenses	(\$22,985)
Investment earnings	\$2,968,044
Total assets	\$7,945,059
Money-weighted annualized net rate of return <small>(6/23/2016 – 9/9/2021 = 5.21 Years)</small>	10.88%

In PEMHCA: Yes
 CERBT agreement effective date: 11/24/2015

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Fiscal Year Net Rate of Return	Cumulative Net Rate of Return
2015-16	\$1,500,000	\$1,500,000	(\$8,990)	(\$24)	\$1,490,986	-	-
2016-17	\$2,500,000	\$4,000,000	\$224,277	(\$1,830)	\$4,222,447	11.56%	10.90%
2017-18	\$1,000,000	\$5,000,000	\$536,176	(\$6,006)	\$5,530,170	6.71%	8.04%
2018-19	\$0	\$5,000,000	\$879,948	(\$10,719)	\$5,869,229	6.24%	7.26%
2019-20	\$0	\$5,000,000	\$1,089,729	(\$15,770)	\$6,073,959	3.58%	6.13%
2020-21	\$0	\$5,000,000	\$2,761,612	(\$21,688)	\$7,739,924	27.62%	10.72%
as of 9/9/21	\$0	\$5,000,000	\$2,968,044	(\$22,985)	\$7,945,059	-	10.88%

Funded Status Comparison

Measurement Date	Total OPEB Liability	CERBT Assets	Funded Status
6/30/2015	\$36,397,922	\$0	0%
6/30/2017	\$40,194,946	\$4,222,447	11%
6/30/2019	\$48,696,722	\$5,864,788	12%

CERBT Investment Policy

CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	7.59%	7.01%	6.22%
Risk	11.83%	9.24%	7.28%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	59% ±5%	40% ±5%	22% ±5%
Fixed Income	Barclays Capital Long Liability Index	25% ±5%	43% ±5%	49% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	16% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	4% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%	0% +2%

CERBT investment results – time weighted

Fiscal Year	Strategy 1 (Inception June 1, 2007)	Strategy 2 (Inception October 1, 2011)	Strategy 3 (Inception January 1, 2012)
2007-2008	-4.80%	N/A	N/A
2008-2009	-23.03%	N/A	N/A
2009-2010	15.87%	N/A	N/A
2010-2011	24.96%	N/A	N/A
2011-2012	0.15%	N/A	N/A
2012-2013	11.78%	8.87%	5.21%
2013-2014	18.52%	15.58%	12.86%
2014-2015	-0.11%	-0.34%	-0.03%
2015-2016	1.04%	2.95%	4.18%
2016-2017	10.62%	7.28%	4.16%
2017-2018	8.00%	6.22%	4.74%
2018-2019	6.22%	7.07%	7.24%
2019-2020	3.58%	5.46%	6.37%
2020-2021	27.54%	19.71%	13.60%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

CERBT Investment Returns Outperform Benchmarks

Periods Ended July 31, 2021

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$13,318,370,063	1.29%	4.05%	1.29%	23.91%	11.88%	10.49%	8.63%	6.35%
Benchmark		1.28%	4.01%	1.28%	23.69%	11.58%	10.11%	8.32%	5.92%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,842,656,076	1.57%	4.31%	1.57%	17.09%	10.78%	8.82%	-	8.54%
Benchmark		1.55%	4.27%	1.55%	16.90%	10.55%	8.46%	-	8.24%
CERBT Strategy 3 (Inception January 1, 2012)	\$832,686,610	1.90%	4.57%	1.90%	11.99%	9.54%	7.15%	-	6.75%
Benchmark		1.89%	4.54%	1.89%	11.86%	9.35%	6.85%	-	6.44%
CERBT Total	\$15,993,712,749								

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OPEB Funding Policy

Employer Controls the OPEB Funding Policy

- Chooses appropriate investment strategy
 - Based on investment time horizon
- Decides if, when, and how much to contribute
 - Voluntary and never required
- Decides if and when to seek reimbursement
 - Pay-go costs: FYE22 \$1,341,150
 - Implicit rate subsidies: FYE22 \$285,665
- Chooses outside consulting actuary

Financial reporting

Financial Reporting

- CEPPT is reported in compliance with GASB 84
- CERBT provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

CERBT FNP Fiscal Year	Availability
2015-16	Available at https://www.calpers.ca.gov/cerbt
2016-17	
2017-18	
2018-19	
2019-20	
2020-21	February 2022

Participation Costs

CERBT Total Participation Cost Fee Rate

- Total all-inclusive cost of CERBT participation is 10 basis points of assets under management
 - CERBT is a self-funded trust
 - CERBT does not profit
 - Employer account charged daily
 - Rate can be changed without prior notice and may be higher or lower in the future

CERBT Fee Rate History

Fiscal Year	Total Participation Cost
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points
2018-2019	10.00 basis points
2019-2020	10.00 basis points
2020-2021	10.00 basis points
2021-2022	10.00 basis points

CERBT Experience Data

586 CERBT Employers

- State of California
- 151 Cities or Towns
- 10 Counties
- **77 School Employers**
- 28 Courts
- 319 Special Districts and other Public Agencies
 - (99 Water, 34 Sanitation, 33 Fire, 25 Transportation)

CERBT K-12 School Employers (50)

- Acalanes Union High School District
- Alhambra Unified School District
- Campbell Union Elementary School District
- Center Unified School District
- Chula Vista Elementary School District
- Dehesa Elementary School District
- Del Mar Union Elementary School District
- Enterprise Elementary School District
- Fallbrook Union High School District
- Franklin Elementary School District
- Fremont Union High School District
- Fresno Unified School District
- Grossmont Union High School District
- Igo, Ono, Platina Union Elementary School District
- Lafayette School District
- Laguna Beach Unified School District
- Lakeside Union Elementary School District
- Las Lomas Elementary School District
- Liberty Union High School District
- Los Angeles Unified School District
- Luther Burbank Elementary School District
- Menlo Park City School District
- Metropolitan Education District
- Mill Valley School District
- Orinda Union School District
- Pleasanton Unified School District
- Rancho Santa Fe Elementary School District
- Redding Elementary School District
- Reed Union School District
- Rialto Unified School District
- Robla Elementary School District
- Rocklin Unified School District
- Sacramento City Unified School District
- San Bernardino City Unified School District
- San Francisco Unified School District
- San Marcos Unified School District
- San Ramon Valley Unified School District
- Santa Ana Unified School District
- **Santa Monica-Malibu Unified School District**
- Sequoia Union High School District
- Shasta Union Elementary School District
- Shasta Union High School District
- St. Helena Unified School District
- Tamalpais Union High School District
- Vacaville Unified School District
- West Contra Costa Unified School District
- Western Placer Unified School District
- William S. Hart Union High School District
- Yreka Union Elementary School District
- Yreka Union High School District

CERBT Community College Districts (15)

- Barstow Community College District
- Butte-Glenn Community College District
- Cabrillo Joint Community College District
- Foothill De-Anza Community College District
- Glendale Community College District
- Hartnell Community College District
- Los Angeles Community College District
- Marin Community College District
- Mt. San Jacinto Community College District
- Napa Community College District
- Riverside Community College District
- San Joaquin Delta Community College District
- Santa Monica Community College District
- West Valley-Mission Community College District
- Yuba Community College District

CERBT County Offices of Education, etc. (12)

- Eden Area ROP
- Los Angeles County Office of Education
- Napa County Office of Education
- Riverside County Schools
- Sacramento County Office of Education
- San Diego County Office of Education
- San Joaquin County Schools
- Santa Clara County Schools
- Santa Cruz County Office of Education
- Shasta County Schools
- Siskiyou County Office of Education
- Trinity County Schools

CERBT School Employers by TOL

TOL Range	Value of CERBT Assets	# of School Employers	Average Funded %
> \$1 billion	\$501,490,191	3	4%
\$500 million - \$999.9 million	\$126,996,627	1	24%
\$100 million - \$499.9 million	\$310,834,097	7	26%
\$75 million - \$99.9 million	\$16,470,327	4	4%
\$50 million - \$74.9 million	\$182,188,550	8	37%
\$25 million - \$49.9 million	\$96,575,015	9	36%
\$10 million - \$24.9 million	\$68,738,589	13	29%
\$1 million - \$9.9 million	\$68,424,941	24	60%
< \$1 million	\$1,367,265	8	126%
	\$1,373,085,602	77	48%

Data based on most recent actuarial valuation report submission

Santa Monica Community College District OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Total Compensation Systems

Valuation Date	6/30/2019
Present Value of Benefits (PVB)	\$187,656,443
Total OPEB Liability (TOL)	\$141,025,895
Valuation Assets	\$7,509,861
Net OPEB Liability	\$133,516,034
Projected Retiree Premiums for 2019-20	\$4,851,585
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	4.30%

Santa Monica Community College District CERBT Account Summary

Account Summary as of September 9, 2021

Initial contribution <small>(6/26/2009)</small>	\$1,496,996
Additional contributions	\$3,000,000
Disbursements	(\$0)
CERBT expenses	(\$54,560)
Investment earnings (S1)	\$5,728,065
Total assets	\$10,170,500
Money-weighted annualized net rate of return <small>(6/26/2009 – 9/9/2021 = 12.21 Years)</small>	10.10%

Agreement effective date: 6/24/2009
In PEMHCA: Yes

Los Angeles County Office of Education OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates

Valuation Date	7/1/2019
Present Value of Benefits (PVB)	\$38,364,248
Total OPEB Liability (TOL)	\$32,928,445
Valuation Assets	\$6,115,444
Net OPEB Liability	\$26,813,001
Projected Retiree Premiums for 2019-20	\$2,066,204
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	5.50%

Los Angeles County Office of Education CERBT Account Summary

Account Summary as of September 9, 2021

Initial contribution <small>(7/2/2018)</small>	\$3,200,000
Additional contributions	\$7,580,000
Disbursements	(\$0)
CERBT expenses	(\$19,693)
Investment earnings (S3)	\$2,515,541
Total assets	\$13,275,848
Money-weighted annualized net rate of return <small>(7/2/2018 – 9/9/2021 = 3.19 Years)</small>	11.14%

Agreement effective date: 6/26/2018
In PEMHCA: Yes

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
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Jean MacDonald	Outreach & Support Analyst	Jean.MacDonald@calpers.ca.gov	(916) 795-0675	(916) 291-1325
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	