

# CERBT Account Update

**Santa Monica-Malibu Unified School District  
Financial Oversight Committee Meeting**

September 22, 2022

# 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	7/1/2021
Present Value of Benefits (PVB)	\$104,220,037
Total OPEB Liability (TOL)	\$64,504,274
Valuation Assets	\$7,739,924
Net OPEB Liability	\$56,764,350
Projected Retiree Premiums for 2022-23	\$1,553,579
Implicit Subsidy for 2022-23	\$321,902
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	2.52%

# CERBT Account Summary

As of September 13, 2022	Strategy 1
Initial contribution <small>(6/23/2016)</small>	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	\$0
CERBT expenses	(\$29,408)
Investment earnings	\$1,795,889
Total assets	\$6,766,481
Money-weighted annualized net rate of return <small>(6/23/2016 – 9/13/2022 = 6.2 Years)</small>	5.73%

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

# Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	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	\$0	\$1,500,000	(\$8,990)	(\$24)	\$1,490,986	-	-
2016-17	\$2,500,000	\$0	\$4,000,000	\$224,277	(\$1,830)	\$4,222,447	11.56%	10.90%
2017-18	\$1,000,000	\$0	\$5,000,000	\$536,176	(\$6,006)	\$5,530,170	6.71%	8.04%
2018-19	\$0	\$0	\$5,000,000	\$879,948	(\$10,719)	\$5,869,229	6.24%	7.26%
2019-20	\$0	\$0	\$5,000,000	\$1,089,729	(\$15,770)	\$6,073,959	3.58%	6.13%
2020-21	\$0	\$0	\$5,000,000	\$2,761,612	(\$21,688)	\$7,739,924	27.62%	10.72%
2021-22	\$0	\$0	\$5,000,000	\$1,728,836	(\$28,199)	\$6,700,637	-13.35%	5.76%
as of 9/13/22	\$0	\$0	\$5,000,000	\$1,795,889	(\$29,408)	\$6,766,481	-	5.73%

# 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%
7/1/2021	\$64,504,274	\$7,739,924	12%

# CERBT Portfolios

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	<b>6.3%</b>	5.9%	5.5%
Risk	<b>12.1%</b>	9.9%	8.4%



# CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	<b>49%</b> <b>±5%</b>	34% ±5%	23% ±5%
Fixed Income	Bloomberg Capital Long Liability Index	<b>23%</b> <b>±5%</b>	41% ±5%	51% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	<b>20%</b> <b>±5%</b>	17% ±5%	14% ±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg Capital Global Real: US TIPS Index	<b>5%</b> <b>±3%</b>	5% ±3%	9% ±3%
Commodities	S&P GSCI Total Return Index	<b>3%</b> <b>±3%</b>	3% ±3%	3% ±3%
Cash	3-Month Treasury Bill	<b>0%</b> <b>+2%</b>	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	<b>-4.80%</b>	N/A	N/A
2008-2009	<b>-23.03%</b>	N/A	N/A
2009-2010	<b>15.87%</b>	N/A	N/A
2010-2011	<b>24.96%</b>	N/A	N/A
2011-2012	<b>0.15%</b>	N/A	N/A
2012-2013	<b>11.78%</b>	8.87%	5.21%
2013-2014	<b>18.52%</b>	15.58%	12.86%
2014-2015	<b>-0.11%</b>	-0.34%	-0.03%
2015-2016	<b>1.04%</b>	2.95%	4.18%
2016-2017	<b>10.62%</b>	7.28%	4.16%
2017-2018	<b>8.00%</b>	6.22%	4.74%
2018-2019	<b>6.22%</b>	7.07%	7.24%
2019-2020	<b>3.58%</b>	5.46%	6.37%
2020-2021	<b>27.54%</b>	19.71%	13.60%
2021-2022	<b>-13.35%</b>	-12.54%	-10.72%

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, 2022

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
<b>CERBT Strategy 1</b> (Inception June 1, 2007)	\$13,707,208,616	5.97%	-1.18%	5.97%	-9.35%	6.52%	6.41%	7.29%	5.23%
<b>Benchmark</b>		5.93%	-1.34%	5.93%	-9.58%	6.23%	6.12%	6.92%	4.82%
<b>CERBT Strategy 2</b> (Inception October 1, 2011)	\$1,841,247,699	5.23%	-0.64%	5.23%	-9.39%	5.00%	5.40%	6.02%	6.74%
<b>Benchmark</b>		5.19%	-0.74%	5.19%	-9.53%	4.79%	5.17%	5.69%	6.47%
<b>CERBT Strategy 3</b> (Inception January 1, 2012)	\$782,129,463	4.63%	-0.25%	4.63%	-8.33%	3.99%	4.60%	4.80%	5.22%
<b>Benchmark</b>		4.59%	-0.34%	4.59%	-8.40%	3.83%	4.42%	4.46%	4.94%
<b>CERBT Total</b>	<b>\$16,330,585,778</b>								

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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
  - Implicit rate subsidies
- 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
<a href="#">2018-19</a>	Available at <a href="https://www.calpers.ca.gov/cerbt">https://www.calpers.ca.gov/cerbt</a>
<a href="#">2019-20</a>	
<a href="#">2020-21</a>	
2021-22	February 2023

# 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 Consistently Low Fee Rate History

Fiscal Year	CERBT
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
<b>2022-2023</b>	<b>10.00 basis points</b>

# CERBT Experience Data

# 598 CERBT Employers

- State of California
- 154 Cities or Towns
- 10 Counties
- 82 School Employers
- 29 Courts
- 321 Special Districts and other Public Agencies
  - (99 Water, 35 Sanitation, 33 Fire, 25 Transportation)

# CERBT K-12 School Employers (54)

- 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
- Fairfield-Suisun Unified 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
- Lowell Joint School District
- Los Angeles Unified School District
- Luther Burbank Elementary School District
- Lynwood Unified 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. (13)

- Eden Area ROP
- Los Angeles County Office of Education
- Metropolitan Education District
- 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	\$644,298,516	3	5%
\$500 million - \$999.9 million	\$126,996,627	1	24%
\$100 million - \$499.9 million	\$375,941,623	9	24%
\$75 million - \$99.9 million	\$56,212,324	4	15%
<b>\$50 million - \$74.9 million</b>	<b>\$223,254,316</b>	<b>8</b>	<b>45%</b>
\$25 million - \$49.9 million	\$49,242,707	7	20%
\$10 million - \$24.9 million	\$181,353,850	17	56%
\$1 million - \$9.9 million	\$88,685,898	24	70%
< \$1 million	\$4,506,389	9	163%
	\$1,750,492,250	82	60%

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	6/30/2021
Present Value of Benefits (PVB)	\$294,003,492
Total OPEB Liability (TOL)	\$197,564,001
Valuation Assets	\$9,905,345
Net OPEB Liability	\$187,658,656
Projected Retiree Premiums for 2022-23	\$5,680,511
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	2.72%

# Santa Monica Community College District CERBT Account Summary

## Account Summary as of September 13, 2022

Initial contribution <small>(6/26/2009)</small>	\$1,496,996
Additional contributions	\$3,000,000
Disbursements	(\$0)
CERBT expenses	(\$62,782)
Investment earnings (S1)	\$4,227,584
Total assets	\$8,661,798
Money-weighted annualized net rate of return <small>(6/26/2009 – 9/13/2022 = 13.22 Years)</small>	7.29%

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	7/1/2021
Present Value of Benefits (PVB)	\$27,041,373
Total OPEB Liability (TOL)	\$22,626,035
Valuation Assets	\$12,963,210
Net OPEB Liability	\$9,662,825
Projected Retiree Premiums for 2022-23	\$1,464,911
CERBT Asset Allocation Strategy	Strategy 3
Discount Rate	5.50%

# Los Angeles County Office of Education CERBT Account Summary

## Account Summary as of September 13, 2022

Initial contribution <small>(7/2/2018)</small>	\$3,200,000
Additional contributions	\$8,734,000
Disbursements	(\$0)
CERBT expenses	(\$30,858)
Investment earnings (S3)	\$656,176
Total assets	\$12,559,318
Money-weighted annualized net rate of return <small>(7/2/2018 – 9/13/2022 = 4.2 Years)</small>	2.00%

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	<a href="mailto:Matthew.Goss@calpers.ca.gov">Matthew.Goss@calpers.ca.gov</a>	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	<a href="mailto:Karen.Lookingbill@calpers.ca.gov">Karen.Lookingbill@calpers.ca.gov</a>	(916) 795-1387	(916) 501-2219
Jasper Jacobs	Outreach & Support Analyst	<a href="mailto:Jasper.Jacobs@calpers.ca.gov">Jasper.Jacobs@calpers.ca.gov</a>	(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	<a href="mailto:Colleen.Cain-Herrback@calpers.ca.gov">Colleen.Cain-Herrback@calpers.ca.gov</a>	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	<a href="mailto:Robert.Sharp@calpers.ca.gov">Robert.Sharp@calpers.ca.gov</a>	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
<a href="mailto:CERBT4U@calpers.ca.gov">CERBT4U@calpers.ca.gov</a> – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CERBT">www.calpers.ca.gov/CERBT</a>
<a href="mailto:CEPPT4U@calpers.ca.gov">CEPPT4U@calpers.ca.gov</a> – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/CEPPT">www.calpers.ca.gov/CEPPT</a>
<a href="mailto:CERBTACCOUNT@calpers.ca.gov">CERBTACCOUNT@calpers.ca.gov</a> – Online Record Keeping System	