



## Legislation Details (With Text)

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<b>Type:</b>	Staff Report	<b>Status:</b>		<b>Status:</b>	Agenda Ready
		<b>In control:</b>		<b>In control:</b>	Finance Committee
<b>On agenda:</b>	5/22/2024	<b>Final action:</b>		<b>Final action:</b>	
<b>Enactment date:</b>		<b>Enactment #:</b>		<b>Enactment #:</b>	
<b>Title:</b>	Discussion of Section 115 OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report for the Quarter Ended March 31, 2024				
<b>Sponsors:</b>	T. Michael Yuen				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. A - Investment Report for the Quarter Ended March 31, 2024, 2. B - OPEB Trust and Pension Trust Investment Report Presentation for the Quarter Ended March 31, 2024				

Date	Ver.	Action By	Action	Result
5/22/2024	1	Finance Committee		

Discussion of Section 115 OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report for the Quarter Ended March 31, 2024

### COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

### SUMMARY

Section 115 OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report for the Quarter Ended March 31, 2024, is for information only.

### RECOMMENDATION

Staff recommends the City Council Finance Committee review the OPEB Trust and Pension Trust investment Report for the quarter ended March 31, 2024.

### BACKGROUND

#### ***OPEB Trust***

In 2008-2009, the City established the Section 115 OPEB Trust with PARS. The Trust's primary purpose is accumulating resources to generate investment income for funding the City's future OPEB obligations. The trust account was set up with an initial contribution of \$500,000, and the City has been proactively funding these future liabilities. Since it was established, the City Council has authorized various contributions into the trust. At the end of March 2024, assets in the OPEB Trust total \$21,461,200, including contributions and investment earnings. The inception-to-date investment return is 4.41%.

#### ***Pension Trust***

In 2021, the City Council established the Section 115 Pension Trust with PARS. The goal is setting aside funds and accumulating investment earnings to buy down the City's unfunded CalPERS

pension liabilities. At the beginning of the fourth quarter of 2023, assets in the Pension Trust totaled \$25,541,100, including contributions (since inception of the fund in 2021-22) and investment earnings. On March 31, 2024, assets in the Pension Trust totaled \$26,614,500. The 3-month investment return is 4.04%, and the inception-to-date investment return is 0.97%.

## **Analysis**

### ***QUARTERLY INVESTMENT REPORT***

PFM Asset Management has prepared the quarterly investment report for the OPEB Trust and Pension Trust for the period ending March 31, 2024, summarizing investment performance. The asset allocations for both the OPEB Trust and the Pension Trust follow City Council-approved investment policies.

Assets in the OPEB Trust portfolio increased from \$20,949,700 in the prior quarter to \$21,461,200. Assets in the Pension Trust totaled \$25,541,100 at the end of the prior quarter and are now \$26,614,500. Investment fluctuations are expected due to changing market conditions.

Investment returns are as follows. Please refer to the attached investment report for details.

<b><u>Trust</u></b>	<b><u>1 Year</u></b>	<b><u>3 Years</u></b>	<b><u>5 Years</u></b>	<b><u>7 Years</u></b>	<b><u>Inception to Date</u></b>
OPEB	9.36%	0.98%	4.16%	4.39%	5.37%
Pension	13.63%	N/A	N/A	N/A	0.97%

## **ATTACHMENTS**

- **Attachment A:** Investment Report for the Quarter Ended March 31, 2024
- **Attachment B:** OPEB Trust and Pension Trust Investment Report Presentation for the Quarter Ended March 31, 2024

## **PREPARED BY**

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