



Legislation Details (With Text)

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Title: Adopt a Resolution to Accept the 2022-2023 Section 115 Other Post-Employment Benefits (OPEB) Trust and Pension Trust Investment Report for the Quarter Ended September 30, 2023
Indexes:
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Attachments: 1. A - Resolution (OPEB & Pension Trust Investment Report), 2. B - Investment Report for the Quarter Ended September 30, 2023

Date	Ver.	Action By	Action	Result
12/18/2023	1	City Council	Received and Filed	Pass

Adopt a Resolution to Accept the 2022-2023 Section 115 Other Post-Employment Benefits (OPEB) Trust and Pension Trust Investment Report for the Quarter Ended September 30, 2023

SUMMARY AND RECOMMENDATION

Staff recommends that the City Council accept the City's Section 115 Other Post-Employment Benefits (OPEB) and Pension Trust Investment Report for the quarter ended September 30, 2023.

DISCUSSION

OPEB Trust

In 2008-2009, the City established the Section 115 OPEB Trust with PARS. The Trust's primary purpose is accumulating resources generating investment income to fund 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. Over the years, the City Council has authorized various contributions into the trust. At the end of September 2023, assets in the OPEB Trust total \$19,373,800, including contributions and investment earnings. The inception-to-date investment return is 4.89%.

Pension Trust

In 2021, the City Council established a 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 third quarter of 2023, assets in the Pension Trust totaled \$14,850,000, including both contributions (since inception of the fund in 2021-2022) and investment earnings. On September 13, 2023, the City transferred an additional \$3,608,500 to the Pension Trust from the General Fund. On September 30, 2023, assets in the Pension Trust totaled \$17,909,100. The 3-month investment return is -2.94%, and the inception-to-date investment return is -4.80%. The stock market has been volatile due to high inflation, recession fears, and global instability.

Quarterly Investment Report

HighMark Capital has prepared the quarterly investment report for the OPEB Trust and Pension Trust for the period ending September 30, 2023, summarizing investment performance. The asset allocations for both the OPEB Trust and the Pension Trust for the quarter ended September 30, 2023, follow the investment policies.

Assets in the OPEB Trust portfolio decreased from \$19,960,000 in the prior quarter to \$19,373,800. Assets in the Pension Trust were \$14,850,000, and with the additional contribution made in September, are now \$19,373,800. Investment fluctuations are expected due to rapidly changing market conditions.

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

<u>Trust</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>Inception to Date</u>
OPEB	6.24%	-0.21%	2.50%	3.55%	4.89%
Pension	10.69%	N/A	N/A	N/A	-4.80%

REVIEW BY FINANCE COMMITTEE

The City Council Finance Committee reviewed the City Section 115 Other Post-Employment Benefits (OPEB) and Pension Trust Investment Report for the quarter ended September 30, 2023 on November 28, 2023 and unanimously recommended the report be moved to the City Council for acceptance.

ATTACHMENTS

- Attachment A - Resolution Accepting Other Post-Employment Benefits (OPEB) and Pension Trust Investment Report
- Attachment B - Investment Report for the Quarter Ended September 30, 2023

PREPARED BY

T. Michael Yuen, Finance Director