



Legislation Details (With Text)

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|------------------------|---|----------------------|---|---------------------|---|
| File #: | 24-248 | Version: | 1 | Name: | OPEB & Pension Investment Report for QE 3/31/24 |
| Type: | Staff Report | Status: | | Status: | Agenda Ready |
| | | In control: | | In control: | Finance Committee |
| On agenda: | 6/17/2024 | Final action: | | | |
| Enactment date: | | Enactment #: | | Enactment #: | Reso 2024-065 |
| Title: | Adopt a Resolution Accepting the Section 115 OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report for the Quarter Ended March 31, 2024 | | | | |
| Sponsors: | T. Michael Yuen | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 1. A - Resolution OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report, 2. B - Investment Report for the Quarter Ended March 31, 2024 | | | | |

| Date | Ver. | Action By | Action | Result |
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Adopt a Resolution Accepting the 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

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

RECOMMENDATION

Staff recommends the City Council adopt the resolution accepting 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 is 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) 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 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.

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

REVIEW BY FINANCE COMMITTEE

The OPEB Trust and Pension Trust investment Report for the quarter ended March 31, 2024 was reviewed by the City Council Finance Committee on May 22, 2024. The Finance Committee unanimously recommends the OPEB Trust and Pension Trust investment Report be moved to the City Council for acceptance.

ATTACHMENTS

- **Attachment A:** Resolution Accepting OPEB/Pension Investment Report
- **Attachment B:** Investment Report for the Quarter Ended March 31, 2024

PREPARED BY

T. Michael Yuen, Finance Director