..Title

Adopt a Resolution to Accept the (CY) 2026 Q1 OPEB Trust and Pension Trust Investment Report Through March 31, 2026

..Staffreport

SUMMARY

Investment Performance Review of Section 115 OPEB (Other Post-Employment Benefits) Trust and Pension Trust Investment Report for the Quarter Ended March 31, 2026.

RECOMMENDATIONS

Staff recommend the City Council accept the Section 115 OPEB Trust and Pension Trust Investment Report for the quarter ended March 31, 2026.

BACKGROUND

OPEB Trust

In 2008-2009, the City established the Section 115 OPEB Trust with Public Agency Retirement Services (PARS). The Trust's primary purpose is to accumulate 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 2026, assets in the OPEB Trust total $24,503,177 including contributions and investment earnings. The 3-month investment return is (.46%), and the inception-to-date investment return is 4.92%. Due to a change in account status, inception of the fund is measured with a start date of August 1, 2015.

Pension Trust

In 2021, the City Council established the Section 115 Pension Trust with PARS. The goal is to set aside and accumulate investment earnings to be strategically used to offset unfunded CalPERS pension liabilities. At the end of March 2026, assets in the Pension Trust totaled $37,053,387, including contributions since the inception of the fund in September 2021, and investment earnings. The 3-month investment return is (.80%), and the inception-to-date investment return is 4.20%.

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, 2026, 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 decreased from $24,636,419 in the prior quarter to $24,503,177. Assets in the Pension Trust totaled $37,382,752 at the end of the prior quarter and are now $37,053,387. Investment fluctuations are expected due to changing market conditions, including impacts from geopolitical conditions. A summary of investment returns is outlined below. Please refer to the attached investment report for details.

Trust	1 Year	3 Years	5 Years	7 Years	Inception-to-Date
OPEB	8.86%	7.91%	3.42%	5.02%	4.92%
Pension	11.71%	10.20%	N/A	N/A	4.20%

Committee Review and Actions

The City Council Finance Committee reviewed and accepted the Section 115 OPEB Trust and Pension Trust Investment Report on May 27, 2026.

Financial Impacts

There is no fiscal impact as this report is informational only.

ATTACHMENTS

A: *DRAFT Resolution to Accept Section 115 OPEB & Pension Trusts Investment Report for the Quarter Ended March 31, 2026*

- *Ex A1: OPEB and Pension Trusts Investment Report CY 2026 Q1*

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