

**MONTEREY PENINSULA REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING**

DATE: July 5, 2023
TO: Board of Directors
FROM: Kelly McCullough, Finance Manager
REVIEWED BY: Shuran Parker, Acting General Manager
SUBJECT: Mid-Year Review of California Employers’ Retirement Benefit Trust (CERBT) & California Employers’ Pension Prefunding Trust (CEPPT) Benefit Accounts

SUMMARY:
 Staff respectfully request the Board review the information provided on the status of the CERBT and CEPPT accounts as of March 31, 2023 and June 30, 2023 respectively.

FISCAL IMPACT:
 Not Applicable – Report only

FUNDING SOURCE:
 Not Applicable – Report only

FUNDING BALANCE:
 CERBT - \$2,942,680.58
 CEPPT - \$71,229.54 approx.

DISCUSSION:
 The District Board established the CERBT March 2013 to prefund contractual obligations for retirees’ health benefits. The District made an initial contribution of \$1,729,009. Since that date the District has made additional contributions of \$240,006, disbursement requests of \$295,926, CERBT expense payments of \$22,070, investment earnings of \$1,291,661, for a total asset balance of \$2,942,681, as of March 31, 2023.

[CalPERS Prefunding Programs](#)

CERBT Account Summary

As of March 31, 2023	Strategy 1
Initial contribution <small>(03/15/2013)</small>	\$1,729,009
Additional contributions	\$240,006
Disbursements	\$295,926
CERBT expenses	(\$22,070)
Investment earnings	\$1,291,661
Total assets	\$2,942,681
Money-weighted annualized net rate of return <small>(03/15/2013-03/31/2023 = 10.05 Years)</small>	5.79%

In PEMHCA: Yes
 CERBT agreement effective date: 02/05/2013



Staff has a biannual actuarial valuation completed and a roll forward for the in-between years. The last full actuarial valuation was completed as of June 30, 2021. At that time the actuary recorded a funded status of 147%. The total Other Post Employment Benefit (OPEB) costs were projected to be \$2,290,623. As of June 30, 2022 the funded status is projected to be 111%.

For a comparison of the funded status since inception please see chart below:

CalPERS Prefunding Programs

Funded Status Comparison

Measurement Date	Total OPEB Liability	Discount Rate	CERBT Assets	Funded Status
06/30/2011	\$1,674,859	7.25%	\$0	0%
07/01/2013	\$1,808,181	7.25%	\$1,694,591	94%
07/01/2015	\$1,889,108	7.00%	\$2,006,836	106%
07/01/2017	\$2,624,490	6.50%	\$2,150,106	82%
06/30/2019	\$2,858,874	6.50%	\$2,547,835	89%
06/30/2021	\$2,290,623	6.50%	\$3,359,904	147%
06/30/2022	\$2,547,613	6.00%	\$2,837,519	111%



All of the CERBT funds are currently invested in Strategy 1 (**ATTACHMENT 1**). Please see below for an analysis of contribution deposits and earnings. The cumulative net rate of return is 5.79%.

CalPERS Prefunding Programs

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
2012-13	\$1,729,009	\$0	\$1,729,009	(\$33,653)	(\$765)	\$1,694,591	-	-
2013-14	\$67,056	\$0	\$1,796,065	\$280,036	(\$3,334)	\$2,072,767	18.56%	12.34%
2014-15	\$0	(\$65,618)	\$1,730,447	\$278,134	(\$5,420)	\$2,003,161	-0.09%	6.64%
2015-16	\$0	(\$76,667)	\$1,653,780	\$298,939	(\$7,072)	\$1,945,647	1.04%	4.92%
2016-17	\$0	(\$82,412)	\$1,571,368	\$505,129	(\$8,803)	\$2,067,694	10.63%	6.17%
2017-18	\$87,695	\$0	\$1,659,063	\$669,491	(\$10,670)	\$2,317,884	7.98%	6.48%
2018-19	\$85,255	\$0	\$1,744,318	\$816,171	(\$12,655)	\$2,547,835	6.36%	6.46%
2019-20	\$0	\$0	\$1,744,318	\$907,237	(\$14,847)	\$2,636,708	3.58%	6.05%
2020-21	\$0	\$0	\$1,744,318	\$1,633,002	(\$17,416)	\$3,359,904	27.62%	8.45%
2021-22	\$0	(\$71,230)	\$1,673,089	\$1,184,673	(\$20,243)	\$2,837,519	-13.38%	5.85%
as of 3/31/23	\$0	\$0	\$1,673,089	\$1,291,661	(\$22,070)	\$2,942,681	-	5.79%



The CEPPT account was approved by the Board and initiated June 2022. The Board authorized staff to request withdrawals of excess funds from the CERBT account, for deposit into the CEPPT account to adjust for any overfunded status of the CERBT. Staff initiated its' first CEPPT account deposit of \$71,229.54 on June 23, 2023. The deposit was split 60/40 as directed by the Board. Sixty percent into Strategy 1 and forty percent into Strategy 2. Quarterly statements were not available at report writing time.

CalPERS Prefunding Programs

CERBT/CEPPT Expected Rates of Return

Portfolios	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	CEPPT Pension Strategy 1	CEPPT Pension Strategy 2
Expected Return 2018 CMA's	7.59%	7.01%	6.22%	5.00%	4.00%
Risk 2018	11.83%	9.24%	7.28%	8.2%	5.2%
Expected Return 2022 CMA's	6.0%	5.5%	5.0%	4.5%	3.5%
Risk 2022	12.1%	9.9%	8.4%	8.8%	6.1%



The District Board has made great efforts to address pension costs for the District and has taken proactive steps to pay off any unfunded balances and to establish prefunding accounts to address future needs and uncertainties.

A summary of the District's pension account can be seen in the table below. The most current valuation report notes a funded status of 109.5%. Funded status can fluctuate widely depending on the performance of the CalPERS portfolio. The pension valuations lag 2-years behind actual activity, therefore the activity in the table below reflects the status as of June 30, 2021.

CalPERS Pension Valuation as of 6/30/2021

Plans	Misc	PEPRA	Total
Present Value of Benefits (PVB)	\$12,804,240	\$941,946	\$13,746,186
Accrued Liability (AL)	\$11,035,579	\$417,817	\$11,453,396
Market Value of Assets (MVA)	\$12,086,370	\$457,573	\$12,543,943
Unfunded Accrued Liability (UAL)	(\$1,050,791)	(\$39,756)	(\$1,090,547)
Funded Status	109.5%	109.5%	109.5%
Normal Cost (fy e 2023 24)	\$175,858	\$34,530	\$210,388
Amortization of UAL (fy e 2023 24)	\$0	\$0	\$0
Est. Employer Contribution (fy e 2023 24)	\$175,858	\$34,530	\$210,388



RECOMMENDED ACTION:

Receive and file the report, and review for future considerations or modifications to the approved investment choices.

ATTACHMENTS:

1. [CERBT Strategy 1](#)
2. [CEPPT Strategy 1](#)
3. [CEPPT Strategy 2](#)