



**TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT
COMMITTEE AGENDA
NOVEMBER 16, 2021
110 EAST MAIN STREET
TELECONFERENCE
LOS GATOS, CA**

Marico Sayoc, Mayor

Rob Rennie, Vice Mayor

Mary Badame, Council Member

Matthew Hudes, Council Member

Maria Ristow, Council Member

PARTICIPATION IN THE PUBLIC PROCESS

How to participate: The Town of Los Gatos strongly encourages your active participation in the public process, which is the cornerstone of democracy. If you wish to speak to an item on the agenda, please follow the participation instructions on page 2 of this agenda. If you wish to speak to an item NOT on the agenda, you may do so during the “Verbal Communications” period, by following the participation instructions on page 2 of this agenda. The time allocated to speakers may change to better facilitate the Town Council meeting.

Effective Proceedings: The purpose of the Town Council meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Town of Los Gatos asks that you follow the Town’s meeting guidelines while attending Town Council meetings and treat everyone with respect and dignity. This is done by following meeting guidelines set forth in State law and in the Town Code. Disruptive conduct is not tolerated, including but not limited to: addressing the Town Council without first being recognized; interrupting speakers, Town Council or Town staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject. Disruption of the meeting may result in a violation of Penal Code 403.

Deadlines for Public Comment and Presentations are as follows:

- Persons wishing to make an audio/visual presentation on any agenda item must submit the presentation electronically, either in person or via email, to the Clerk’s Office no later than 3:00 p.m. on the day of the Council meeting.
- Persons wishing to submit written comments to be included in the materials provided to Town Council must provide the comments as follows:
 - For inclusion in the regular packet: by 11:00 a.m. the Thursday before the Council meeting
 - For inclusion in any Addendum: by 11:00 a.m. the Monday before the Council meeting
 - For inclusion in any Desk Item: by 11:00 a.m. on the day of the Council Meeting

***Town Council Meetings Broadcast Live on KCAT, Channel 15 (on Comcast) on the 1st and 3rd Tuesdays at 7:00 p.m.
Rebroadcast of Town Council Meetings on the 2nd and 4th Mondays at 7:00 p.m.
Live & Archived Council Meetings can be viewed by going to:
www.LosGatosCA.gov/TownYouTube***

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE CLERK DEPARTMENT AT (408) 354-6834. NOTIFICATION 48 HOURS BEFORE THE MEETING WILL ENABLE THE TOWN TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING [28 CFR §35.102-35.104]

TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE AGENDA
NOVEMBER 16, 2021
6:30 PM

IMPORTANT NOTICE REGARDING THE NOVEMBER 16, 2021 OPEB MEETING

This meeting is being conducted utilizing teleconferencing and electronic means consistent with Government Code Section 54953, as Amended by Assembly Bill 361, in response to the state of emergency relating to COVID-19 and enabling teleconferencing accommodations by suspending or waiving specified provisions in the Ralph M. Brown Act (Government Code § 54950 et seq.). Consistent with AB 361 and Town of Los Gatos Resolution 2021-044, this meeting will not be physically open to the public and the Council will be teleconferencing from remote locations. Members of the public can only participate in the meeting by joining the Zoom webinar (log in information provided below).

PARTICIPATION

Public comments can be made live during the Town Council meeting via Zoom. If you are not interested in providing oral comments in real-time during the meeting, you can view the live stream of the meeting on television (Comcast Channel 15) and/or online at www.LosGatosCA.gov/TownYouTube.

To provide oral comments in real-time during the meeting:

- **Zoom webinar:** Join from a PC, Mac, iPad, iPhone or Android device: click this link <https://us02web.zoom.us/j/86390630422?pwd=Z3lXeC9wZXlaZXM2TXlmbDg2S0ttZz09>. Password: 164629. You can also type in 863 9063 0422 in the “Join a Meeting” page on the Zoom website at <https://zoom.us/join>.
- When the Chair announces the item for which you wish to speak, click the “raise hand” feature in Zoom. If you are participating by phone on the Zoom app, press *9 on your telephone keypad to raise your hand. If you are participating by calling in, press #2 on your telephone keypad to raise your hand.
- **Join by telephone:** Dial: 877-336-1839. Conference code: 969184

When called to speak, you will be asked to provide your full name and your town/city of residence. This identifying information is optional and not a requirement for participation. Please limit your comments to three (3) minutes, or such other time as the Mayor may decide, consistent with the time limit for speakers at a Council meeting.

If you are unable to participate in real-time, you may email to PublicComment@losgatosca.gov the subject line “Public Comment Item #__” (insert the item number relevant to your comment) or “Verbal Communications – Non-Agenda Item.” Comments received by 11:00 a.m. the day of the meeting will be reviewed and distributed before the meeting. All comments received will become part of the record.

TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE AGENDA
NOVEMBER 16, 2021
6:30 PM

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MEETING CALL TO ORDER

ROLL CALL

CONSENT ITEMS *(Items appearing on the Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may request to have an item removed from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions contained on Page 2 of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. Approve Draft Minutes of the Pension and OPEB Trusts Oversight Committee Meeting of August 3, 2021.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda. To ensure all agenda items are heard and unless additional time is authorized by the Mayor, this portion of the agenda is limited to 30 minutes and no more than three (3) minutes per speaker. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment.)*

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

2. Receive OPEB Trust Account Update Summary Quarterly Report for the Period Ending June 30, 2021 (Attachment 1) and September 30, 2021 (Attachment 2).
3. Receive the Town of Los Gatos IRS Section 115 Pension Trust Statement.

ADJOURNMENT

Writings related to an item on the Town Council meeting agenda distributed to members of the Council within 72 hours of the meeting are available for review on the official Town of Los Gatos website. Copies of desk items distributed to members of the Council at the meeting are available for review in the Town Council Chambers.

Note: The Town of Los Gatos has adopted the provisions of Code of Civil Procedure §1094.6; litigation challenging a decision of the Town Council must be brought within 90 days after the decision is announced unless a shorter time is required by State or Federal law.



**TOWN OF LOS GATOS
PENSION AND OPEB TRUST
OVERSIGHT COMMITTEE
REPORT**

MEETING DATE: 11/16/2021

ITEM NO: 1

**DRAFT
Minutes of the Pension and OPEB Trust Oversight Committee Meeting
August 3, 2021**

The Pension and OPEB Trust Oversight Committee of the Town of Los Gatos conducted a regular meeting via Teleconference via COVID-19 Shelter in Place Guidelines on Tuesday, August 3, 2021, at 6:15 p.m.

MEETING CALLED TO ORDER AT 6:15 P.M.

ROLL CALL

Present: Mayor Marico Sayoc, Vice Mayor Rob Rennie (joined the meeting at 6:16 p.m.), Council Member Mary Badame, Council Member Matthew Hudes, Council Member Maria Ristow.

Absent: None

CONSENT ITEMS

1. Approve Draft Minutes of the March 30, 2021 Town Pension and OPEB Trusts Oversight Committee Meeting.

MOTION: Motion by Council Member Badame to approve the Consent Item. **Seconded** by Council Member Hudes.

VOTE: Motion passed unanimously.

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

2. Receive CalPERS Preliminary Investment Return for FY 2020/21.

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

No one spoke.

Closed Public Comment.

Council received the report.

PAGE 2 OF 2

SUBJECT: Draft Minutes of the Pension and OPEB Trust Oversight Committee Meeting of
August 3, 201

DATE: October 21, 2021

3. Receive OPEB Trust Account Summary Quarterly Report for the Period Ending March 31, 2021, CERBT Strategy 1 Performance Report as of May 31, 2021, and OPEB Account Update Report for the California Employers' Retiree Benefit Trust (CERBT).

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

No one spoke,

Closed Public Comment.

Council received the reports.

4. Receive Update on the Town of Los Gatos IRS Section 115 Pension Trust.

Arn Andrews, Assistant Town Manager, presented the staff report.

Opened Public Comment.

No one spoke.

Closed Public Comment.

Council received the report.

ADJOURNMENT

The meeting adjourned at 6:24 p.m.

Attest:

Shelley Neis, Town Clerk



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 11/16/2021

ITEM NO: 2

DATE: November 10, 2021
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive OPEB Trust Account Update Summary Quarterly Report for the Period Ending June 30, 2021 (Attachment 1) and September 30, 2021 (Attachment 2).

RECOMMENDATION:

Receive OPEB Trust Account Update Summary Report for the Period Ending June 30, 2021 (Attachment 1) and September 30, 2021 (Attachment 2).

BACKGROUND:

In 2009, the Council approved participating in the California Employer's Retiree Benefit Trust (CERBT) Fund. The CERBT Fund is an IRS Section 115 trust fund dedicated to the prefunding of other post-employment benefits ("OPEB"). The CERBT Strategy 1 is the single investment vehicle for the Town's OPEB Plan ("OPEB Plan").

DISCUSSION:

As of June 30, 2021, the CERBT Strategy 1 fund returned 27.54% for the year and 6.59% for the quarter. The ending account balance as of June 30, 2021 was \$26,234,531 compared to \$20,124,351 as of June 30, 2020.

As of September 30, 2021, the CERBT Strategy 1 fund returned -0.41% for the quarter. The ending account balance as of September 30, 2021 was \$26,121,803.

Attachments:

1. CERBT 115 Trust Account Update Summary as of June 30, 2021
2. CERBT 115 Trust Account Update Summary as of September 30, 2021

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager and Finance Director

CERBT Account Update Summary

Town of Los Gatos

as of June 30, 2021



ATTACHMENT 1

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Bartel Associates, LLC	
Valuation Date	6/30/2017
Total OPEB Liability (TOL)	\$24,773,000
Valuation Assets	\$13,605,000
Net OPEB Liability (NOL)	\$11,168,000
Funded Status	55%
Actuarially Determined Contribution (ADC)	\$2,108,000
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	6.75%

CERBT Account Summary

As of June 30, 2021	Strategy 1
Initial contribution (06/29/2009)	\$400,000
Additional contributions	\$14,751,000
Disbursements	\$0
CERBT expenses	(\$101,574)
Investment earnings	\$11,185,105
Total assets	\$26,234,531
Annualized net rate of return (06/29/2009-06/30/2021 = 12. years)	9.97%

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$400,000	\$0	(\$28)	(\$2)	\$399,971
2009-10	\$550,000	\$0	\$60,907	(\$462)	\$1,010,445
2010-11	\$0	\$0	\$312,877	(\$1,958)	\$1,260,919
2011-12	\$1,910,000	\$0	\$416,755	(\$4,373)	\$3,272,382
2012-13	\$1,200,000	\$0	\$815,342	(\$9,740)	\$4,865,602
2013-14	\$1,300,000	\$0	\$1,717,930	(\$17,124)	\$7,060,806
2014-15	\$1,300,000	\$0	\$1,709,948	(\$24,242)	\$8,345,705
2015-16	\$1,500,000	\$0	\$1,828,698	(\$31,133)	\$9,957,565
2016-17	\$2,600,000	\$0	\$2,881,199	(\$39,994)	\$13,601,205
2017-18	\$1,600,000	\$0	\$3,968,811	(\$52,247)	\$16,276,565
2018-19	\$1,100,000	\$0	\$4,985,901	(\$66,129)	\$18,379,772
2019-20	\$1,100,000	\$0	\$5,646,311	(\$81,960)	\$20,124,351
2020-21	\$591,000	\$0	\$11,185,105	(\$101,574)	\$26,234,531

CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended June 30, 2021

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$13,042,036,647	1.45%	6.59%	27.54%	27.54%	11.95%	10.88%	8.42%	6.29%
Benchmark		1.40%	6.54%	27.31%	27.31%	11.66%	10.49%	8.13%	5.86%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,815,456,223	1.59%	6.05%	19.71%	19.71%	10.57%	9.02%	-	8.44%
Benchmark		1.56%	6.00%	19.50%	19.50%	10.35%	8.66%	-	8.15%
CERBT Strategy 3 (Inception January 1, 2012)	\$818,674,420	1.59%	5.49%	13.60%	13.60%	9.02%	7.16%	-	6.60%
Benchmark		1.57%	5.45%	13.45%	13.45%	8.84%	6.85%	-	6.29%
CERBT Total	\$15,676,167,290								
CEPPT Strategy 1 (Inception October 1, 2019)	\$38,556,782	1.02%	4.74%	18.31%	18.31%	-	-	-	12.14%
Benchmark		0.91%	4.63%	18.07%	18.07%	-	-	-	12.16%
CEPPT Strategy 2 (Inception January 1, 2020)	\$19,387,858	0.79%	3.24%	8.00%	8.00%	-	-	-	7.19%
Benchmark		0.78%	3.24%	7.75%	7.75%	-	-	-	7.01%
CEPPT Total	\$57,944,640								

CERBT Expected Rates of Return & Risk

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	7.59%	7.01%	6.22%
Risk	11.83%	9.24%	7.28%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	59% ±5%	40% ±5%	22% ±5%
Fixed Income	Barclays Capital Long Liability Index (CERBT)	25% ±5%	43% ±5%	49% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	16% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	4% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2011	12.00 basis points	-
2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points

595 Prefunding Program Employers

585 CERBT and 43 CEPPT

- State of California
- 152 Cities or Towns
- 10 Counties
- 76 School Employers
- 31 Courts
- 325 Special Districts and other Public Agencies
 - (99 Water, 34 Sanitation, 33 Fire, 25 Transportation)

Financial Reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

FNP Fiscal Year	Availability
2015-16	Available at https://www.calpers.ca.gov/cerbt
2016-17	
2017-18	
2018-19	
2019-20	
2020-21	February 2022

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
Jasper Jacobs	Outreach & Support Analyst	Jasper.Jacobs@calpers.ca.gov	(916) 795-0432	(916) 717-3886
Jean MacDonald	Outreach & Support Analyst	Jean.MacDonald@calpers.ca.gov	(916) 795-0675	(916) 291-1325
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	

CERBT Account Update Summary

Town of Los Gatos

as of September 30, 2021



ATTACHMENT 2

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Bartel Associates, LLC	
Valuation Date	6/30/2019
Total OPEB Liability (TOL)	\$27,017,000
Valuation Assets	\$18,341,000
Net OPEB Liability (NOL)	\$8,676,000
Funded Status	68%
Actuarially Determined Contribution (ADC)	\$1,860,000
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	6.75%

CERBT Account Summary

As of September 30, 2021	Strategy 1
Initial contribution (06/29/2009)	\$400,000
Additional contributions	\$14,751,000
Disbursements	\$0
CERBT expenses	(\$107,277)
Investment earnings	\$11,078,080
Total assets	\$26,121,803
Annualized net rate of return (06/29/2009-09/30/2021 = 12.25 years)	9.5%

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$400,000	\$0	(\$28)	(\$2)	\$399,971
2009-10	\$550,000	\$0	\$60,907	(\$462)	\$1,010,445
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2020-21	\$591,000	\$0	\$11,185,105	(\$101,574)	\$26,234,531
as of 9/30/2021	\$0	\$0	\$11,078,080	(\$107,277)	\$26,121,803

CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended August 31, 2021

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$13,514,349,182	1.44%	4.23%	2.75%	21.39%	12.06%	10.79%	9.33%	6.41%
Benchmark		1.42%	4.16%	2.72%	21.18%	11.77%	10.43%	9.01%	5.99%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,888,078,451	0.90%	4.11%	2.48%	15.73%	10.77%	9.01%	-	8.56%
Benchmark		0.89%	4.05%	2.46%	15.53%	10.56%	8.68%	-	8.27%
CERBT Strategy 3 (Inception January 1, 2012)	\$835,538,812	0.39%	3.92%	2.30%	11.28%	9.37%	7.26%	-	6.73%
Benchmark		0.39%	3.89%	2.29%	11.14%	9.19%	6.98%	-	6.42%
CERBT Total	\$16,237,966,445								
CEPPT Strategy 1 (Inception October 1, 2019)	\$42,198,265	0.98%	3.21%	2.17%	14.49%	-	-	-	12.26%
Benchmark		0.99%	3.10%	2.17%	14.30%	-	-	-	12.28%
CEPPT Strategy 2 (Inception January 1, 2020)	\$19,957,503	0.30%	2.44%	1.64%	6.85%	-	-	-	7.48%
Benchmark		0.30%	2.42%	1.63%	6.62%	-	-	-	7.32%
CEPPT Total	\$62,155,768								

CERBT Expected Rates of Return & Risk

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	7.59%	7.01%	6.22%
Risk	11.83%	9.24%	7.28%

CERBT Portfolio Details

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2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points

598 Prefunding Program Employers

587 CERBT and 47 CEPPT

- State of California
- 153 Cities or Towns
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2018-19	
2019-20	
2020-21	February 2022

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
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Jean MacDonald	Outreach & Support Analyst	Jean.MacDonald@calpers.ca.gov	(916) 795-0675	(916) 291-1325
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	

Town of Los Gatos

CERBT Strategy I

Entity #: SKB0-4589482285

Quarter Ended September 30, 2021



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$26,234,530.84	\$26,234,530.84
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	(107,025.01)	(107,025.01)
Administrative Expenses	(3,294.42)	(3,294.42)
Investment Expense	(2,408.74)	(2,408.74)
Other	0.00	0.00
Ending Balance	\$26,121,802.67	\$26,121,802.67
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$26,121,802.67	\$26,121,802.67

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	1,180,781.789	1,180,781.789
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	1,180,781.789	1,180,781.789
Period Beginning Unit Value	22.217933	22.217933
Period Ending Unit Value	22.122464	22.122464

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT-4J@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 09/30/2021

Town of Los Gatos

Entity #: SKB0-4589482285



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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Client Contact:
CERBT4U@CalPERS.ca.gov



TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS
OVERSIGHT COMMITTEE REPORT

MEETING DATE: 11/16/2021

ITEM NO: 3

DATE: November 10, 2021
TO: Town Pension and OPEB Trusts Oversight Committee
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the Town of Los Gatos IRS Section 115 Pension Trust Statement

RECOMMENDATION:

Receive on the Town of Los Gatos IRS Section 115 Pension Trust statement.

BACKGROUND:

On November 5, 2019, the Town Council authorized the Town Manager to enter into an agreement with CalPERS for participation in the CEPPT program.

The CEPPT Fund is a Section 115 trust fund dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. On March 3, 2020, the Town Pension and OPEB Trusts Oversight Committee adopted CEPPT Strategy 2 as the asset allocation for the Town's Section 115 Trust pension assets.

DISCUSSION:

On April 14, 2021, the remaining CEPPT balance of approximately \$700,000 was liquidated for inclusion in a \$2,050,942 additional discretionary payment toward the June 30, 2013 gain/loss amortization base. The CEPPT account remains open with no assets at no cost.

Attachments:

1. CEPPT September 30, 2021 Statement

PREPARED BY: Arn Andrews
Assistant Town Manager

Reviewed by: Town Manager and Finance Director

CEPPT Account Update Summary

Town of Los Gatos

as of September 30, 2021



ATTACHMENT 1

CEPPT Account Summary

As of September 30, 2021	Strategy 1	Strategy 2	Total
Initial contribution (05/18/2020)	\$0	\$268,000	\$268,000
Additional contributions	\$0	\$393,400	\$393,400
Disbursements	\$0	(\$706,988)	(\$706,988)
CEPPT expenses	\$0	(\$1,300)	(\$1,300)
Investment earnings	\$0	\$46,888	\$46,888
Total assets (05/18/2020-09/30/2021 = 1.37 years)	\$0	\$0	\$0

CEPPT/CERBT Investment Returns Outperform Benchmarks

Periods ended August 31, 2021

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$13,514,349,182	1.44%	4.23%	2.75%	21.39%	12.06%	10.79%	9.33%	6.41%
Benchmark		1.42%	4.16%	2.72%	21.18%	11.77%	10.43%	9.01%	5.99%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,888,078,451	0.90%	4.11%	2.48%	15.73%	10.77%	9.01%	-	8.56%
Benchmark		0.89%	4.05%	2.46%	15.53%	10.56%	8.68%	-	8.27%
CERBT Strategy 3 (Inception January 1, 2012)	\$835,538,812	0.39%	3.92%	2.30%	11.28%	9.37%	7.26%	-	6.73%
Benchmark		0.39%	3.89%	2.29%	11.14%	9.19%	6.98%	-	6.42%
CERBT Total	\$16,237,966,445								
CEPPT Strategy 1 (Inception October 1, 2019)	\$42,198,265	0.98%	3.21%	2.17%	14.49%	-	-	-	12.26%
Benchmark		0.99%	3.10%	2.17%	14.30%	-	-	-	12.28%
CEPPT Strategy 2 (Inception January 1, 2020)	\$19,957,503	0.30%	2.44%	1.64%	6.85%	-	-	-	7.48%
Benchmark		0.30%	2.42%	1.63%	6.62%	-	-	-	7.32%
CEPPT Total	\$62,155,768								

CEPPT Expected Rates of Return & Risk

Portfolios	CEPPT Strategy 1	CEPPT Strategy 2
Expected Return	5.0%	4.0%
Risk	8.2%	5.2%

CEPPT Portfolio Details

Asset Classification	Benchmark	CEPPT Strategy 1	CEPPT Strategy 2
Global Equity	MSCI All Country World Index	40% ±5%	14% ±5%
Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index	47% ±5%	73% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2011	12.00 basis points	-
2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points

598 Prefunding Program Employers

587 CERBT and 47 CEPPT

- State of California
- 153 Cities or Towns
- 10 Counties
- 77 School Employers
- 31 Courts
- 326 Special Districts and other Public Agencies
 - (99 Water, 35 Sanitation, 33 Fire, 25 Transportation)

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