TOWN OF LOS GATOS
TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE AGENDA
DECEMBER 01, 2026
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
6:15 PM

Rob Moore, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Rob Rennie, Council Member

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). You may watch the Committee meeting without providing public comment on Comcast cable channel 15 or at www.LosGatosCA.gov/TownYouTube. Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

To watch and participate via Zoom, please go to:
https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1
Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

CONSENT ITEMS *(Consent Items are considered routine Town business and may be approved by one motion. Any member of the Committee may remove an item from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Chair asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions located at the end of this agenda. If an item is removed, the Chair has the sole discretion to determine when the item will be heard. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

1. **Approve the Minutes of the September 1, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.**
   RECOMMENDATION: Approve the Minutes of the September 1, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.

2. **Receive the California Employers' Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Quarter Ended September 30, 2026, and the Strategy 2 Performance Report as of September 30, 2026**
   RECOMMENDATION: Receive the California Employers' Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Quarter Ended September 30, 2026, and the Strategy 2 Performance Report as of September 30, 2026.

3. **Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2026, and the Performance Report as of September 30, 2026**
   RECOMMENDATION: Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2026, and the Performance Report as of September 30, 2026.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Committee only on matters listed on the agenda. Town resources may not be used to facilitate audio or visual presentations. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

OTHER BUSINESS *(Each speaker is limited to no more than three (3) minutes or such time as authorized by the Chair.)*

4. **Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2025 Actuarial Valuation as Prepared and Recommended by Foster and Foster, Actuaries and Consultants**
   RECOMMENDATION: Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2025 actuarial valuation and its assumptions as prepared and recommended by Foster and Foster, Actuaries and Consultants.

ADJOURNMENT

ADA NOTICE - In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

NOTICE REGARDING SUPPLEMENTAL MATERIALS - Materials related to an item on this agenda submitted to the Committee after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on the Town's website at www.losgatosca.gov. Committee agendas and related materials can be viewed online at https://losgatos-ca.municodemeetings.com/.

HOW TO PARTICIPATE

The public is welcome to provide oral comments in real-time during the meeting in three ways:

Zoom Webinar (Online): Join from a PC, Mac, iPad, iPhone or Android device. Please click this URL to join: https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1
Passcode: **577971**. You can also type in **867 3036 3468** in the "Join a Meeting" page on the Zoom website at zoom.us and use passcode **577971**.

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.

Telephone: Please dial 1 (855) 758-1310 for US Toll-free or 1 (408) 961-3928 for US Toll. (Meeting ID: **867 3036 3468**)

If you are participating by calling in, press *9 on your telephone keypad to raise your hand.

In-Person: Please complete a "speaker's card" located on the back of the chamber benches and return it to the Town Clerk before the meeting or when the Chair announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Chair's discretion.

If you are unable to participate in real-time, you may email Clerk@losgatosca.gov with the subject line "Public Comment Item #__ " (insert the item number relevant to your comment).

Deadlines to submit public comments are:

-3:00 p.m. the business day before the Committee meeting for inclusion in an addendum.

-11:00 a.m. on the day of the Committee meeting for inclusion in a desk item.

TOWN OF LOS GATOS

PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE REPORT

MEETING DATE: 12/1/2026

ITEM NO: 1

DRAFT
Minutes of the Town Pension and OPEB Trusts Oversight Committee Meeting
September 1, 2026

The Pension and OPEB Trusts Oversight Committee of the Town of Los Gatos conducted a meeting in person and via teleconference.

MEETING CALLED TO ORDER AT 6:23 P.M.

ROLL CALL

Present: Mayor Rob Moore, Vice Mayor Maria Ristow, Council Member Mary Badame, Council Member Rob Rennie, Council Member Matthew Hudes (participating remotely in accordance with Government Code Section 54953.8.3. under the circumstance of "Just Cause" due to a medical emergency)
Absent: None.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve the Minutes of the June 2, 2026, Town Pension and OPEB Trusts Oversight Committee Meeting.

Mayor/Chair Moore opened public comment.

No one spoke

Mayor/Chair Moore closed public comment.

(Video time: 00:03:32)

MOTION: **Motion** by **Vice Mayor/Vice Chair Ristow** to approve the minutes of the June 2 2026 Town Pension and OPEB Trust Oversight Committee meeting. **Council Member/Committee Member Rennie.**

VOTE: **Motion passed unanimously by roll call vote.**

VERBAL COMMUNICATIONS

No one spoke.

OTHER BUSINESS

2. Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending June 30, 2026, and the Performance Report as of June 30, 2026.

Kristina Alfaro, Administrative Services Director, presented the staff report

Mayor/Chair Moore opened public comment.

No one spoke

Mayor/Chair Moore closed public comment.

The Committee received the report.

3. Receive the California Employer's Pension Prefunding Trust (CEPPT) Strategy Market Value Summary Report for the Period Ending June 30, 2026, and Performance as of June 30, 2026.

Kristina Alfaro, Administrative Services Director, presented the staff report

Mayor/Chair Moore opened public comment.

No one spoke

Mayor/Chair Moore closed public comment.

The Committee received the report.

ADJOURNMENT
The meeting adjourned at 6:28 p.m.

Attest:

_____
Keara Johnson, Deputy Town Clerk

TOWN OF LOS GATOS

TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE REPORT

MEETING DATE: 12/01/2026

ITEM NO: 2

DATE: November 17, 2026

TO: Town Pension and OPEB Trusts Oversight Committee

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the California Employers' Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Quarter Ended September 30, 2026, and the Strategy 2 Performance Report as of September 30, 2026**

RECOMMENDATION: Receive the California Employers' Pension Prefunding Trust (CEPPT) Strategy 2 Market Value Summary Report for the Quarter Ended September 30, 2026, and the Strategy 2 Performance Report as of September 30, 2026.

FISCAL IMPACT:

Receiving this informational report has no fiscal impact. During the quarter, the CEPPT account balance decreased by $112,856.13, from $4,055,601.39 to $3,942,745.26, due to net investment activity and expenses.

BACKGROUND:

On November 5, 2019, the Town Council authorized the Town Manager to enter into an agreement with CalPERS for participation in the California Employers' Pension Prefunding Trust (CEPPT) program.

Effective Fiscal Year (FY) 2015-16, the Council directed that, when sufficient General Fund year-end savings are available, and the target levels for the Catastrophic Reserve and Budget Stabilization Reserve have been met, a minimum of $300,000 be deposited annually into the Pension/OPEB Reserve Fund after the fiscal year is closed. In 2018, the Council updated the General Fund Reserve Policy to provide for additional discretionary payments (ADPs) of $390,000 per year (Strategy 2) to address the unfunded pension liability. Under the updated Policy, a 20-year amortization equivalence will be achieved.

PREPARED BY: Diane M. Howard
Finance Division Manager

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

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.

A joint Study Session was held between the Town Pension and OPEB Trust Oversight Committee and the Finance Commission, led by a Financial Advisor, to review the Pension and OPEB Trusts. The Finance Commission reiterated its prior recommendation to the Oversight Committee on March 10, 2025, to transfer the balance of the Pension IRS 115 Trust to CalPERS and pay off the Longest Base in the Safety Plan to maximize the interest savings. The Finance Commission also recommended that the Town move from Strategy 2 to Strategy 1.

According to the December 2, 2025, Pension/OPEB Oversight Committee action, the Town will retain the funds in the CEPPT Trust until the Town concludes its Fiscal Condition Analysis and Asset Liability Management studies. After receiving and considering the studies, staff plans to explore alternative providers and investment options through an RFP process. The information presented at the study session highlighted that several public sector trust providers offer varied investment structures, account configurations, reporting tools, and fiduciary support models. Alternative trust platforms may include customized portfolios, broader asset classes, and individualized reporting. These features differ from the structure offered through CalPERS and could provide the Town with expanded flexibility or different oversight mechanisms. An RFP would allow the Town to obtain comparable information on investment flexibility, fiduciary services, reporting features, trust governance, and account structure across interested providers. It would also allow the Town to evaluate costs and implementation requirements in a standardized manner. An RFP would not commit the Town to change providers but would ensure that any future decision is made with a full understanding of available alternatives.

As part of the Finance Commission's review of the FY 2026-27 Proposed Budget on May 11, 2026, the Commission recommended that Council transfer the balance of the 115 Trust, and an additional $390,000 for FY 2026-27 as an additional discretionary payment (ADP).

At the May 19, 2026, FY 2026-27 Proposed Budget Study Session, the Council did not approve this recommendation. Instead, the Council will wait until all NHA Advisor studies are finalized before considering the transfer.

The NHA Advisor studies are expected to come before Council on December 1, 2026.

DISCUSSION:

The CEPPT account balance decreased by $112,856.13 during the quarter, from $4,055,601.39 as of June 30, 2026, to $3,942,745.26 as of September 30, 2026. The decrease consisted of $110,516.31 in negative investment earnings, $1,543.25 in administrative expenses, and $796.57 in investment expenses.

The Town Finance Commission will receive this report at its regular meeting on December 14, 2026.

Attachments:
1. CEPPT Market Value Summary Report as of September 30, 2026
2. CEPPT Strategy 2 Performance as of September 30, 2026

Town of Los Gatos
CEPPT Strategy 2
Entity #: SKHE-4589482285-501P
Quarter Ended September 30, 2026

CalPERS

Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	$4,055,601.39	$4,055,601.39
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	(110,516.31)	(110,516.31)
Administrative Expenses	(1,543.25)	(1,543.25)
Investment Expense	(796.57)	(796.57)
Other	0.00	0.00
Ending Balance	$3,942,745.26	$3,942,745.26
FY End Contribution Accrual	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	$3,942,745.26	$3,942,745.26

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	321,068.492	321,068.492
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	321,068.492	321,068.492
Period Beginning Unit Value	12.631577	12.631577
Period Ending Unit Value	12.280076	12.280076

Please note the Grand Total is your actual fund account balance at the end of the period, including accrued contribution and 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 CEPPT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 09/30/2026

Town of Los Gatos

Entity #: SKHE-4589482285-501P

Date	Description	Amount	Unit Value	Units	Check/Wire	Notes

Client Contact:
CEPPT4U@CalPERS.ca.gov

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 2

September 30, 2026

Objective

The CEPPT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 1, this portfolio has a lower allocation to equities and a higher allocation to bonds. Historically, funds with a lower percentage of equities have displayed less price volatility and, therefore, this portfolio may experience comparatively less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investment returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Composition

Asset Class Allocations and Benchmarks

The CEPPT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

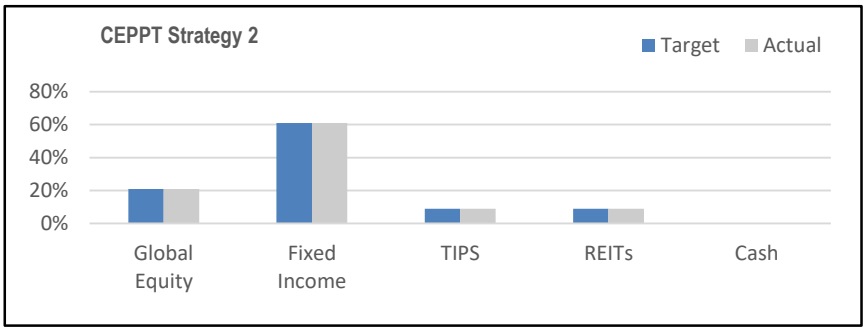
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	21%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	61%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	9%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	9%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	ICE BofA US 3-Month Treasury Bill Index

Portfolio Benchmark

The CEPPT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 2	Annual Expense Ratio
$97,594,620	0.25%

CEPPT Strategy 2 Performance as of September 30, 2026

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2020)
Gross Return [1,3]	-2.61%	-2.73%	-2.73%	2.45%	8.24%	2.27%	-	3.24%
Net Return [2,3]	-2.63%	-2.78%	-2.78%	2.22%	7.99%	2.03%	-	3.00%
Benchmark Return	-2.63%	-2.75%	-2.75%	2.32%	8.09%	2.15%	-	3.11%
Standard Deviation [4]	-	-	-	-	7.01%	8.23%	-	7.67%

* Returns for periods greater than one year are annualized.

[1] Gross returns are net of State Street Investment Management operating expenses.

[2] Net returns are net of State Street Investment Manaagement operating expenses, investment management, administrative and recordkeeping fees.

[3] Expenses are described in more detail on page 2 of this document.

[4] Standard deviation is based on gross returns and is reported for periods greater than 3 years.

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Strategy 2

September 30, 2026

General Information

Information Accessibility

The CEPPT Strategy 2 portfolio consists of assets managed internally by CalPERS and/or by external managers. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CEPPT. For total market value, detailed asset allocation, investment policy and performance information, please visit our website at **www.calpers.ca.gov.**

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CEPPT investment strategy based on policies approved by the Board of Administration. State Street Investment Management manages all underlying investments for CEPPT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, and Treasury Inflation-Protected Securities.

Custodian and Record Keeper

State Street Bank serves as custodian for the CEPPT. Northeast Retirement Services serves as recordkeeper.

Expenses

CEPPT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater reduction of investment return. Currently, CEPPT expense ratios are 0.25%. This equates to $2.50 per $1,000 invested. The expenses consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to State Street Investment Management to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CEPPT Strategy 2 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CEPPT fund is a trust fund dedicated to prefunding employer contributions to defined benefit pension plans for eligible state and local agencies. CEPPT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CEPPT Principal Investment Risks" located at **www.calpers.ca.gov.**

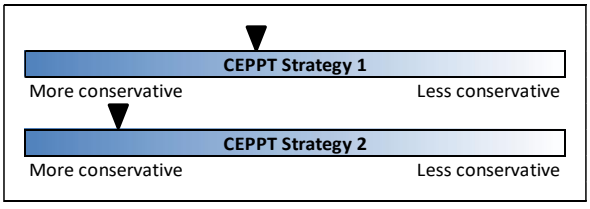
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employers' Pension Prefunding Trust.

CEPPT Strategy Risk Levels

CalPERS offers employers the choice of one of two investment strategies. Projected risk levels among risk strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2
Global Equity	37%	21%
Fixed Income	44%	61%
Treasury-Inflation Protected Securities	5%	9%
Real Estate Investment Trusts	14%	9%



TOWN OF LOS GATOS

TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE REPORT

MEETING DATE: 12/01/2026

ITEM NO: 3

DATE: November 17, 2026

TO: Town Pension and OPEB Trusts Oversight Committee

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2026, and the Performance Report as of September 30, 2026**

RECOMMENDATION: Receive California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2026, and the Performance Report as of September 30, 2026.

FISCAL IMPACT:

Receiving this informational report has no fiscal impact. During the period, the OPEB trust balance decreased by $450,742.70, from $35,530,289.53 to $35,079,546.83, due to net investment activity and expenses.

BACKGROUND:

In 2009, the Council approved participating in the 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:

The ending OPEB 115 Trust account balance as of September 30, 2026, was $35,079,546.83 compared to $35,530,289.53 as of June 30, 2026 (Attachment 1). As of September 30, 2026, the CERBT Strategy 1 fund had a net return of -2.58% for the month and -1.27% as of Fiscal Year to Date (Attachment 2).

PREPARED BY: Diane M. Howard
Finance Division Manager

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

SUBJECT: Receive the California Employer's Retiree Benefit Trust (CERBT) Strategy 1 Market Value Summary Report for the Period Ending September 30, 2026, and the Performance Report as of September 30, 2026

DATE: November 17, 2026

The OPEB 115 Trust account balance decreased by $450,742.70 during the period, from $35,530,289.53 as of June 30, 2026, to $35,079,546.83 as of September 30, 2026. The decrease consisted of $444,429.83 in negative investment earnings, $2,434.97 in administrative expenses, and $3,877.90 in investment expenses.

The Town Finance Commission will receive this information at its regular meeting on December 14, 2026.

Attachments:

1. OPEB 115 Trust Market Value Summary Report as of September 30, 2026
2. CERBT Strategy 1 Performance Report as of September 30, 2026

Town of Los Gatos
CERBT Strategy 1
Entity #: SKB0-4589482285
Quarter Ended September 30, 2026

CalPERS

Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	$35,530,289.53	$35,530,289.53
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	(444,429.83)	(444,429.83)
Administrative Expenses	(2,434.97)	(2,434.97)
Investment Expense	(3,877.90)	(3,877.90)
Other	0.00	0.00
Ending Balance	$35,079,546.83	$35,079,546.83
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	$35,079,546.83	$35,079,546.83

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	1,188,552.988	1,188,552.988
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	1,188,552.988	1,188,552.988
Period Beginning Unit Value	29.893736	29.893736
Period Ending Unit Value	29.514500	29.514500

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 CERBT4U@calpers.ca.gov.

ATTACHMENT 1

Statement of Transaction Detail for the Quarter Ending 09/30/2026

Town of Los Gatos

Entity #: SKB0-4589482285

Date	Description	Amount	Unit Value	Units	Check/Wire	Notes

Client Contact:
CERBT4U@CalPERS.ca.gov

California Employers' Retiree Benefit Trust (CERBT)

CERBT Strategy 1

September 30, 2026

Objective

The CERBT Strategy 1 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CERBT Strategy 2 and Strategy 3, this portfolio has a higher allocation to equities than bonds and other assets. Historically, equities have displayed greater price volatility and, therefore, this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

Assets Under Management

As of the specified reporting month-end:

CERBT Strategy 1	Annual Operating Ratio
$26,015,950,336	0.085%

Composition

Asset Class Allocations and Benchmarks

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

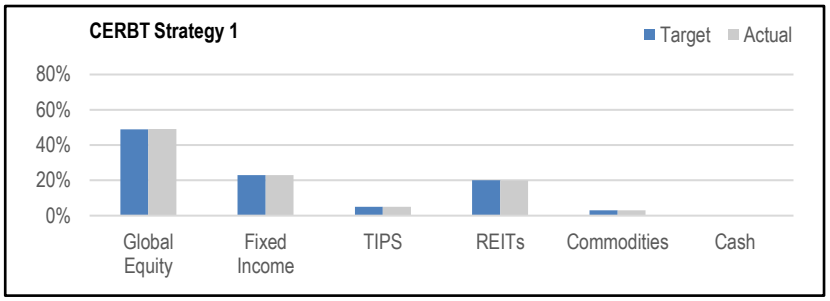
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	± 5%	Bloomberg Long Liability Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	20%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Commodities	3%	± 3%	S&P GSCI Total Return Index
Cash	-	+ 2%	ICE BofA US 3-Month Treasury Bill Index

Portfolio Benchmark

The CERBT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation to a particular asset class based on market, economic, or other considerations.



CERBT Strategy 1 Performance as of September 30, 2026								
	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (June 1, 2007)
Gross Return[1,3]	-2.57%	-1.25%	-1.25%	9.77%	14.59%	6.02%	8.00%	6.11%
Net Return[2,3]	-2.58%	-1.27%	-1.27%	9.69%	14.50%	5.93%	7.91%	6.03%
Benchmark Returns	-2.62%	-1.31%	-1.31%	9.46%	14.27%	5.75%	7.68%	5.73%
Standard Deviation[4]	-	-	-	-	10.14%	12.49%	11.51%	12.60%

* Returns for periods greater than one year are annualized.

[1] Gross returns are net of State Street Investment Management operating expenses.

[2] Net returns are net of State Street Investment Management operating expenses, investment management, administrative and recordkeeping fees.

[3] Expenses are described in more detail on page 2 of this document.

[4] Standard deviation is based on gross returns and is reported for periods greater than 3 years.

California Employers' Retiree Benefit Trust (CERBT)

CERBT Strategy 1

September 30, 2026

General Information

Information Accessibility

The CERBT Strategy 1 portfolio consists of assets managed internally by CalPERS and/or by external advisors. Since it is not a mutual fund, a prospectus is not available and daily holdings are not published. CalPERS provides a quarterly statement of the employer's account and other information about the CERBT. For total market value, detailed asset allocation, investment policy and current performance information, please visit our website at: **www.calpers.ca.gov.**

Portfolio Manager Information

The CalPERS Board, through its Investment Committee, directs the CERBT investment strategy based on policies approved by the Board of Administration. State Street Investment Management manages all underlying investments for CERBT, which include: Global Equity, Fixed Income, Real Estate Investment Trusts, Treasury Inflation-Protected Securities, and Commodities.[1]

Custodian and Record Keeper

State Street Bank serves as custodian for the CERBT. Northeast Retirement Services serves as recordkeeper.

Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the expenses, the greater the reduction of investment return. Currently, CERBT expenses are 0.085% which consist of administrative expenses borne by CalPERS to administer and oversee the Trust assets, investment management and administrative fees paid to State Street Investment Management to manage all asset classes, and recordkeeping fees paid to Northeast Retirement Services to administer individual employer accounts. The expenses described herein are reflected in the net asset value per unit. The expense ratio is subject to change at any time and without prior notification due to factors such as changes to average fund assets or market conditions. CalPERS reviews the operating expenses annually and changes may be made as appropriate. Even if the portfolio loses money during a period, the expenses will still be charged.

What Employers Own

Each employer invested in CERBT Strategy 1 owns units of this portfolio, which invests in pooled asset classes managed by CalPERS and/or external advisors. Employers do not have direct ownership of the securities in the portfolio.

Price

The value of the portfolio changes daily based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value also changes with market conditions.

Principal Risks of the Portfolio

The CalPERS CERBT Fund provides California government employers with a trust through which they may prefund retiree medical costs and other post-employment benefits (OPEB). CERBT is not, however, a defined benefit plan. There is no guarantee that the portfolio will achieve its investment objectives or provide sufficient funding to meet employer obligations. Further, CalPERS will not make up the difference between an employer's CERBT assets and the actual cost of OPEB provided to an employer's plan members.

An investment in the portfolio is not a bank deposit, nor is it insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), CalPERS, the State of California or any other government agency.

There are risks associated with investing, including possible loss of principal. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. For more information about investment risks, please see the document entitled "CERBT Principal Investment Risks" located at **www.calpers.ca.gov.**

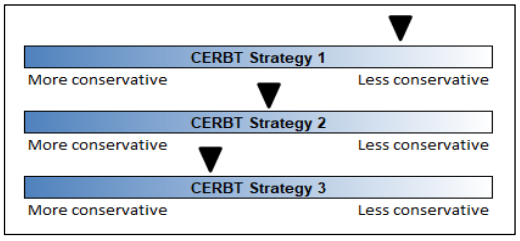
Fund Performance

Performance data shown on page 1 represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an employer's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than historical performance data shown. For current performance information, please visit **www.calpers.ca.gov** and follow the links to California Employers' Retiree Benefit Trust.

CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Projected risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations[1]	Strategy 1	Strategy 2	Strategy 3
Global Equity	49%	34%	23%
Fixed Income	23%	41%	51%
Treasury Inflation-Protected Securities	5%	5%	9%
Real Estate Investment Trusts	20%	17%	14%
Commodities	3%	3%	3%



[1] Since June 2018, State Street Investment Management has passively managed all CERBT asset classes. Previously, Fixed Income, TIPS and Commodity asset classes were ernally by CalPERS.

TOWN OF LOS GATOS

TOWN PENSION AND OPEB TRUSTS OVERSIGHT COMMITTEE REPORT

MEETING DATE: 12/1/2026

ITEM NO: 4

DATE: November 17, 2026

TO: Town Pension and OPEB Trusts Oversight Committee

FROM: Chris Constantin, Town Manager

SUBJECT: Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2025 Actuarial Valuation as Prepared and Recommended by Foster and Foster, Actuaries and Consultants

RECOMMENDATION: Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2025 actuarial valuation and its assumptions as prepared and recommended by Foster and Foster, Actuaries and Consultants.

FISCAL IMPACT:

There is no fiscal impact related to reviewing the OPEB actuarial report.

BACKGROUND:

The Town's healthcare plan pays all, or a portion of, health insurance premiums for qualified retirees and their survivors and dependents. Healthcare benefits are also referred to as Other Post-Employment Benefits or OPEB. The Town's healthcare plan is an Internal Revenue Code Section 115 Trust which is administered by the Town Pension and OPEB Trusts Oversight Committee. The Pension and OPEB Trust Oversight Committee consists of the five Town Council Members. The Oversight Committee is responsible for the management and control of the healthcare assets. The healthcare assets are maintained at CalPERS and invested in the CalPERS-managed California Employers' Retiree Benefit Trust (CERBT) Strategy 1.

In 2009, the Town proactively opted to transition from a "pay-as-you-go" (PayGo) funding policy for OPEB benefits and adopted a ten-year phase-in approach to prefunding the OPEB obligations. Since implementation of the prefunding approach, the healthcare plan has progressed from zero percent funded to 75.7% funded on an actuarial-value basis and 78.3% funded on a market-value basis as of June 30, 2025.

PREPARED BY: Diane M. Howard
Finance Division Manager

Reviewed by: Town Manager and Administrative Services Director

DISCUSSION:

For the healthcare plan, the Town retains the services of Foster and Foster to analyze the respective assets and liabilities of the Healthcare Plan. For the Town to understand the value of future healthcare benefit payments, an actuarial valuation is performed every other year for the healthcare plan, with the last valuation occurring in 2023.

Attachment 1 presents the June 30, 2025 Actuarial Valuation from the Town's actuary, Foster and Foster. Since the 2023 valuation, the total OPEB Actuarial Accrued Liability increased from $33.3 million to $38.7 million as of June 30, 2025. On an actuarial-value basis, the plan's funded ratio decreased from 77.5% in 2023 to 75.7% in 2025, and the unfunded actuarial accrued liability increased from approximately $7.5 million to $9.4 million. On a market-value basis, the funded ratio increased from 73.0% to 78.3%, and the unfunded liability decreased from approximately $9.0 million to $8.4 million.

	June 30, 2025	June 30, 2023
Actuarial Accrued Liability	$38,708,041	$33,331,000
Market Value of Plan Assets	30,296,506	24,318,000
Unfunded Liability (Market-Value Basis)	8,411,535	9,013,000
Funded Status	78.3%	73.0%

The valuation calculates actuarially determined contributions of approximately $1.73 million in each of fiscal years 2026/27 and 2027/28. Based on projected benefit payments, the actuary's funding schedule reflects potential net trust reimbursements of approximately $705,000 and $818,000, respectively. This report is informational and does not authorize a contribution, reimbursement, or budget adjustment.

These reports are posted on the Town's website: https://www.losgatosca.gov/1861/CalPERS-and-OPEB-Actuarial-Valuation-Rep. The Town Finance Commission will receive this report at its December 14, 2026, regular meeting.

CONCLUSION:

Receive the Town of Los Gatos Retiree Healthcare Plan June 30, 2025 actuarial valuation and its assumptions as prepared and recommended by Foster and Foster, Actuaries and Consultants.

COORDINATION:

This staff report was coordinated with the Town Manager and the Administrative Services Director.

Attachments:
1. June 30, 2025 OPEB Actuarial Valuation Report

Town of Los Gatos
Retiree Healthcare Plan

Actuarial Valuation

As of June 30, 2025
Plan Funding for
Fiscal Years 2026/27 and 2027/28

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

ATTACHMENT 1

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 22, 2026

This report details the actuarial valuation of the Town of Los Gatos Retiree Healthcare Plan as of June 30, 2025. The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate contributions for the applicable plan years. Use of the results for other purposes may not be applicable.

DATA

In preparing this report, we relied on:

- Census data for active employees and retirees supplied by the Town
- Trust statements prepared by the trustee
- Program benefit design including copies of relevant documents
- Premium, expense, and enrollment data

While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

In our opinion, the assumptions used in the valuation represent reasonable expectations of anticipated experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results.

This valuation report is only an estimate of the plan's financial condition as of a single date and cannot guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of benefits, only the timing of contributions. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in economic or demographic assumptions or in actuarial methods
- Actual medical premiums, participation, and level of coverage differing from that anticipated
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period)
- Changes in plan provisions or applicable law

Due to the limited scope of this report, we did not provide an analysis of these potential differences.

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In performing the valuation, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the results. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board.

The undersigned are familiar with the immediate and long-term aspects of OPEB valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

The signing actuaries are independent of the plan sponsor. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,
Foster & Foster, Inc.

Drew Ballard, FSA, EA, MAAA

Braeleen Ballard, FSA, EA, MAAA

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SUMMARY

The Town provides medical benefits to its eligible retirees through CalPERS PEMHCA program. The Town contributes an amount based on Kaiser Region 1 premiums or the PEMHCA minimum amount ($162 per month in 2026). See the Benefit Summary Section of this report for additional detail.

In addition, the Town incurs an "implicit subsidy" since the per capita healthcare costs (expected claims) are higher for pre-Medicare retirees than the blended premium. Actuarial Standards of Practice No. 6 (ASOP 6) requires the implicit subsidy be included in actuarial liabilities for participants in pooled plans. See the Implicit Subsidy Section of this report for additional detail.

	Current Valuation	Prior Valuation
Valuation Date	June 30, 2025	June 30, 2023
Participant Data		
Actives	154	149
Benefiting Inactives	153	150
Waived Inactives	48	42
Total	355	341
Present Value of Benefits		
Actives	$14,824,602	$17,249,000
Inactives	30,027,218	23,049,000
Total Present Value of Benefits	44,851,820	40,298,000
Actuarial Accrued Liability		
Actives	$8,680,823	$10,282,000
Inactives	30,027,218	23,049,000
Total Actuarial Accrued Liability	38,708,041	33,331,000
Normal Cost (first ADC year)	786,226	894,000
Pay-Go Cost (first ADC year)	2,437,530	1,886,000
Funded Status – Actuarial Value Basis		
Total Actuarial Accrued Liability	38,708,041	33,331,000
Actuarial Value of Assets	29,310,808	25,824,000
Unfunded Actuarial Accrued Liability	9,397,233	7,507,000
Funded Ratio	75.7%	77.5%
Funded Status – Market Value Basis		
Total Actuarial Accrued Liability	38,708,041	33,331,000
Market Value of Assets	30,296,506	24,318,000
Unfunded Actuarial Accrued Liability	8,411,535	9,013,000
Funded Ratio	78.3%	73.0%

ACTUARIALLY DETERMINED CONTRIBUTION

	Current Valuation		Prior Valuation	
Valuation Date	June 30, 2025		June 30, 2023	
Contribution Year	2026/2027	2027/2028	2024/2025	2025/2026
Discount Rate	6.25%	6.25%	6.25%	6.25%
Actuarially Determined Contribution (ADC)				
Normal Cost	$786,226	$761,791	$894,000	$865,000
Admin. Expenses	22,750	24,154	19,000	20,000
UAAL Amortization Pmt	923,393	948,787	665,000	681,000
Total ADC	1,732,369	1,734,732	1,579,000	1,567,000
Projected Payroll (in millions)	$21.1	$21.7	$18.0	$18.5
ADC (as a % of Projected Payroll)	8.2%	8.0%	8.8%	8.5%
Recommended Trust Contribution				
ADC	1,732,369	1,734,732	1,579,000	1,567,000
Est Explicit Benefit Pmts	(2,146,584)	(2,241,845)	(1,692,000)	(1,821,000)
Est Implicit Benefit Pmts	(290,946)	(310,647)	(193,000)	(221,000)
Recommended Net Trust Contrib/(Reimbursement)	(705,161)	(817,760)	(306,000)	(475,000)

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

The following actuarial assumptions have been updated since the prior valuation:

- Demographic assumptions and merit salary increases were updated based on the CalPERS 2000-2023 Experience Study.
- Medicare eligibility was updated to reflect the actual election for retirees age 65 and over.

There have been no method changes since the prior valuation.

ASSET INFORMATION

EXPECTED LONG-TERM RATE OF RETURN

	Target Allocation	Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
TIPS	5%	(0.08%)
Commodities	3%	1.22%
REITS	20%	4.06%
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		6.25%

The long-term expected real rates of return are presented as geometric means and are based on our survey of investment advisors capital market assumptions.

MARKET VALUE OF ASSETS (MVA)

	2023/2024	2024/2025
MVA (Beginning of Year)	$24,318,330	$26,986,710
Adjustment to audited assets	3,450	0
Contributions	0	0
Benefit Payments	0	0
Administrative Expenses	(7,928)	(8,447)
Net Investment Earnings	2,672,858	3,318,243
MVA (End of Year)	26,986,710	30,296,506
Approximate Return	11.0%	12.3%

ACTUARIAL VALUE OF PLAN ASSETS (AVA)

	2023/24	2024/25
MVA (Beginning of Year)	$24,318,330	$26,986,710
Contributions	0	0
Benefit Payments	0	0
Administrative Expenses	(7,928)	(8,447)
Expected Earnings	1,519,652	1,686,409
Expected MVA (End of Year)	25,830,053	28,664,672
Actual MVA (End of Year)	26,986,710	30,296,506
Investment Gain/(Loss)	1,156,657	1,631,834
Deferred Investment Gain/(Loss)	(275,689)	985,698
Preliminary AVA	27,262,399	29,310,808
Minimum AVA: 80% of MVA	21,589,368	24,237,205
Maximum AVA: 120% of MVA	32,384,052	36,355,807
AVA (End of Year)	27,262,399	29,310,808
Approximate Return	5.6%	7.5%

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	MVA Gain/(Loss)	% Deferred	AVA Development
June 30, 2025			
Market Value of Assets			$30,296,506
Deferred Investment Gains/(Losses)			
2024/25	1,631,834	80%	1,305,467
2023/24	1,156,657	60%	693,994
2022/23	39,930	40%	15,972
2021/22	(5,148,677)	20%	(1,029,735)
Total			985,698
Actuarial Value of Assets			29,310,808

UNFUNDED ACTUARIAL ACCRUED LIABILITY

AMORTIZATION SCHEDULE[1]

Unfunded Liability Base	Date Established	Years Remaining	2026/27 Beginning Balance	Payment
Initial UAAL	06/30/2021	12	$4,178,094	$441,810
(Gain)/Loss	06/30/2023	13	2,602,822	258,052
(Gain)/Loss	06/30/2025	15	2,522,372	223,531
Totals for Contribution Year 2026/27			9,303,288	923,393
Totals for Contribution Year 2027/28				948,787

[1] Second year payment equal to first year payment increased with assumed payroll growth.

ACTUARIAL GAIN/LOSS ANALYSIS

	AAL	(AVA)	UAAL
Actual on June 30, 2023	$33,331,000	(25,824,000)	$7,507,000
Expected on June 30, 2025	35,627,461	(28,325,155)	7,302,306
Experience (Gains)/Losses			
Demographic/Other	(272,616)	0	(272,616)
Actual vs Expected Premiums & Claims	1,341,162	0	1,341,162
Investment (Gain)/Loss	0	(174,283)	(174,283)
Other Asset (Gain)/Loss	0	(811,371)	(811,371)
Assumption Changes			
CalPERS Experience Study	(329,011)	0	(329,011)
Medicare Eligibility	2,341,045	0	2,341,045
Total Changes	3,080,580	(985,653)	2,094,926
Actual on June 30, 2025	38,708,041	(29,310,808)	9,397,233

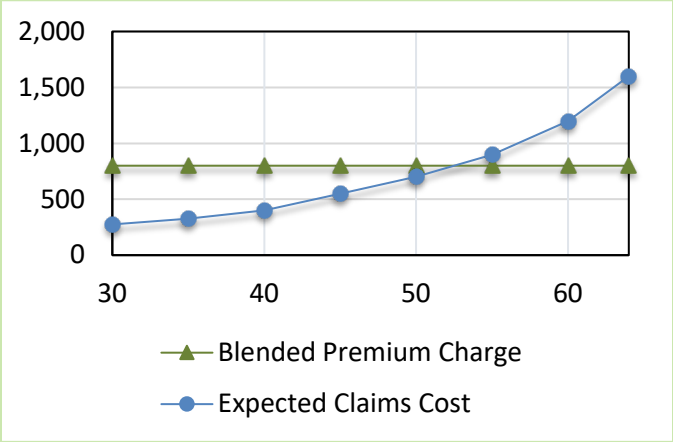
IMPLICIT SUBSIDY

Actuarial Standard of Practice (ASOP) No. 6, Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions, provides guidance to actuaries when performing actuarial services with respect to measuring obligations under a retiree group benefits program.

Effective for actuarial valuations of a group participating in a pooled health plan with a measurement date on or after March 31, 2015, ASOP No. 6 advises that (in almost all instances), the actuary should use age-specific costs in the development of the initial per capita costs and in the projection of future benefit plan costs. The implicit subsidy is the difference between the expected age-specific retiree per capita claims cost and the charged premium rate.

In general, for health coverage, benefit costs vary by age. Retiree healthcare costs are, on average, significantly higher than active employees. When claims experience of both active employees and retirees are pooled in determining healthcare premiums, the implicit rate is an inherent subsidy of retiree healthcare costs by active employee healthcare costs due to the blended premium charged.

Retirees are charged a smaller premium than they would be if the premiums were calculated based on retiree-only claims experience, and vice versa for active employees. In a pooled environment, expected retiree claims are covered by premiums charged to the retiree plus an added cost included in active premiums (the active employee premiums are subsidizing the retiree premiums). The blended premium charge represents an "explicit" cost, while the added cost represents an "implicit" cost.



Blended Premium		Pooled Health Plan		Expected Claims Cost
$800 Active	→	$1,600	→	$400 Active
$800 Retiree	→		→	$1,200 Retiree

VALUATION RESULTS

EXPLICIT/IMPLICIT SUBSIDY

	Explicit Subsidy	Implicit Subsidy	Total
Present Value of Benefits			
Actives	$11,920,302	$2,904,300	$14,824,602
Inactives	26,139,811	3,887,407	30,027,218
Total	38,060,113	6,791,707	44,851,820
Actuarial Accrued Liability			
Actives	7,255,737	1,425,086	8,680,823
Inactives	26,139,811	3,887,407	30,027,218
Total	33,395,548	5,312,494	38,708,041
Normal Cost (first ADC year)	609,513	176,713	786,226
Pay-Go Cost (first ADC year)	2,146,584	290,946	2,437,530

BENEFIT TIER

	Tier 1 Kaiser-based Cap	Tier 2 PEMHCA Minimum	Total
Present Value of Benefits			
Actives	$12,960,526	$1,864,077	$14,824,602
Inactives	30,027,218	-	30,027,218
Total	42,987,744	1,864,077	44,851,820
Actuarial Accrued Liability			
Actives	8,394,490	286,333	8,680,823
Inactives	30,027,218	-	30,027,218
Total	38,421,708	286,333	38,708,041
Normal Cost (first ADC year)	610,343	175,883	786,226
Pay-Go Cost (first ADC year)	2,429,402	8,128	2,437,530

BENEFIT PAYMENT AND PRE-FUNDING PROJECTION – TRUST DISBURSEMENTS

Fiscal Year	Explicit Subsidy Benefit Pmts	Implicit Subsidy Benefit Pmts	Trust Pmt (Reimb.)	ADC	Proj. Payroll (in millions)	ADC % of Pay	Funded % BOY
2026/27	$2,146,584	$290,946	(705,161)	$1,732,369	$21.1	8.2%	77.6%
2027/28	2,241,845	310,647	(817,760)	1,734,732	21.7	8.0%	80.7%
2028/29	2,359,145	371,306	(987,828)	1,742,623	22.3	7.8%	83.8%
2029/30	2,438,680	403,164	(1,094,116)	1,747,728	22.9	7.6%	86.3%
2030/31	2,466,868	376,711	(1,096,536)	1,747,043	23.5	7.4%	88.1%
2031/32	2,596,937	467,863	(1,307,442)	1,757,358	24.2	7.3%	90.1%
2032/33	2,670,452	522,349	(1,418,069)	1,774,732	24.9	7.1%	92.1%
2033/34	2,728,092	563,724	(1,500,313)	1,791,503	25.5	7.0%	94.4%
2034/35	2,801,657	640,255	(1,628,876)	1,813,036	26.2	6.9%	96.8%
2035/36	2,810,881	625,847	(1,601,174)	1,835,554	27.0	6.8%	99.5%

BENEFIT PAYMENT AND PRE-FUNDING PROJECTION – NO TRUST DISBURSEMENTS

Fiscal Year	Explicit Subsidy Benefit Pmts	Implicit Subsidy Benefit Pmts	Trust Pmt (Reimb.)	Total Contribution	Proj. Payroll (in millions)	Total Contrib % of Pay	Funded % BOY
2026/27	$2,146,584	$290,946	$0	$2,437,530	$21.1	11.5%	77.6%
2027/28	2,241,845	310,647	0	2,552,492	21.7	11.3%	82.5%
2028/29	2,359,145	371,306	0	2,730,451	22.3	11.7%	87.7%
2029/30	2,438,680	403,164	0	2,841,844	22.9	12.1%	92.9%
2030/31	2,466,868	376,711	0	2,843,579	23.5	12.0%	97.8%
2031/32	2,596,937	467,863	0	3,064,800	24.2	12.1%	102.9%
2032/33	2,670,452	522,349	0	3,192,801	24.9	12.6%	108.9%
2033/34	2,728,092	563,724	0	3,291,816	25.5	12.7%	115.6%
2034/35	2,801,657	640,255	0	3,441,912	26.2	12.8%	123.1%
2035/36	2,810,881	625,847	0	3,436,728	27.0	12.7%	131.5%

BENEFIT SUMMARY

Eligibility	Retire (service or disability) directly from the Town under CalPERS Town Council members in CalPERS are eligible

Tier 1 Eligibility

Employee Group	Hire date on/before
TEA	8/22/2018
AFSCME	7/1/2018
POA, Management, Confidential, Town Manager, Town Attorney, Town Council	10/1/2018

Medical Benefit

Tier 1

Medical Coverage	Town Contribution Cap
Single	Kaiser Region 1 Single Premium
2-Party	Kaiser Region 1 Single Premium plus 90% of the difference between the Kaiser Region 1 2-Party Premium and Kaiser Region 1 Single Premium
Family	Kaiser Region 1 Single Premium plus 90% of the difference between the Kaiser Region 1 Family Premium and Kaiser Region 1 Single Premium, subject to a maximum annual increase of $100 until the contribution cap is equal to the active employee contribution

Calendar year 2026 Tier 1 Town contribution caps:

		Retired on/after 2/1/2016	
Medical Coverage	Retired before 2/1/2016	Non-Medicare Eligible	Medicare Eligible
Single	$1,168.86	$1,168.86	$356.83
2-Party	2,220.84	2,220.84	677.98
Family	2,347.16	2,347.16	999.12

Tier 2 — PEMHCA Minimum amount ($162/month in 2026)

Surviving Spouse Benefit	Retiree benefit paid to surviving spouse of retiree who elected CalPERS joint and survivor payment option Retiree benefit paid to spouse of active employee who died while eligible to retire receiving CalPERS survivor benefit
Other	No benefits paid for dental, vision, life insurance, or Medicare Part B premium

PREMIUMS

PEMHCA REGION 1 MONTHLY MEDICAL PREMIUMS

Non-Medicare Eligible

	2025			2026		
Medical Plan	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	$1,256.65	$2,513.30	$3,267.29	$1,336.29	$2,672.58	$3,474.35
Anthem Traditional	1,500.40	3,000.80	3,901.04	1,612.08	3,224.16	4,191.41
Blue Shield Access+	1,170.17	2,340.34	3,042.44	1,301.95	2,603.90	3,385.07
Blue Shield Trio	1,134.79	2,269.58	2,950.45	1,166.58	2,333.16	3,033.11
Kaiser	1,112.90	2,225.80	2,893.54	1,168.86	2,337.72	3,039.04
UHC Alliance	1,184.58	2,369.16	3,079.91	1,290.06	2,580.12	3,354.16
UHC Harmony	1,005.02	2,010.04	2,613.05	1,133.09	2,266.18	2,946.03
Western Health Adv.	914.27	1,828.54	2,377.10	969.58	1,939.16	2,520.91
PERS Platinum	1,476.10	2,952.20	3,837.86	1,670.14	3,340.28	4,342.36
PERS Gold	1,013.70	2,027.40	2,635.62	1,120.58	2,241.16	2,913.51
PORAC	975.00	2,218.00	2,777.00	1,063.00	2,418.00	3,027.00

Medicare Eligible

	2025			2026		
Medical Plan	Single	2-Party	Family	Single	2-Party	Family
Anthem	$487.56	$975.12	$1,462.68	$571.70	$1,143.40	$1,715.10
Blue Shield	448.28	896.56	1,344.84	539.43	1,078.86	1,618.29
Kaiser	343.08	686.16	1,029.24	356.83	713.66	1,070.49
Kaiser Summit	408.31	816.62	1,224.93	426.31	852.62	1,278.93
UHC	442.25	884.50	1,326.75	481.29	962.58	1,443.87
PERS Platinum	584.70	1,169.40	1,754.10	665.50	1,331.00	1,996.50
PERS Gold	546.13	1,092.26	1,638.39	597.57	1,195.14	1,792.71
PORAC	507.00	1,123.00	1,521.00	597.00	1,322.00	1,791.00

Premium Increases

	2024 to 2025		2025 to 2026	
Medical Plan	Non-Med. Eligible	Medicare Eligible	Non-Med. Eligible	Medicare Eligible
Anthem Select	10.3%	20.1%	6.3%	17.3%
Anthem Traditional	12.0%	20.1%	7.4%	17.3%
Blue Shield Access+	8.7%	14.2%	11.3%	20.3%
Blue Shield Trio	19.9%	14.2%	2.8%	20.3%
Kaiser	9.0%	5.6%	5.0%	4.0%
Kaiser Summit	n/a	5.6%	n/a	4.4%
UHC Alliance	8.6%	29.4%	8.9%	8.8%
UHC Harmony	7.2%	29.4%	12.7%	8.8%
Western Health Adv.	13.3%	n/a	6.1%	n/a
PERS Platinum	12.3%	30.5%	13.2%	13.8%
PERS Gold	10.8%	34.3%	10.5%	9.4%
PORAC	4.7%	9.0%	9.0%	17.8%

ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS

Discount Rate	6.25% per year based on long-term expected net return on assets
General Inflation	2.50% per year
Implicit Subsidy	Included in valuation. No age-based claims cost included for Medicare Advantage plans. No age-based claims cost included after Medicare eligibility for PEMHCA minimum only retirees.
Mortality, Retirement, Withdrawal, and Disability Rates	CalPERS 2000-2023 Experience Study (previously 2000-2019)
Projected Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Administrative Fees	Included in ADC CERBT: 0.05% of assets PEMHCA: 0.25% of PEMHCA premiums (previously 0.30%)
PEMHCA Minimum Increase	3.50% annually
Aggregate Payroll Increases	2.75% per year
Merit and Longevity Payroll Increases	CalPERS 2000-2023 Experience Study (previously 2000-2019)
Participation at Retirement	Tier 1: 100% Tier 2: 60% if currently covered, 40% if currently waived
Waived Retiree Re-Election	None
Medical Plan at Retirement	Currently covered: Same as current plan election Currently waiving medical coverage: Kaiser Region 1
Spouse Coverage at Retirement	Currently covered: Same as current coverage election Currently waiving medical coverage: 80%

Spouse Age	Actives: Males 3 years older than females Retirees: Males 3 years older than females if spouse birth date not provided
Family Coverage at Retirement	Tier 1: Miscellaneous: 10%, Safety: 35% Family coverage assumed until age 65
Medicare Eligibility	Currently retired and age 65 and over: Same as current election Currently active or retired and under age 65: 100% eligible for Medicare at age 65 and elect Part B coverage (previously 100% eligible for Medicare at age 65 and will elect Part B coverage)

Medical Trend Rates

	June 30, 2023 Valuation			June 30, 2025 Valuation		
Year	Non-Medicare	Non-Kaiser Medicare	Kaiser Medicare	Non-Medicare	Non-Kaiser Medicare	Kaiser Medicare
2024	Actual Premiums			n/a		
2025	8.50%	6.25%	7.505	Actual Premiums		
2026	7.90%	6.90%	5.65%	Actual Premiums		
2027	7.35%	6.50%	5.45%	7.35%	6.50%	5.45%
2028	6.75%	6.10%	5.25%	6.75%	6.10%	5.25%
2029	6.20%	5.70%	5.05%	6.20%	5.70%	5.05%
2030	5.60%	5.25%	4.85%	5.60%	5.25%	4.85%
2031	5.05%	4.85%	4.65%	5.05%	4.85%	4.65%
2032-38	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
2039-40	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
2041	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%
2042-44	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2045-47	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
2048-50	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%
↓	↓	↓	↓	↓	↓	↓
2076+	3.45%	3.45%	3.45%	3.45%	3.45%	3.45%

PEMHCA Region 1 - 2026 Non-Medicare Eligible Sample Medical Claims Cost

	Anthem Select		Anthem Trad.		BS Access+		BS Trio	
Age	M	F	M	F	M	F	M	F
25	513	$815	$619	$983	$500	$794	$448	$711
35	658	1,119	794	1,350	641	1,091	575	977
45	919	1,207	1,108	1,457	895	1,176	802	1,054
55	1,416	1,542	1,708	1,861	1,379	1,503	1,236	1,347
60	1,768	1,779	2,132	2,146	1,722	1,733	1,543	1,553
65	2,177	2,087	2,626	2,518	2,121	2,034	1,900	1,822
75	3,058	2,816	3,690	3,397	2,980	2,744	2,670	2,459
85	3,946	3,604	4,760	4,348	3,844	3,511	3,445	3,146
	Kaiser		UHC Alliance		UHC Harmony		Western Health Adv.	
Age	M	F	M	F	M	F	M	F
25	449	$713	$495	$786	$435	$691	$372	$591
35	576	979	636	1,081	558	949	478	812
45	804	1,056	887	1,166	779	1,024	667	876
55	1,238	1,349	1,367	1,489	1,200	1,308	1,027	1,119
60	1,546	1,556	1,706	1,718	1,499	1,509	1,283	1,291
65	1,904	1,826	2,102	2,015	1,846	1,770	1,580	1,514
75	2,675	2,463	2,953	2,719	2,593	2,388	2,219	2,043
85	3,451	3,152	3,809	3,479	3,346	3,056	2,863	2,615
	PERS Platinum		PERS Gold		PORAC			
Age	M	F	M	F	M	F		
25	602	$942	$459	$740	$492	$792		
35	766	1,284	595	1,024	637	1,095		
45	1,059	1,383	837	1,106	895	1,183		
55	1,618	1,760	1,300	1,418	1,390	1,516		
60	2,013	2,026	1,628	1,639	1,739	1,751		
65	2,474	2,373	2,010	1,926	2,146	2,057		
75	3,465	3,193	2,831	2,605	3,023	2,782		
85	4,463	4,079	3,658	3,339	3,905	3,565		

PEMHCA Region 1 - 2026 Medicare Eligible Sample Medical Claims Cost

	PERS Platinum		PERS Gold		PORAC	
Age	M	F	M	F	M	F
65	$608	$582	$546	$523	$545	$523
75	701	672	630	604	629	604
85	715	696	642	625	642	625

ACTUARIAL METHODS

Cost Method	Entry Age Normal
Actuarial Value of Assets	Investment gains and losses spread over a 5-year fixed period Not less than 80% nor more than 120% of market value
Amortization Method	Level percent of payroll with payroll increasing 2.75% per year
Amortization Period	12-year fixed (closed) period remaining for 6/30/2021 valuation UAAL for 2026/27 ADC 15-year fixed (closed) periods for assumption changes and experience gains and losses

BASIS FOR ASSUMPTIONS

- No experience study performed for this Plan
- CalPERS experience study covering 2000 to 2023 experience was used since covered employees are in CalPERS
- Mortality improvement based on Society of Actuaries table
- Inflation based on our estimate for the Plan's very long time horizon
- Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms
- Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends
- Age-based claims costs were based on tables published by the Society of Actuaries and demographic data for the CalPERS health plans provided by CalPERS
- Other demographic assumptions are based on our best estimates, taking into account the limited experience of this plan and other similarly situated plans

PARTICIPANT STATISTICS

PARTICIPANT RECONCILIATION

	Actives	Service Retirees	Disability Retirees	Survivors	Total
Number, June 30, 2023	149	156	18	18	341
New Entrants/Rehires	39	-	-	-	39
Terminations	(20)	-	-	-	(20)
Retirements	(14)	8	6	-	-
Death with Survivor	-	(3)	-	3	-
Death without Survivor	-	(5)	-	(2)	(7)
Data Corrections	-	1	-	1	1
Number, June 30, 2025	154	157	24	20	355

ACTIVE PARTICIPANT DATA

	June 30, 2025	June 30, 2023
Number	154	149
Average Age	44.6	44.2
Average Service		
Town	7.7	7.8
CalPERS	10.7	10.6
Payroll	$20,005,644	$17,073,000

INACTIVE PARTICIPANT DATA

	June 30, 2025	June 30, 2023
Benefiting Service Retirees		
Number	127	129
Average Age	71.6	70.4
Average Retirement Age	58.4	58.6
Benefiting Disability Retirees		
Number	18	13
Average Age	57.3	58.9
Average Retirement Age	47.2	46.8
Benefiting Survivors		
Number	8	8
Average Age	79.9	76.7
Waived Inactives		
Number	48	42
Average Age	73.5	74.0
Total Inactives		
Number		
Under 65	52	47
65+	149	145
Total	201	192
Average Age	71.1	70.7

MISCELLANEOUS/SAFETY

	Miscellaneous	Safety	Totals
Actives			
Number	119	35	154
Average Age	45.6	41.3	44.6
Average Service			
Town	7.6	8.0	7.7
CalPERS	10.4	11.5	10.7
Payroll	$14,110,146	$5,895,498	$20,005,644
Benefiting Inactives			
Number			
Service Retirement	98	29	127
Disability Retirement	0	18	18
Survivors	7	1	8
Total	105	48	153
Average Age	73.3	63.9	63.6
Average Retirement Age			
Service Retirement	59.6	54.4	58.4
Disability Retirement	n/a	47.2	47.2
Waived Inactives			
Number	33	15	48
Average Age	77.0	65.8	73.5

BENEFIT TIER

	Tier 1 Retired before 2/1/2016	Tier 1 Retired on/after 2/1/2016	Tier 2 PEMHCA Minimum	Totals
Actives				
Number	0	64	90	154
Average Age	n/a	48.2	42.1	44.6
Average Service				
Town	n/a	14.7	2.7	7.7
CalPERS	n/a	16.5	6.5	10.7
Payroll	$0	$9,446,380	$10,559,264	$20,005,644
Benefiting Inactives				
Number				
Service Retirement	84	43	0	127
Disability Retirement	6	12	0	18
Survivors	7	1	0	8
Total	97	56	0	153
Average Age	76.0	75.7	61.1	63.6
Average Retirement Age				
Service Retirement	58.2	58.9	n/a	58.4
Disability Retirement	48.9	46.4	n/a	47.2
Waived Inactives				
Number	39	6	3	48
Average Age	77.0	64.9	45.5	73.5

ACTIVE AGE AND SERVICE DISTRIBUTION

	Town Service							
Age	< 1	1-4	5-9	10-14	15-19	20-24	25+	Total
Under 25								
25-29		7	2					9
30-34	10	17	6	1				34
35-39	4	5	6	4				19
40-44	1	6	5	3	2	1		18
45-49	2	8	6	5	2	3	2	28
50-54		3	4	3	3	1	3	17
55-59	1	4	5		2		1	13
60-64		3	2		2	1		8
65+		3	2	1			2	8
Total	18	56	38	17	11	6	8	154

ACTIVE MEDICAL COVERAGE

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	4	2	2		8
Anthem Traditional		1	1		2
Blue Shield Access+	1	4	2		7
Kaiser	28	14	29		71
UnitedHealthcare Alliance	1				1
UnitedHealthcare Harmony	1				1
PERS Platinum	7	3	1		11
PERS Gold	2	3	4		9
PORAC	3		6		9
Waived				35	35
Total	47	27	45	35	154

INACTIVE MEDICAL COVERAGE – UNDER AGE 65

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem Select	2		2		4
Anthem Traditional	1				1
Blue Shield Access+	1				1
Blue Shield Trio		1			1
Kaiser	6	2	8		16
PERS Platinum	3	5	4		12
PERS Gold		1			1
PORAC	1	2	5		8
Waived				8	8
Total	14	11	19	8	52

INACTIVE MEDICAL COVERAGE – AGE 65+

Medical Plan	Single	2-Party	Family	Waived	Total
Anthem	1	2	1		4
Blue Shield			1		1
Kaiser	17	11	1		29
UnitedHealthcare	6	8			14
PERS Platinum	33	19			52
PERS Gold	1				1
PORAC	1	6	1		8
Waived				40	40
Total	59	46	4	40	149

MEDICAL PLAN PARTICIPATION (NON-WAIVED)

Medical Plan	Actives	Pre-65 Inactives	Post-65 Inactives
Anthem Select	7%	9%	
Anthem Traditional	2%	2%	4%
Blue Shield Access+	6%	2%	
Blue Shield Trio	0%	2%	1%
Kaiser	60%	36%	27%
UnitedHealthcare Alliance	1%	0%	
UnitedHealthcare Harmony	1%	0%	13%
PERS Platinum	9%	27%	48%
PERS Gold	8%	2%	1%
PORAC	8%	18%	7%
Total	100%	100%	100%

GLOSSARY

Actuarial Accrued Liability (AAL)	The portion of the actuarial present value of benefits, as determined under a particular actuarial cost method that is not provided for by future normal costs.
Actuarial Cost Method	A procedure for allocating the actuarial present value of projected benefits (and expenses, if applicable) to time periods, usually in the form of a normal cost and an actuarial accrued liability.
Actuarial Gain/Loss	A measure of the difference between actual experience and expected experience based on a set of actuarial assumptions during the period between two actuarial valuation dates.
Actuarial Value of Assets (AVA)	The asset value used in the valuation to determine the actuarially determined contribution. It represents the plan's market value of assets with adjustments according to the plan's actuarial asset method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the market value of assets.
Actuarially Determined Contribution (ADC)	A target or recommended contribution as determined by the actuary for the applicable plan year. This is typically comprised of the normal cost (and expenses, if applicable) plus a UAAL amortization payment, adjusted for interest according to the timing of contributions during the applicable plan year.
Amortization Method	A method for determining the amount, timing, and pattern of recognition of the unfunded actuarial accrued liability
Discount Rate	The estimated long-term net expected return on assets used to determine the actuarial present value of benefits.
Entry Age Actuarial Cost Method	Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is determined by allocating the actuarial present value of benefits on a level basis between the entry age and assumed exit age(s).

Medical Trend Rate	The expected annual rate of change in per capita health claims cost due to factors such as inflation, medical inflation, utilization, technological improvements, and plan design. Aging factors are not reflected in trend rates.
Normal Cost	The current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.
Present Value of Benefits	The discounted value of benefits that are expected to be paid in the future, determined as of a given date by the application of a particular set of assumptions with regard to future events.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the actuarial accrued liability and the actuarial value of assets.