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CERBT Account Update

Rio Alto Water District

CalPERS IRC Section 115 Trust Funds

California Employers' Retiree Benefit Trust (CERBT - OPEB)

- Voluntarily prefund non-pension, other post-employment benefits (OPEB)
- Established 2007
- 599 employer participants
- ~\$26B assets

California Employers' Pension Prefunding Trust (CEPPT - Pension)

- Voluntarily prefund required pension contributions
- Established 2019
- 103 employer participants
- ~\$322M assets

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Actuarial Retirement Consulting, LLC

Valuation Date	07/01/2021	07/01/2023
Total Participants (Active + Retirees w/ Benefits + Retirees w/o Benefits = Total)	8 + 2 + 0 = 10	7 + 3 + 0 = 10
Present Value of Benefits (PVB)	\$1,567,879	\$1,383,699
Total OPEB Liability (TOL)	\$1,042,219	\$908,149
Valuation Assets	\$310,419	\$321,511
Net OPEB Liability (NOL)	\$731,800	\$586,638
Actuarially Determined Contribution (ADC)	\$86,451 (fye 2023)	\$68,502 (fye 2025)
Normal Cost	\$46,180 (fye 2023)	\$35,605 (fye 2025)
Amortization of Net OPEB Liability	\$35,764 (fye 2023)	\$29,326 (fye 2025)
Projected Retiree Premiums (Pay-Go Cost)	\$48,816 (fye 2025)	\$36,406 (fye 2026)
Implicit Rate Subsidy Credit	\$124 (fye 2025)	\$0 (fye 2026)
CERBT Asset Allocation Strategy (Change from S1 to S2 in 2016)	Strategy 2	Strategy 2
Discount Rate	5.50%	5.50%

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CERBT Account Summary

As of October 09, 2025	Strategy 2
Initial contribution <small>(12/03/2013)</small>	\$50,000
Additional contributions	\$227,600
Disbursements	(\$0)
Investment earnings	\$151,209
CERBT expenses	(\$2,156)
Total assets	\$426,653
Money-weighted annualized net rate of return <small>(12/03/2013 – 10/09/2025 = 11.85 Years)</small>	5.87%

CERBT agreement effective date: 11/18/2013



CERBT Investment Performance

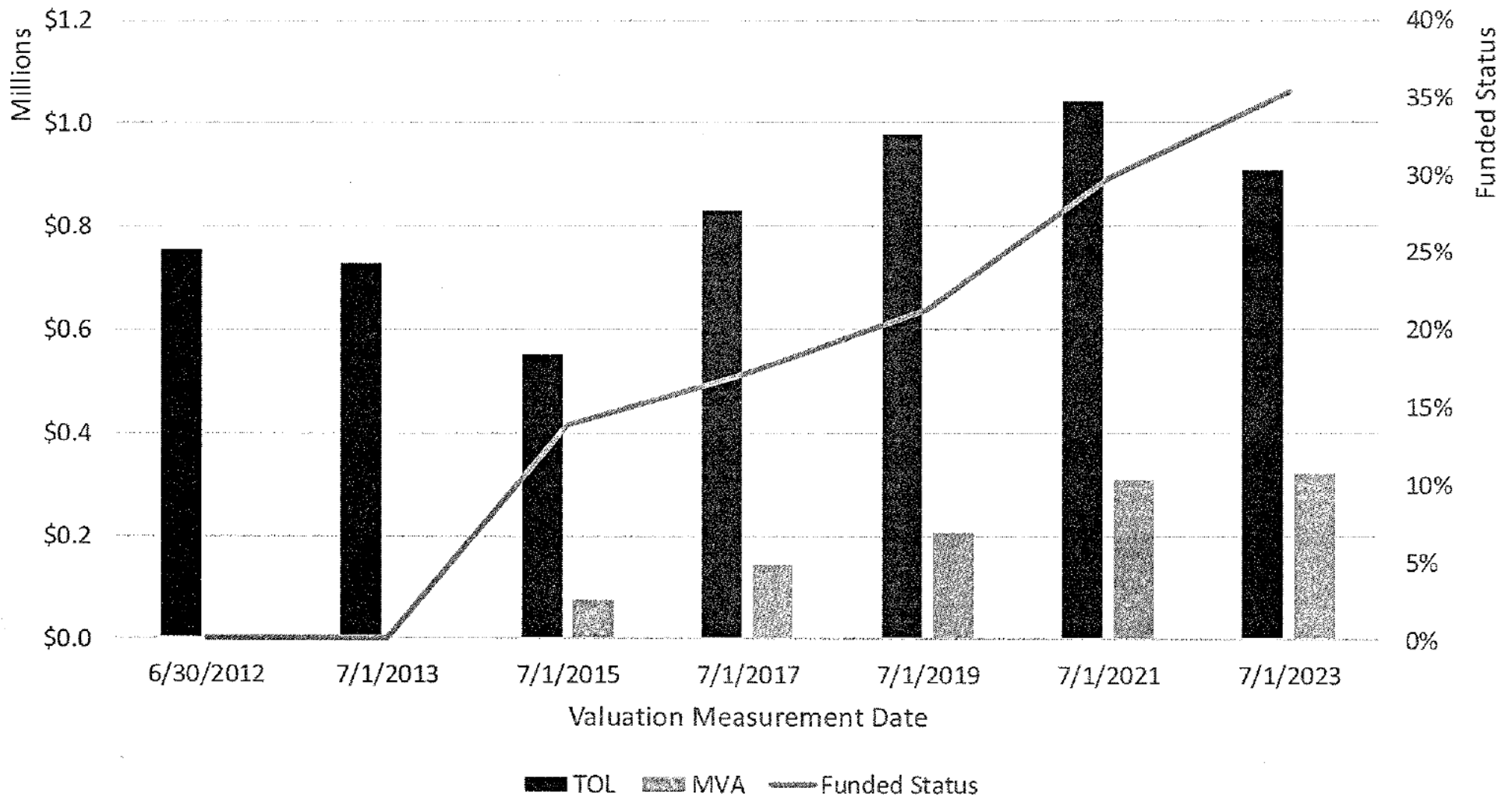
Measurement Date (as of 10/09/2025)	Cumulative Contributions	Cumulative Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Net Rate of Return*
10 year	\$206,240	(\$0)	\$147,515	(\$2,030)	6.05%
5 year	\$85,120	(\$0)	\$88,124	(\$1,345)	5.20%
3 year	\$21,280	(\$0)	\$117,274	(\$830)	11.86%

Measurement Date	Contributions	Disbursements	Cumulative Net Contributions	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets	Fiscal Year Net Rate of Return*	Cumulative Net Rate of Return*
2020-21	\$21,280	(\$0)	\$213,760	\$97,645	(\$986)	\$310,419	19.61%	8.37%
2021-22	\$21,280	(\$0)	\$235,040	\$56,049	(\$1,255)	\$289,834	-12.99%	4.24%
2022-23	\$21,280	(\$0)	\$256,320	\$66,710	(\$1,519)	\$321,511	3.45%	4.11%
2023-24	\$0	(\$0)	\$256,320	\$93,208	(\$1,798)	\$347,730	8.29%	4.69%
2024-25	\$21,280	(\$0)	\$277,600	\$131,110	(\$2,075)	\$406,635	10.61%	5.42%
as of 10/09/25	\$0	(\$0)	\$277,600	\$151,209	(\$2,156)	\$426,653	-	5.87%

* Money weighted annualized net rate of return



Funded Status Comparison





CERBT Portfolio Options

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.4%	6.1%	5.8%
Standard Deviation	11.5%	9.5%	8.1%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	Target Range
Global Equity	MSCI All Country World Index IMI (Net)	49%	34%	23%	±5%
Fixed Income	Bloomberg Long Liability Index	23%	41%	51%	±5%
Real Estate Investment Trusts ("REITs")	FTSE EPRA/NAREIT Developed Index (Net)	20%	17%	14%	±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5%	5%	9%	±3%
Commodities	S&P GSCI Total Return Index	3%	3%	3%	±3%
Cash	91-Day Treasury Bill	-	-	-	+2%



CERBT & CEPPT Time-weighted Investment Returns

Periods Ended August 31, 2025

CERBT OPEB	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$22,827,192,787	2.59%	6.41%	3.14%	9.56%	10.35%	6.99%	7.66%	5.81%
Benchmark		2.57%	6.33%	3.11%	9.16%	10.08%	6.75%	7.33%	5.42%
CERBT Strategy 2 (Inception October 1, 2011)	\$2,268,985,083	2.28%	5.58%	2.64%	7.54%	7.97%	4.69%	6.16%	6.66%
Benchmark		2.27%	5.53%	2.63%	7.27%	7.78%	4.52%	5.88%	6.41%
CERBT Strategy 3 (Inception January 1, 2012)	\$938,568,617	2.03%	4.92%	2.27%	6.19%	6.25%	3.24%	4.94%	5.12%
Benchmark		2.04%	4.90%	2.28%	5.98%	6.10%	3.12%	4.71%	4.87%
CERBT Total	\$26,034,746,487								
CEPPT PENSION	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CEPPT Strategy 1 (Inception October 1, 2019)	\$243,667,593	2.24%	5.14%	2.48%	7.87%	8.66%	4.98%	-	5.72%
Benchmark		2.22%	5.08%	2.45%	7.65%	8.48%	4.79%	-	5.60%
CEPPT Strategy 2 (Inception January 1, 2020)	\$78,433,870	1.85%	4.03%	1.88%	6.01%	6.34%	2.46%	-	3.14%
Benchmark		1.83%	3.98%	1.86%	5.81%	6.23%	2.33%	-	3.02%
CEPPT Total	\$322,101,463								

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.



CERBT and CEPPT Time Weighted Investment Results

Fiscal Year	CERBT Strategy 1 (Inception June 1, 2007)	CERBT Strategy 2 (Inception October 1, 2011)	CERBT Strategy 3 (Inception January 1, 2012)	CEPPT Strategy 1 (Inception October 1, 2019)	CEPPT Strategy 2 (Inception January 1, 2020)
2007-2008	-4.80%	N/A	N/A	N/A	N/A
2008-2009	-23.03%	N/A	N/A	N/A	N/A
2009-2010	15.87%	N/A	N/A	N/A	N/A
2010-2011	24.96%	N/A	N/A	N/A	N/A
2011-2012	0.15%	N/A	N/A	N/A	N/A
2012-2013	11.78%	8.87%	5.21%	N/A	N/A
2013-2014	18.52%	15.58%	12.86%	N/A	N/A
2014-2015	-0.11%	-0.34%	-0.03%	N/A	N/A
2015-2016	1.04%	2.95%	4.18%	N/A	N/A
2016-2017	10.62%	7.28%	4.16%	N/A	N/A
2017-2018	8.00%	6.22%	4.74%	N/A	N/A
2018-2019	6.22%	7.07%	7.24%	N/A	N/A
2019-2020	3.58%	5.46%	6.37%	N/A	N/A
2020-2021	27.54%	19.71%	13.60%	18.31%	8.00%
2021-2022	-13.35%	-12.54%	-10.72%	-12.41%	-10.94%
2022-2023	6.46%	3.60%	1.61%	5.25%	2.43%
2023-2024	11.02%	8.25%	6.32%	8.76%	6.14%
2024-2025	12.35%	10.62%	9.31%	10.72%	8.88%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT and CEPPT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Total Participation Cost Fee Rate

- All-inclusive cost of participation
 - CERBT: 8.5 basis points (bps) fee on asset balance
 - CEPPT: 25 basis points (bps) fee on asset balance
 - Combines administrative, custodial, and investment fees
 - Self-funded, not-for-profit
 - Zero cost to join

Asset Value on Deposit*	All-Inclusive Fee Rate	Annual Cost
\$1,000,000	8.5 Basis Points (0.085%)	\$850
\$1,000,000	25 Basis Points (0.25%)	\$2,500

*Asset values shown assume the amount is deposited on the first day of a 12-month calendar year and remains constant the entire 12 months ending on the last day with the exact same amount. No investment gains/losses, or contribution additions/withdrawals are experienced at any time during the 12 months. There are no additional fees of any kind. No set-up, joining, renewal, contribution, disbursement, termination fees. No minimum contribution amount.



You Control Your Participation

Investment portfolio

- 3 investment options
- Choose a strategy based on yield, risk tolerance, and time horizon

Voluntary contributions

- Never required
- Full control of amount and schedule

Reimbursement/Liquidity

- Reimburse current year OPEB expense (Pay-go + Implicit subsidy)
- FYE 2026: \$36,406 + \$0 = \$36,406

Choose OPEB actuary

- Discount rate
- Amortization schedule



Financial Reporting

- CEPPT is reported in compliance with GASB 84
- CERBT provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in January each year

CERBT FNP Fiscal Year	Availability
<u>2021-22</u>	Available at https://www.calpers.ca.gov/cerbt
<u>2022-23</u>	
<u>2023-24</u>	

Trust Support Services

Contributions

Disbursements

Online Record Keeping Portal

Account Updates

Educational Webinars

Statements and Reporting

California Employers Pension Prefunding Trust (CEPPT)

Pension Cost Considerations & Outlook

Cost Considerations

- **Normal Cost**
 - Ongoing perpetual cost
 - Naturally rises due to payroll & headcount
- **Unfunded Accrued Liability (UAL)**
 - Exists for most agencies
 - Will reoccur if plan is negative
 - 6.8% interest

Outlook

- Fluctuating volatile costs
- Employers will need to budget more

CalPERS Pension Fund Returns

Period	Assets	Return
30-year at 6/30/2025	-	7.6%
20-year at 6/30/2025	-	6.7%
10-year at 6/30/2025	-	7.1%
5-year at 6/30/2025	-	8.0%
2020 – 21	\$469B	21.3%
2021 – 22	\$440B	-6.1%
2022 – 23	\$462B	5.8%
2023 – 24	\$503B	9.3%
2024 – 25	\$556B	11.6%



District's CalPERS Pension Plans Summary

Member Category	Funded Status (6/30/2024)	Unfunded Liability (6.8% Interest)	UAL Payment 2025-26	Normal Cost 2025-26	Total Contribution 2025-26
Miscellaneous	71.9%	\$1,507,622	\$143,369	\$54,689	\$198,058
Totals	71.9%	\$1,507,622	\$143,369	\$54,689	\$198,058

Effective with the June 30, 2024, Actuarial Valuations, separate amortization schedule for each tier of benefits are no longer necessary. Multiple amortization schedule, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.



District's CalPERS Pension Consolidation Plan Summary

Member Category	Rate Plan
Miscellaneous	Miscellaneous Plan PEPRA Miscellaneous Plan

Effective with the June 30, 2024, Actuarial Valuations, separate amortization schedule for each tier of benefits are no longer necessary. Multiple amortization schedule, and thus multiple Section 1 reports, will be combined. We believe this gives the employer a clearer picture of the pension plan's financial health and long-term costs.

Consider All CalPERS Tools for Optimum Results

July UAL Annual Prepayment

“Fresh Start” Re-amortization Schedule

ADP (Additional Discretionary Payment)

CEPPT Sec 115 Prefunding Trust



July UAL Prepayment

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see Member Contribution Rates.

	Fiscal Year 2026-27
Required Employer Contributions	
Employer Normal Cost Rate	
Classic Rate Plan 1034	10.75%
PEPRA Rate Plan 26518	7.93%
<i>Plus</i>	
Unfunded Accrued Liability (UAL) Contribution Amount†	\$143,369
<i>Paid either as</i>	
1) Monthly Payment	\$11,947.42
<i>Or</i>	
2) Annual Prepayment Option‡	\$138,730
<p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly(1) or prepaid annually(2) in dollars).</p> <p>†The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2025.</p> <p>‡Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).</p>	



UAL Fresh Start Program

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2026	1,464,825	143,369	1,464,825	153,666	1,464,825	199,948
6/30/2027	1,416,270	149,203	1,405,628	153,665	1,357,799	199,948
6/30/2028	1,358,383	164,525	1,342,407	153,665	1,243,495	199,948
6/30/2029	1,280,725	165,791	1,274,887	153,666	1,121,416	199,948
6/30/2030	1,196,479	166,555	1,202,775	153,666	991,040	199,948
6/30/2031	1,105,714	169,752	1,125,759	153,665	851,796	199,947
6/30/2032	1,005,473	167,910	1,043,507	153,666	703,085	199,948
6/30/2033	900,322	145,798	955,661	153,665	544,260	199,947
6/30/2034	810,870	140,997	861,842	153,666	374,636	199,947
6/30/2035	720,299	133,549	761,643	153,666	193,478	199,948
6/30/2036	631,262	120,761	654,630	153,665		
6/30/2037	549,391	113,079	540,341	153,666		
6/30/2038	469,889	104,918	418,279	153,665		
6/30/2039	393,414	98,530	287,918	153,665		
6/30/2040	318,343	94,406	148,893	153,665		
6/30/2041	242,428	81,392				
6/30/2042	174,800	68,316				
6/30/2043	116,087	108,779				
6/30/2044	11,566	11,953				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		2,349,583		2,304,982		1,999,477
Interest Paid		884,758		840,157		534,652
Estimated Savings				44,601		350,106

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Tools to Proactively Manage Pension Costs

ADP (Additional Discretionary Payment)

- Makes up past underperformance
- Reduces pension UAL
- Liquidity consideration

CEPPT Sec 115 Trust

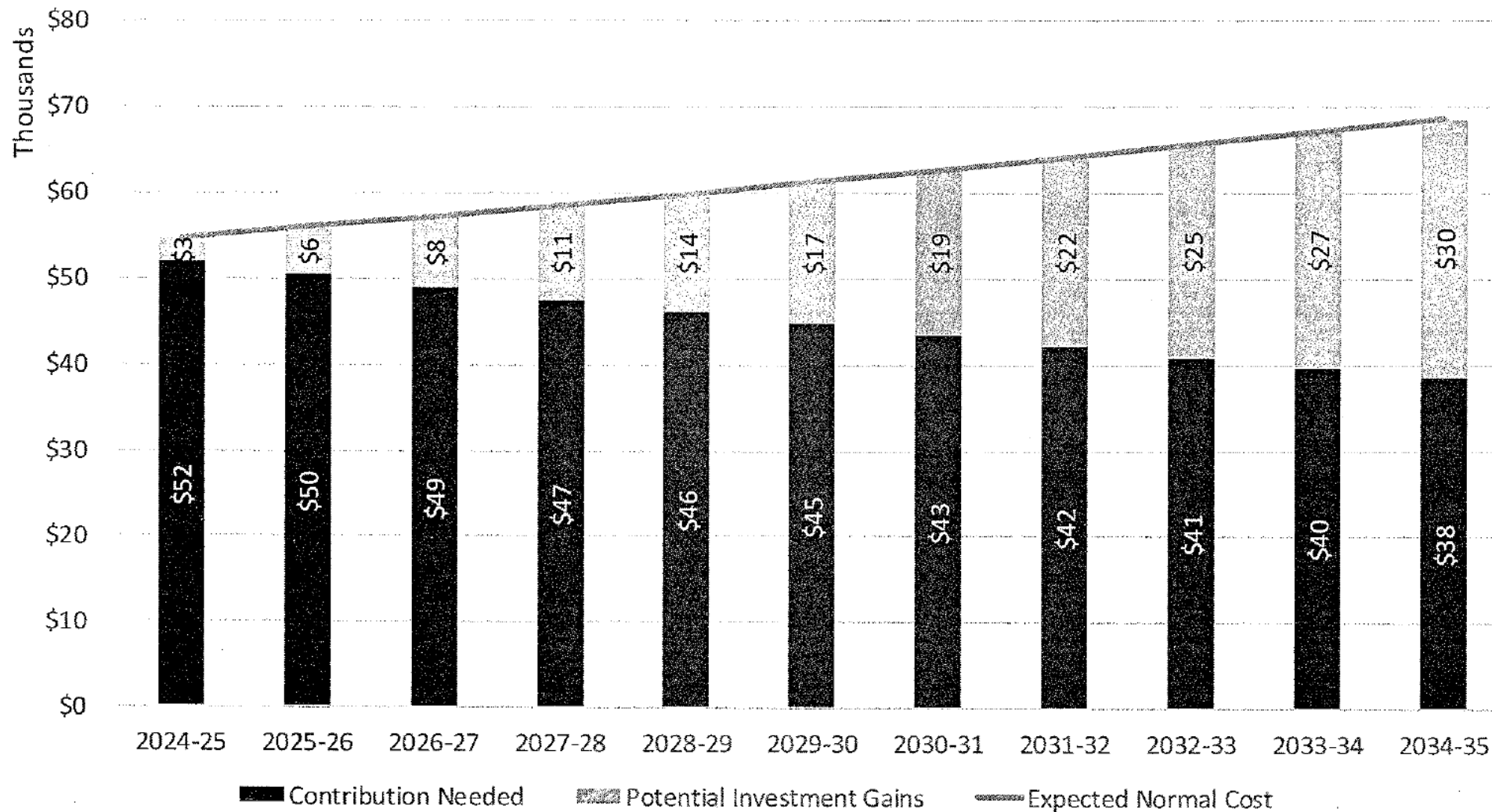
- Stabilizes future cash flow
- Improves future capacity to pay



Pension Contribution Investment Tools

Portfolios	CalPERS Pension	CEPPT Strategy 1	CEPPT Strategy 2	LAIF
Expected Return	6.8%	5.4%	4.9%	~1%
Risk	11.4%	8.4%	5.9%	Lowest
Time Horizon	Longest Term	Employer Determined		Shortest Term
Liquidity	No	Yes		Yes

Hypothetical Contribution Prefunding Scenario – Estimated Normal Cost



Rainy Day Fund

- Will likely outperform LAIF and earn more interest over time
- Will provide additional income source allowing for greater budgetary stability

Plan	3 Months Pension Cost
Miscellaneous	\$49,515
Total	\$49,515



Maintain Local Control

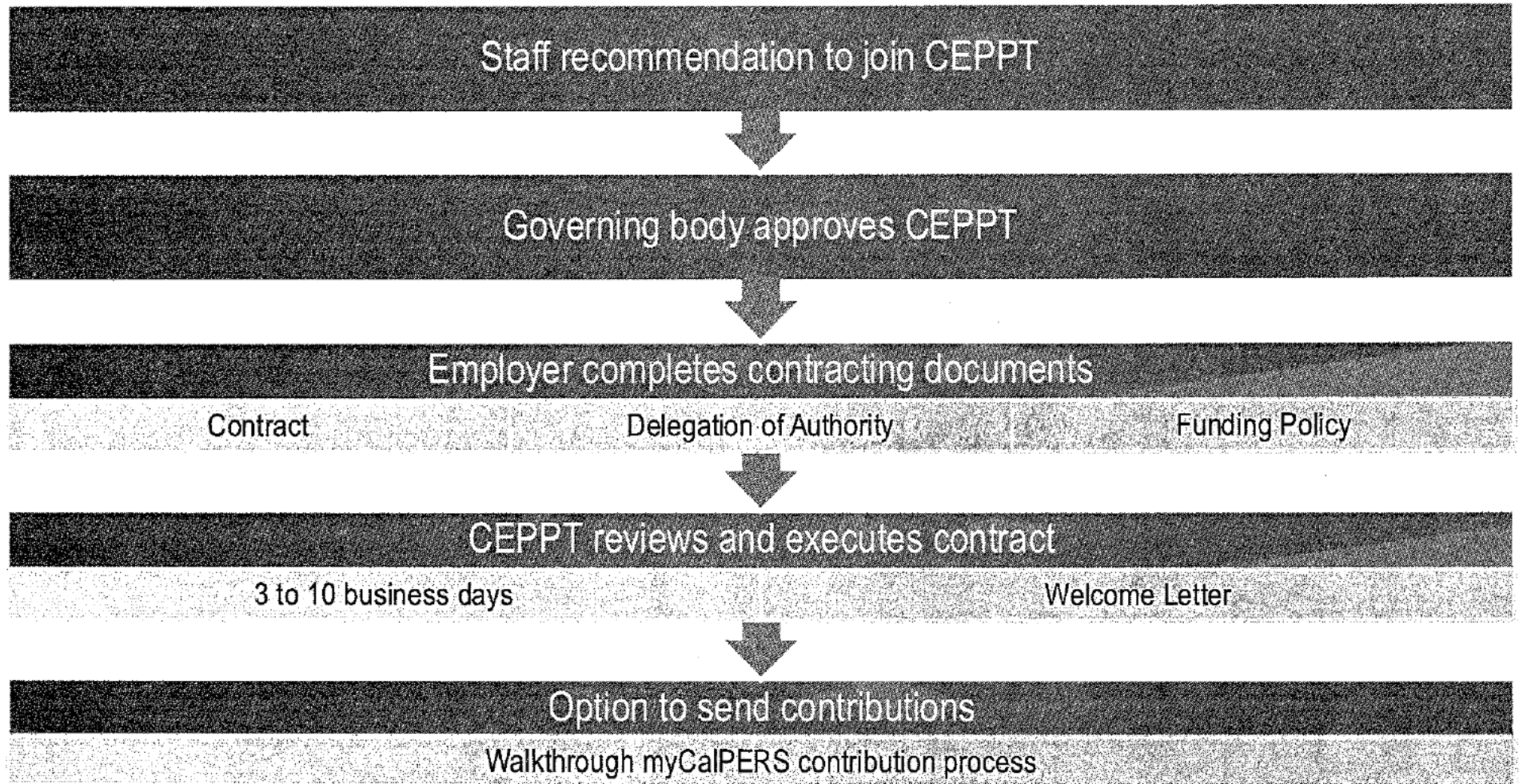
Choose your preferred portfolio or use both concurrently

Contributions are voluntary and on your schedule

Decide if, and when to liquidate trust assets

- Normal costs, UAL payments, ADPs

Uncomplicated Contracting Process





Next Steps

Continue Pay-As-You-Go Option

- Most expensive approach
- Rely 100% on current & future operating budget
- Increasing pension costs may stress future budget

Setup CEPPT Option

- ✓ Higher investment income than LAIF/Treasury
- ✓ Stabilize future cash flow & reduce budget dependency
- ✓ Rainy day fund
- ✓ Voluntary contributions & retain liquidity



Questions?



Phone:
(916) 795-8454



Email:
CERBT4U@calpers.ca.gov



Website:
<https://www.calpers.ca.gov/CERBT>

Holiday Dinner

Saturday, December 13th, 2025, at 6:30 p.m. in the District
Board Room

The Menu Includes:

- ❁ Smoked Tri-Tip
- ❁ Chicken Parmesan
- ❁ Mashed Potatoes and Gravy
- ❁ Sautéed Vegetables
- ❁ Garden Salad
- ❁ Rosemary Rolls
- ❁ Assorted Pies and Whipped Cream
- ❁ Drinks Provided

Back by popular demand is the gag gift exchange.

Each attendee wanting to participate please bring a wrapped
goofy gift costing no more than \$20.00.

No political gag gifts please.

Sponsored by The Rio-Alto Water District

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Rio Alto Water District

Christmas Party 2025

Saturday, December 13th, 2025

6:30pm in the District Board Room

Attendee's & Number in Party

Martha
Sherry
Sue
Sophie
DG
Dean
Scott
Billy
Tyler
Tommy
Rick
Ginny
Louise
Pete
Drew

White Elephant Gift - Limit \$20.00

Catered by Sweetie's Café & Catering

<u>Main Dish Choices</u>	<u>Included as Buffet Style:</u>
<u>Smoked Tri-Tip</u>	<i>Mashed Potatoes with Brown Gravy</i>
<u>Chicken Parmesan</u>	<i>Sauteed Vegetables</i>
	<i>Garden Salad</i>
	<i>Rosemary Rolls</i>

Dessert and Drinks (provided by District)

Assorted pies & whipped cream

(66)