



**EAST BAY REGIONAL PARK DISTRICT
FINANCE COMMITTEE
AGENDA STAFF REPORT**

DATE	February 28, 2024
TITLE	Other Post-Employment Benefits “OPEB” Trust Fund Updates and Funded Status through December 31, 2023
DIVISION	Finance and Management Services
FROM	Michelle Strawson O’Hara, Interim Assistant Finance Officer Deborah Spaulding, Assistant General Manager of Finance and Management Services/CFO
APPROVED	Sabrina Landreth, General Manager

RECOMMENDATION

None, this is an information item only.

BACKGROUND

The Park District provides various medical insurance benefits for eligible retired employees and Board Members. The amount of the benefit varies, based on hire date, number of years of Park District service, age, and bargaining group.

In 2007, the Park District established a trust fund to pre-fund these retiree medical benefits, called an Other Post-Employment Benefit Trust (OPEB). Prior to 2007, retiree medical payments had been “pay-as-you-go.” The establishment of the OPEB Trust allows the Park District to set aside and invest OPEB funds, such that earned investment revenue can also contribute to the expense.

ANALYSIS

Contributions to the OPEB Trust are made as a percent of payroll each pay-period and are irrevocable – they can only be used for retiree benefits. Last year’s retiree medical benefit costs paid from the trust were approximately \$3.2 million. The Park District’s actuaries, VIA Actuarial Solutions, calculates biennially the amount of funding that should be set aside to ensure that future retiree benefit payments can be met. As of December 31, 2023, the Park District’s OPEB Trust was 111% funded. This “super funded” status is a result of positive investment returns.

The Park District’s OPEB Trust has been administered, invested and managed by the California Employers’ Retiree Benefit Trust Fund (CERBT) since 2012. CERBT is a multi-employer defined benefit healthcare plan administrated by CalPERS. The Park District’s OPEB Trust uses “CERBT Strategy I” to invest its OPEB assets, as have the majority of CERBT clients. This is the asset allocation which has the highest potential return, but also the most volatility (risk), and is a typical investment strategy for long-term retirement assets.

Some administrative changes related to managing the OPEB Trust have been implemented in the past year, including a requirement that retirees provide substantiation regarding their medical costs in order to receive reimbursement. Additionally, a benefits administration firm called P&A Group now manages benefit payments to Park District retirees.

The table below provides a summary of the OPEB trust activity in the 2023 fiscal year (7/1/2022-6/30/2023).

2023 OPEB Trust Beginning Balance	74,323,969
Employer Contributions 2023	2,447,305
Asset earnings (including unrealized gains & losses)	4,878,497
Retiree distributions	(3,210,430)
Administrative expense	<u>(21,752)</u>
2023 OPEB Trust Ending Balance	<u>78,417,589</u>

Mark Schulte, Consulting Actuary from VIA Actuarial Solutions, will attend the February 28th Finance Committee meeting to discuss the Park District's OPEB trust, current funded status, and future contribution requirements.

FISCAL IMPACT

There is no cost associated with this item.

ATTACHMENTS

None.