Prepared for: Finance and Administration Committee - Report Period Ending June 30, 2026

California Employers' Retiree Benefit Trust (CERBT)

CERBT Program Overview

The CERBT Fund is an Internal Revenue Code (IRC) Section 115 trust dedicated to prefunding Other Post-Employment Benefits (OPEB), such as health, vision, dental, and life insurance. This program is available for all eligible California public agencies, schools, and the State of California. The CERBT was established in 2007 and is referenced in section 22940 of the California Public Employees' Retirement Law (PERL). CERBT is the largest public employer OPEB trust fund in the State of California.

FY 2025-2026 CERBT Program

Program Participants	Count
Contracted Employers	596
Covered Lives	863,464

FY 2025-2026 CERBT Service Delivery

Category	Results
New Contracted Employers	3
Prospective Employer Webinars	6
Prospective Education Employer Calls	1,912
Employer Account Update Meetings	178

CERBT Participating Employers by Agency Type

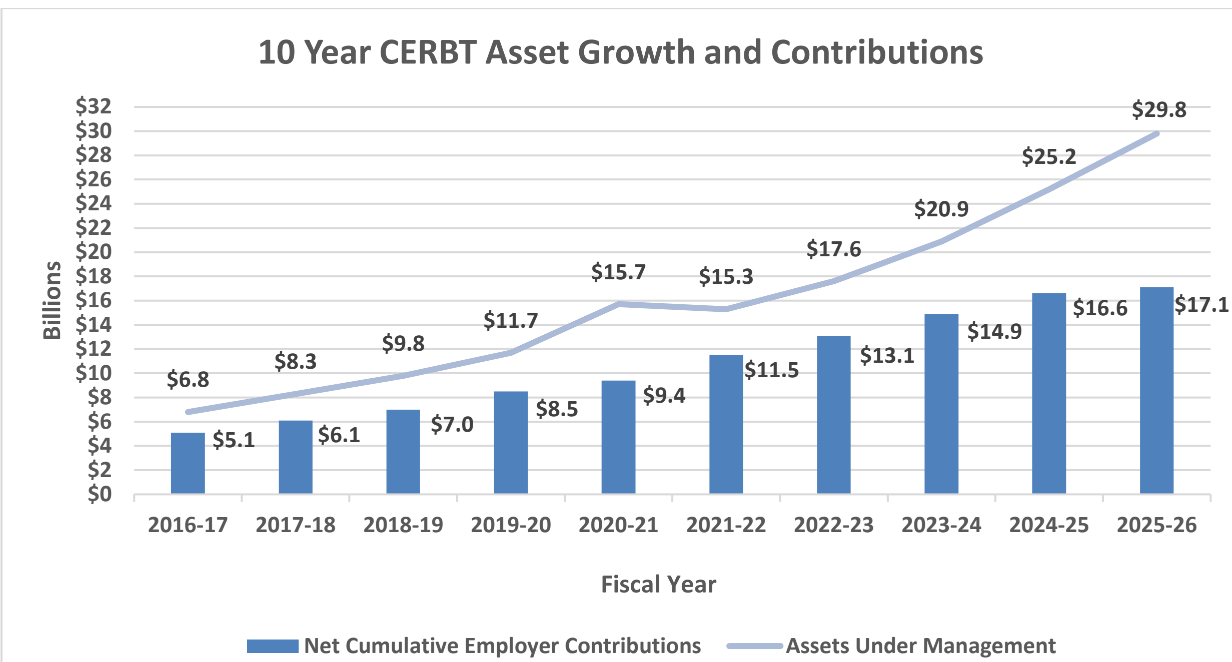
During fiscal year (FY) 2025-26, CERBT total contracted employers decreased from 603 to 596, a net decrease due to ten contract terminations and three new contracts. Special districts represented the highest proportion of participating employers in CERBT, followed by cities. The State of California represents the largest participating employer in the CERBT with over $13.8 billion in assets. A list of employers who contracted with the CERBT in FY 2025-26 may be found in the Appendix. The following table shows the number of participating employers in the CERBT by category type.

CERBT Agencies by Type

Agency Type	Number of Contracting Agencies
Special Districts	332
Cities	142
Schools	83
Courts	31
Counties	7
State of California	1
Total Contracted Employers	596

CERBT Fund Assets and Cumulative Net Contributions

During FY 2025-26, CERBT assets under management (AUM) increased to $29.8 billion, an increase of $4.6 billion due to investment performance and employer contributions. The following graph shows the most recent 10-year CERBT asset growth in billions and annual contributions received since FY 2016-17.

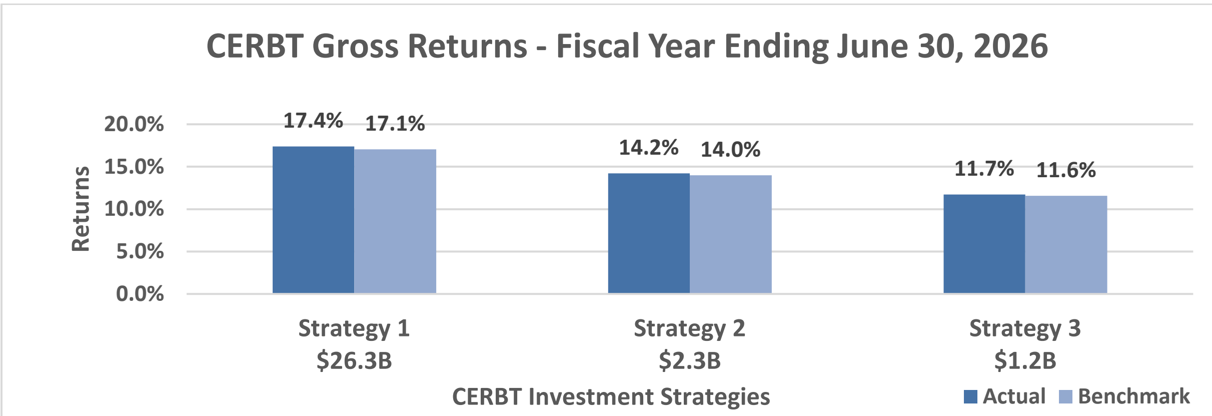


CERBT Fee Reduction

In FY 2025-26, the CERBT Program performed a trust fee and reserve level review and determined a participation fee reduction of .5 basis points (bps). In October 2026, participant fees will be reduced from 8.5 bps to 8 bps. The last fee reduction for the CERBT Program was in October 2024. The CERBT Program closely monitors reserve levels to ensure balances are within scope while maintaining sufficient reserve funds.

CERBT Investment Performance

The CERBT Fund gross returns for the 12 months ending June 30, 2026, as compared to their respective benchmarks, are shown in the chart below. CERBT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equities were the strongest performing asset class during FY 2025-26. The chart below shows the CERBT gross returns for FY 2025-26.



CERBT Investment Strategy Options

Each strategy offers a distinctly different long-term expected return and volatility profile. Strategy 1 has the highest long-term expected rate of return and volatility, while Strategy 3 has the lowest long-term expected rate of return and volatility.

The asset allocations with projected rates of return and volatility for each strategy were approved in June 2026. The following table provides the expected rates of return and standard deviations for each of the three CERBT investment strategies.

CERBT Investment Strategies as of June 30, 2026

Strategy Options	Expected Net Rate of Return	Expected Standard Deviation
Strategy 1	6.6%	12.4%
Strategy 2	6.4%	10.4%
Strategy 3	6.2%	9.0%

California Employers' Pension Prefunding Trust (CEPPT)

CEPPT Program Overview

California Employers' Pension Prefunding Trust Fund (CEPPT) became operational in July 2019 and is cited in PERL section 21711. CEPPT is an IRC Section 115 trust dedicated to prefunding employer contributions to defined benefit pension systems for eligible California public agencies. During FY 2025-26, CEPPT contracted employers increased from 102 to 106. Special districts represent the highest proportion of participating employers in CEPPT, followed by cities. A list of employers who contracted with the CEPPT in FY 2025-26 may be found in the Appendix. The following table shows the number of participating employers in the CEPPT by category type.

FY 2025-2026 CEPPT Program

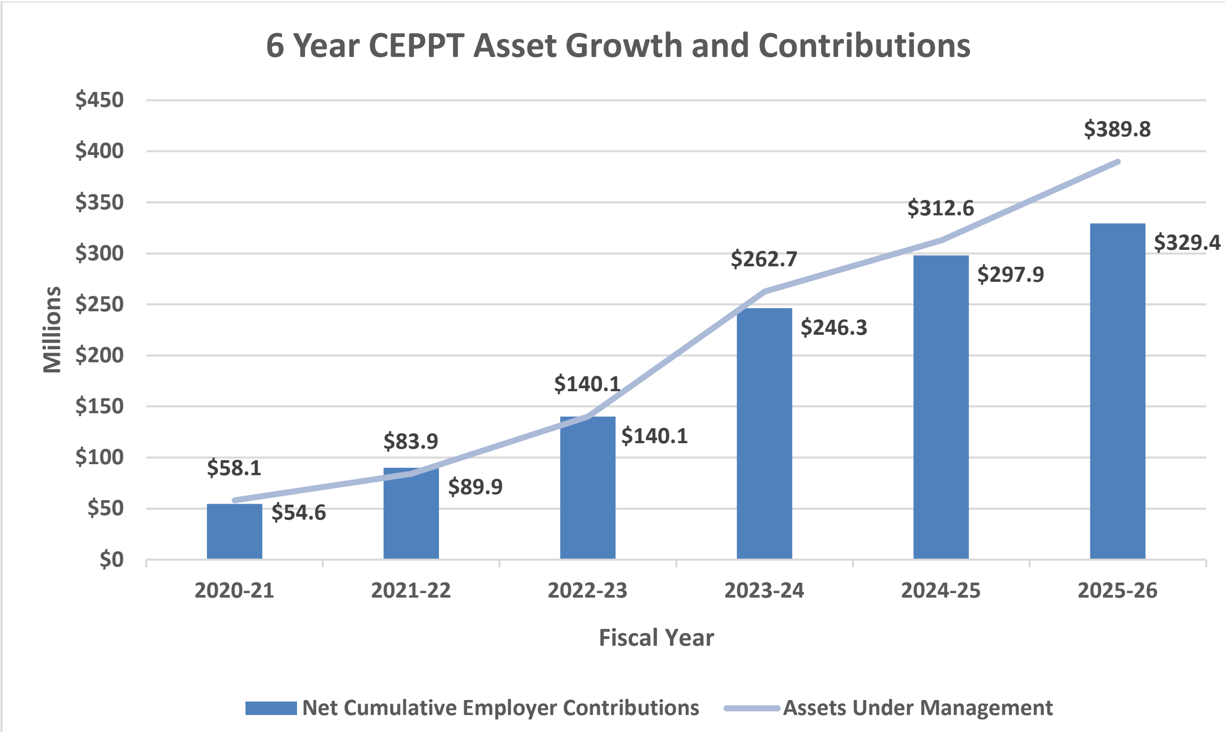
Agency Type	Number of Contracting Agencies
Special Districts	79
Cities	25
Courts	2
Total Contracted Employers	106

FY 2025-2026 CEPPT Service Delivery

Category	Results
New Contracted Employers	5
Prospective Employer Webinars	6
Prospective Education Employer Calls	1,912
Employer Account Update Meetings	34

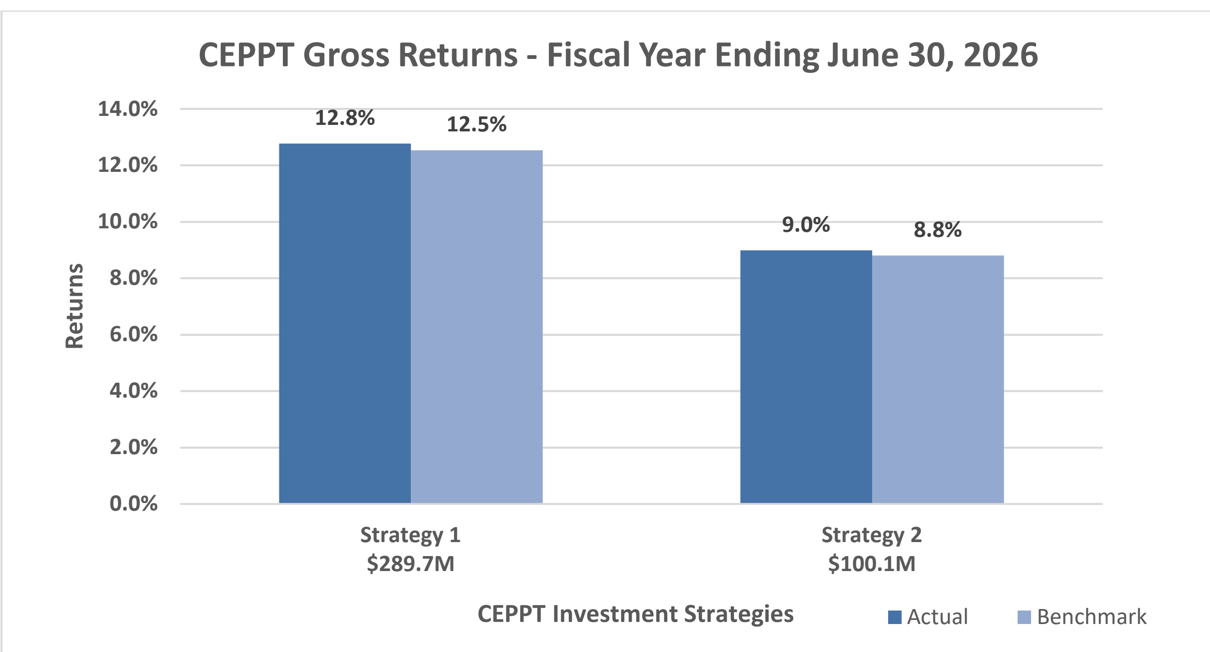
CEPPT Fund Assets and Cumulative Net Contributions

During FY 2025-26, CEPPT assets increased to $389.8 million, an increase of $77 million due to employer contributions and investment performance. The following graph shows the most recent 6-year CEPPT asset growth in millions and contributions since FY 2020-21.



CEPPT Investment Performance

The CEPPT Fund gross returns for the 12 months ending June 30, 2026, as compared to their respective benchmarks, are shown in the chart below. CEPPT Strategy 1 posted more favorable returns, which are primarily attributable to a higher allocation to global equities. Global equities were the strongest performing asset class during FY 2025-26. The following chart provides CEPPT gross returns for FY 2025-26.



CEPPT Investment Strategy Options

Each strategy offers a distinctly different long-term expected return and volatility profile. Strategy 1 has a higher long-term expected rate of return and volatility while Strategy 2 has a lower long-term expected rate of return and volatility.

The asset allocations and projected rates of return and volatility for each strategy were approved in June 2026. The following table provides the expected rates of return and standard deviations for each of the two CEPPT investment strategies.

CEPPT Investment Strategies as of June 30, 2026

Strategy Options	Expected Net Rate of Return	Expected Standard Deviation
Strategy 1	5.8%	9.0%
Strategy 2	5.4%	6.4%

Appendix

The following table provides a list of new contracted employers for CERBT and CEPPT who joined in FY 2025-26.

New Contracted Employers FY 2025-2026

CERBT	CEPPT
Amador County Superior Court	City of Pacific Grove
Corcoran Joint Unified School District	Fresno County Law Library
Portola Valley School District	Kern County Water Agency
	Mt. View Sanitary District
	Rincon del Diablo Municipal Water District