



Date: February 13, 2025

To: Board of Directors

From: David Aranda, Interim General Manager

Subject: Approval of Resolution 2025-02, A Resolution Outlining The Policy For Payment Of Other Post-Employment Benefits (OPEB) Through The California Employers' Retiree Benefit Trust (CERBT)

Recommendation

Approve Resolution No. 2025-02 – A Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District Outlining The Policy For Payment Of Other Post-Employment Benefits (OPEB) Through The California Employers' Retiree Benefit Trust (CERBT).

Background

The District is responsible for the liability incurred when there are provisions for officers to receive medical retirement benefits. This is called OPEB which stands for Other Post-Employment Benefits. In 2010 the board approved a CERBT which stands for California Employers' Retiree Benefit Trust account and started to make contributions into the account to offset the liability of future medical payments. Over the years additional contributions have been placed in the account and other than 2010/2011 no money has been withdrawn to pay for medical retiree costs.

As noted by the most recent actuarial report, the CERBT fund is OVERFUNDED. The reason for it being overfunded is that the money in the account and associated interest earnings over the years has grown to a greater dollar amount than what the actuarial believes will ever be paid off for retiree medical benefits. This is since at a point in time the Memorandum of Understanding with the Police Officers reduced significantly the District's contribution that covers medical benefits for newly hired officers when they retire and capped the contribution for existing retirees and dependents. Thus, the major liability is for the very few remaining retired officers still alive and some spouses.

Over the past few years, the District has included in its annual budget about \$146,000 to be paid for retiree medical benefits and that money has come directly from the current operating revenue for the given fiscal year.

Policy for Payment of OPEB through CERBT

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This policy being presented will allow the General Manager, with board approval, to provide a recommendation for drawing money from the CERBT account to offset up to 100% of the annual costs for retiree medical benefits.

As noted, recent earnings in the account are greater than what the budgeted annual costs are for retiree medical benefits. The law is clear that money drawn from the CERBT account may only be used for retiree medical benefits.

Exhibit

- **Resolution No. 2025-02** – A Resolution Of The Board Of Directors Of The Kensington Police Protection And Community Services District Outlining The Policy For Use of Other Post-Employment Benefits (OPEB) Through The California Employers' Retiree Benefit Trust (CERBT).

Resolution No. 2025-02

**A RESOLUTION BY THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES
OUTLINING THE POLICY FOR USE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) THROUGH THE
CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT)**

The Board of Directors for the Kensington Police Protection and Community Services District ("Board of Directors") does recognize that the District has the responsibility to fund monies for certain employee's post-retirement health benefits (i.e., medical) as outlined in the Memorandum of Understanding that impacts police officers that had worked and retired from the district, and.

WHEREAS, the Board of Directors elected to participate and fund money into the California Employers' Retiree Benefit Trust to assure sustainability; and

WHEREAS, as a CERBT participating agency, the District is required to complete and provide periodic OPEB cost reports using actuarial assumptions and methods that comply with Actuarial Standards of Practice and with Governmental Accounting Standards, which the district does by engaging with an outside consulting actuarial firm for this work; and

WHEREAS, because the actuarial has determined that the fund is fully funded (greater than 100%) the District may use a portion of the monies in CERBT to fund a portion of or in full the line item in the budget designated as "Medical/Vision/Dental-Retired" for each fiscal year beginning with fiscal year 2026; and

WHEREAS, the Board of Directors recognizes that by law and in accordance with the IRC and CERBT these monies are limited to funding only post-retirement health benefits.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS THAT:

1. Upon presentation by the General Manager of the fiscal year budget in May and/or June for the upcoming fiscal year a recommendation of funds from the CERBT account to fund the retirees' medical, expenses.
2. The General Manager may recommend up to 100% funding or a lesser percentage of funding.
3. The Board of Directors will make a specific motion based on a specific agenda item noting that funding each year.
4. The General Manager will request the monies from CERBT in a timely manner as outlined by the administrative arm of CERBT.

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District upon motion by Director _____, seconded by Director _____, on Thursday, the 13th day of February, 2025, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAINED:

David Spath
President, Board of Directors

HEREBY CERTIFY the foregoing resolution was duly and regularly adopted by the Board of Directors of the Kensington Police Protection and Community Services District at the regular meeting of said Board held on Thursday, the 13th day of February, 2025.

Lynelle M. Lewis
Clerk of the Board

David Aranda
Interim General Manger

**California Public Employees' Retirement System
California Employers' Retiree Benefit Trust
Schedule of Changes in Fiduciary Net Position by Employer
As of and for the Year Ended June 30, 2024**

Employer Name	Inverness Public Utility District	Ironhouse Sanitary District	Jurupa Community Services District	Kaweah Delta Water Conservation District	Kensington Fire Protection District	Kensington Police Protection and Community Services District	Kentfield Fire Protection District
Additions							
Contributions:							
Employer contributions - direct	\$ -	\$ 88,512	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 149,940
Net investment and other income/expenses	36,537	399,144	950,720	149,074	105,242	235,019	368,649
Total Additions	36,537	487,656	1,950,720	149,074	105,242	235,019	518,589
Deductions							
OPEB reimbursements - direct	28,579	-	-	-	59,444	-	-
Administrative expenses	143	1,187	2,876	584	419	699	1,440
Employer withdrawal	-	-	-	-	-	-	-
Total Deductions	28,722	1,187	2,876	584	59,863	699	1,440
Net Increase (Decrease)	7,815	486,469	1,947,844	148,490	45,379	234,320	517,149
Net Position Restricted for OPEB Benefits							
Beginning of year	445,464	3,641,389	7,923,077	1,813,035	1,298,526	2,143,717	4,406,771
End of year	\$ 453,279	\$ 4,127,858	\$ 9,870,921	\$ 1,961,525	\$ 1,343,905	\$ 2,378,037	\$ 4,923,920

**California Public Employees' Retirement System
California Employers' Retiree Benefit Trust
Supplementary Schedule the Contributions and Reimbursements Outside the Trust
As of and for the Year Ended June 30, 2024
(unaudited)**

Employer Name	Inverness Public Utility District	Ironhouse Sanitary District	Jurupa Community Services District	Kaweah Delta Water Conservation District	Kensington Fire Protection District	Kensington Police Protection and Community Services District	Kentfield Fire Protection District
Employer contributions outside of trust	\$ 7,769	\$ 311,488	\$ 975,496	\$ 43,261	\$ 22,657	\$ 195,318	\$ 203,227
OPEB reimbursements outside of trust	7,769	311,488	975,496	43,261	22,657	195,318	203,227

(Continued)

Cash Flow Summary by Fiscal Year

Item #14c

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$0	\$0	\$0	\$0	\$0
2009-10	\$0	\$0	\$0	\$0	\$0
2010-11	\$363,373	(\$141,177)	\$70,280	(\$460)	\$292,015
2011-12	\$0	\$0	\$59,089	(\$807)	\$280,478
2012-13	\$145,720	\$0	\$106,832	(\$1,488)	\$473,260
2013-14	\$42,818	\$0	\$198,194	(\$2,243)	\$606,684
2014-15	\$58,058	\$0	\$198,395	(\$2,891)	\$664,295
2015-16	\$0	\$0	\$205,294	(\$3,439)	\$670,647
2016-17	\$95,868	\$0	\$282,262	(\$4,074)	\$842,847
2017-18	\$262,462	\$0	\$353,252	(\$4,888)	\$1,175,486
2018-19	\$247,036	\$0	\$432,775	(\$5,941)	\$1,500,992
2019-20	\$151,470	\$0	\$487,461	(\$7,233)	\$1,705,856
2020-21	\$151,304	\$0	\$958,944	(\$8,904)	\$2,326,971
2021-22	\$0	\$0	\$648,444	(\$10,862)	\$2,014,514
2022-23	\$0	\$0	\$778,575	(\$12,603)	\$2,142,903
2023-24	\$0	\$0	\$1,014,668	(\$14,488)	\$2,377,112
as of 12/31/2024	\$0	\$0	\$1,117,407	(\$15,462)	\$2,478,877