



Pension Stabilization Trust

Kim Sitton
Finance Director

Ask...

That the City Council/Pension Stabilization Trustee Board:

- Reviews the provided information
- Approves \$2.3 million contribution to the City's Pension Stabilization Trust

Agenda

- Pension Stabilization Trust Background and Investment Reports
- Unfunded Accrued Liabilities (UAL)
- FY 2026 Trust Contribution

Pension Stabilization Trust Background and Investment Reports

Pension Stabilization Trust Background

- Pension Obligation Bonds issued in 2021
 - Pension Management Policy approved in 2021
 - Pension Stabilization Trust approved in 2022
 - Goal of paying off the bonds once callable (10 years)
- Original Trust Board Members: City Treasurer, City Manager, Assistant City Manager, Finance Director, and Accounting Manager
 - Review updated PERS and Trust information; provide funding recommendation to Council annually
- Updated Trust Board Members (approved in 2025): City Council members
 - Staff presents PERS and Trust information directly to the Council/Board and recommendation annually
 - Reaches a broader audience and makes the process more efficient

Trust Value and Investment Reports

➔ **\$59,184,080**

Market value, as of November 30, 2025

➔ City's website, under Finance Department, Investments

<https://www.coronaca.gov/government/departments-divisions/finance/city-treasurer/investment-policy>

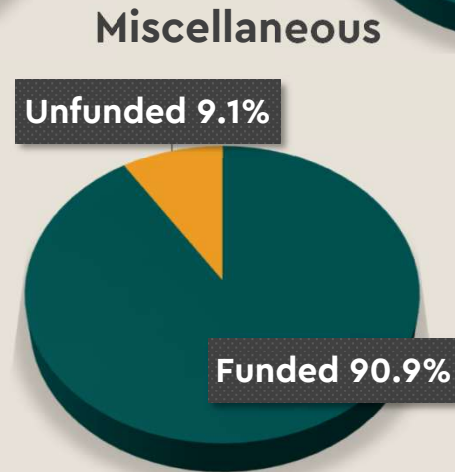
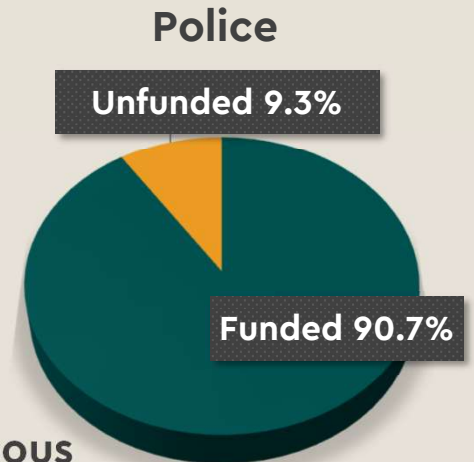
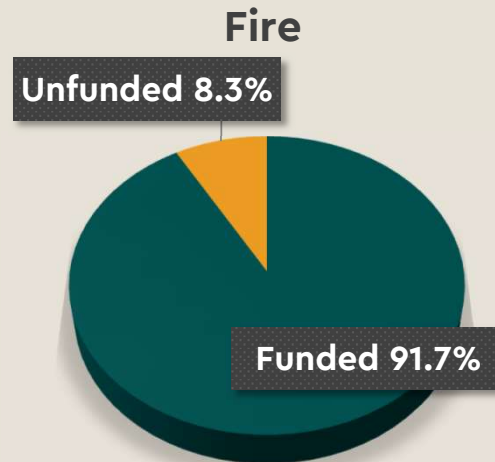
- Pension Stabilization Trust Investment Report
(at the end of the Monthly Investment Report)
- Monthly Investment Report is also posted monthly with Council Agenda
(generally 2nd meeting of the month)
- Pension Stabilization Trust Investment Policy

Unfunded Accrued Liabilities (UAL)

CalPERS – UAL and Funded Ratios

Plan	June 30, 2024	
	Unfunded Liability	Funded Ratio
Fire *	19,948,149	91.7%
Police	34,960,417	90.7%
Miscellaneous	42,886,952	90.9%
Total	\$97,795,518	

June 30, 2023	\$108,320,838	
June 30, 2024	\$97,795,518	
Year over Year	(\$10,525,320)	-9.7%



*Fire PEPPRA no longer reported separately by CalPERS.

CalPERS – Factors That Impact Unfunded Accrued Liability (UAL) and Employer Contributions

- Investment Returns - Discount Rate (Rate of Return) Estimated 6.8%
 - FY 2024 results = 9.3%, +2.5% more than estimated
 - FY 2025 results = 11.6%, +4.8% more than estimated (reflected in next year's report)
- Member Demographics
- Salary Increases
- Actuarial Assumption Changes

CalPERS – Net Investment Returns Over Time

30 Years	7.6%
20 Years	6.7%
10 Years	7.1%
5 Years	8.0%
1 Year (2025)	11.6%

- CalPERS Funding Risk Mitigation Policy
 - Returns greater than 2% or more, prompts discussion on a possible rate reduction
 - Lower discount rate can soften the blow when investment returns stumble
 - Lower discount rate means that more of the contributions must be covered by employer contributions
- July 2025 - CalPERS affirmed 6.8% discount rate as part of its Asset Liability Management (ALM) process.

Funding Target for Pension Obligation Bond Payoff

- Bond Payoff Target (per Pension Management Policy) is after 10 years (after May 1, 2031)
- Funding contribution of \$2.3 Million per year (years 5-10) to Trust, assuming 5% average returns
- Since inception, returns = 12.68%
- Total City contributions to date = \$40.85 Million

Year	FY	Contribution (in Millions)
1	2022	\$30.00
2	2023	\$2.10
3	2024	\$6.05
4	2025	\$2.70
5	2026	Target \$2.30 (Est.)
6	2027	Target \$2.30 (Est.)
7	2028	Target \$2.30 (Est.)
8	2029	Target \$2.30 (Est.)
9	2030	Target \$2.30 (Est.)
10	2031	Target \$2.30 (Est.)



FY 2026 Trust Contribution Discussion

Staff Recommendation

- **Contribute \$2.3 Million to the Trust for FY 2026**

Ask...

That the City Council/Pension Stabilization Trustee Board:

- Reviews the provided information
- Approves \$2.3 million contribution to the City's Pension Stabilization Trust



Questions?

