

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-001

Public Comments

Enclosure:

No

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

The public may address the Retirement Board of Authority (RBOA) on any matter pertaining to the RBOA that is not on the agenda.

**RECOMMENDATION:**

The RBOA Chair reserves the right to limit the time of presentations by individual or topic.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

---

SUBJECT:

Approval of Agenda

ITEM #:

2021/2022-002

Enclosure:

Yes

Action Item

Yes

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

Under California Government Code Section §54950 (The Ralph M. Brown Act) the “Legislative Body” is required to post an agenda detailing each item of business to be discussed. The Authority posts the agenda in compliance with California Government Code Section §54954.2.

**STATUS:**

Unless items are added to the agenda according to G.C. §54954.2 (b) (1) (2) (3) the agenda is to be approved as posted.

**RECOMMENDATION:**

The Retirement Board of Authority will approve the agenda.

## AGENDA

### CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

SEPTEMBER 28, 2021

9:00 AM – 10:30 AM

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
7600 DUBLIN BLVD, 3<sup>RD</sup> FLOOR  
DUBLIN, CA 94568  
PHONE (925) 485-5236

Join Zoom Meeting:

<https://zoom.us/j/96400846068?pwd=VIFNV2thZUljUXJQRU9nMDVJL2tNUT09>

Meeting ID: 964 0084 6068

Passcode: 755682

#### I. CALL TO ORDER

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#### II. ROLL CALL

##### **RETIREMENT BOARD OF AUTHORITY (the “Board”) MEMBERS:**

Vice Chancellor, Business Services  
Vice President, Administrative Services  
Los Positas College President  
Administrative Association Representative  
SEIU Representative  
Faculty Representative  
Retiree Representative

Jonah Nicholas  
Annette Raichbart  
Dr. Dyrell Foster  
Kathy Medina  
David Rodriguez  
Dave Fouquet  
Mark Smythe

##### **PROGRAM COORDINATOR:**

Keenan Financial Services  
Keenan Financial Services  
Keenan Financial Services

Gail Beal  
Roslyn Washington  
Kristin Cooper

##### **CONSULTANTS:**

Benefit Trust Company (BTC)  
Morgan Stanley (MS)

Scott Rankin  
Cary Allison

##### **OTHERS**

None

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#### III. PUBLIC COMMENTS

**Information  
2020/2021-001**

The public may address the Retirement Board of Authority (RBOA) on any matter pertaining to the Agency that is not on the agenda. The Chair reserves the right to limit the time of presentations by individual or topic.

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**IV. APPROVAL OF AGENDA****Action  
2021/2022-002**

The Retirement Board of Authority (RBOA) retains the right to change the order in which agenda items are discussed. Subject to review by the RBOA the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**V. APPROVAL OF MINUTES****Action  
2021/2022-003**

The Retirement Board of Authority will review the Minutes from the previous meeting on **June 8, 2021** for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**VI. INVESTMENTS****PORTFOLIO PERFORMANCE REVIEW****Action  
2021/2022-004**

Morgan Stanley (MS) will review the overall performance of the District's Public Entity Investment Trust portfolio.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**MARKET OVERVIEW****Information  
2021/2022-005**

Morgan Stanley (MS) will provide an overview of the actions of the global capital markets since the last Retirement Board of Authority meeting.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**VII. ADMINISTRATION****DISBURSEMENT REPORT****Action  
2021/2022-006**

The Retirement Board of Authority members will acknowledge any reimbursement of withdrawals and all reasonable expenses associated with GASB 74/75 compliance duties and Management/Operational services for the District's Retirement Health Benefits Trust.

PUBLIC COMMENTS:

**ANNUAL REPORTING ON THE STATUS OF THE TRUST****Information  
2021/2022-007**

California Government Code 53216.4 requires an annual reporting of the funds held in the Investment Trust to participants and their beneficiaries. The Retirement Board of Authority (RBOA) shall acknowledge District protocols for the Annual Report promulgation to the OPEB Plan beneficiaries for fiscal year ended on June 30, 2021.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **ACTUARIAL VALUATION STUDY**

**Information**  
**2021/2022-008**

To maintain actuarial compliance with GASB protocols, the Retirement Board of Authority members will review the status of the District's current Actuarial Valuation Study and consider the implications of recently issued GASB Statements.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **TRANSFER OF ASSETS INTO THE TRUST**

**Information**  
**2021/2022-009**

The District's asset transfers into the Investment Trust may require a tailored funding procedure. To meet the possible tailored funding procedure, the Retirement Board of Authority (RBOA) will discuss funding schedules if any.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **UPDATES TO THE COMPREHENSIVE COMPLIANCE PLAN INCLUDING THE "SUBSTANTIVE PLAN"**

**Information**  
**2021/2022-010**

Updating the "Substantive Plan" is a dynamic process that requires an annual review to incorporate modifications to program provisions or changes to cost arrangements. The Retirement Board of Authority will review the processes for updating the "Substantive Plan" and "e-Library" for fiscal year ended June 30, 2021.

## **RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS**

**Action**  
**2021/2022-011**

The current Trust document provides provisions to operate the Trust. RBOA Bylaws provide additional direction for issues not discussed in the provisions of the Trust Document. There will be a discussion to incorporate RBOA Bylaws for the Chabot Las Positas Community College District Public Entity Investment Trust.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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## **VIII. INFORMATION**

### **RETIREMENT BOARD OF AUTHORITY COMMENTS**

**Information**  
**2021/2022-012**

Each member of the Retirement Board of Authority may report about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

### **PROGRAM COORDINATOR/CONSULTANT COMMENTS**

**Information**  
**2021/2022-013**

The Program Coordinator and Consultants will report to the Retirement Board of Authority about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

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**IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

**Information  
2021/2022-014**

Board Members and visitors may suggest items for consideration at the next Retirement Board of Authority meeting.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**X. ADJOURNMENT**

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**Americans with Disabilities Act:** The Chabot Las Positas Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Chabot Las Positas Community College District Retirement Board of Authority, shall be made to: Jonah Nicholas, Vice Chancellor, Business Services Chabot Las Positas Community College District, 7600 Dublin Blvd, Dublin CA 94568.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

---

PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

---

SUBJECT:

Approval of Minutes

ITEM #:

2021/2022-003

Enclosure:

Yes

Action Item

Yes

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

As a matter of record and in accordance with the Brown Act, minutes of each meeting are kept and recorded.

**STATUS:**

The Board will review the minutes from the previous Retirement Board of Authority meeting on **June 8, 2021**.

**RECOMMENDATION:**

Subject to changes or corrections, the minutes are to be approved.

## MINUTES

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
CHABOT LAS POSITAS CCD RETIREMENT BOARD MEETING  
JUNE 8, 2021  
10:00 AM–12:00 PM**

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**

Teleconference meeting via Zoom:

<https://zoom.us/j/98829185923?pwd=a0hpQ2pEYWtZbHJ2YkxpNTlNSktlQT09>

Meeting ID: 988 2918 5923

Passcode: 683229

### I. CALL TO ORDER

The Chabot Las Positas Community College District Retirement Board meeting was called to order at 10:04a.m by Roslyn Washington.

Roll-call was conducted with all members of the Retirement Board reporting their attendance. All Service Organization representatives except Kristin Cooper indicated their presence at the meeting.

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### II. ROLL CALL

#### **CHABOT LAS POSITAS RETIREMEMENT BOARD (the “Board”) MEMBERS:**

Vice Chancellor, Business Services	Jonah Nicholas
Vice President, Administrative Services	Annette Raichbart
Los Positas College President	Dr. Dyrell Foster
Administrative Association Representative	Kathy Medina
SEIU Representative	David Rodriguez
Faculty Representative	Dave Fouquet
Retiree Representative	Mark Smyth

#### **PROGRAM COORDINATOR:**

Senior Vice President	Gail Beal
Assistant Vice President	Roslyn Washington
Sr. Service Analyst	Kristin Cooper

#### **CONSULTANTS:**

Benefit Trust Company (BTC)	Scott Rankin
Morgan Stanley Wealth Management (MS)	Cary Allison

#### **OTHERS**

None



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**III. PUBLIC COMMENTS****Information**  
**2020/2021-001**

There were no members of the Public present.

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**IV. APPROVAL OF AGENDA****Action**  
**2020/2021-002**

A motion was made by board member Jonah Nicholas to approve the Agenda as presented. The motion was seconded by board member Kathy Medina and was unanimously carried by the Chabot Las Positas CCD Retirement Board of Authority.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**V. ADMINISTRATION****REVIEW OF THE FUTURIS PROGRAM AND THE ROLES OF THE PROGRAM COORDINATOR AND CONSULTANTS****Information**  
**2020/2021-003**

Roslyn Washington provided introductions of the Service Organization representatives to the Retirement Board of Authority (RBOA) membership. Gail Beal of Keenan Financial Services (KFS) presented an overview of the structural format and functionality of the District's Public Entity Investment Trust Program. Gail advised that the Program has been specifically designed to meet the requirements of GASB Statement No 74 & 75 protocols as well as complying with State of California applicable regulatory statutes. She explained that the Program has a Fiduciary and Governance structure with a strong "separation of function" through the layering of Keenan Financial Services (KFS), Benefit Trust Company (BTC) and Morgan Stanley Wealth Management (MS) with the Retirement Board of Authority (RBOA) providing monitoring and oversight duties.

The role of Keenan Financial Services (KFS) as Program Coordinator/Third Party Administrator (TPA) includes the following:

- Preparation of the Retirement Board of Authority (RBOA) Meeting Agendas, Cover Pages and Board Packages.
- Preparation of the RBOA Meeting Minutes and assisting with the District's OPEB responsibilities as necessary.
- Facilitating and resolution of Action Items resulting from RBOA Meetings.
- Assisting the RBOA with administration, monitoring and oversight of the District's Public Entity Investment Trust program.
- Facilitating District compliance with GASB protocols and Regulatory compliance through the creation and maintenance of the Comprehensive Compliance Plan, including the "Substantive Plan".
- Maintenance of the District's OPEB Program documentation.

Scott Rankin of Benefit Trust Company (BTC) profiled the role of BTC as the Discretionary Trustee. Scott explained the integration of Benefit Trust Company (BTC) and its Registered Investment Advisor (RIA) Morgan Stanley Wealth Management (MS) in the Investment Trust Program's financial and fiduciary process.

The fiduciary mandate of Benefit Trust Company (BTC) as Discretionary Trustee and Program Custodian include the following activities and duties:

- As Discretionary Trustee, BTC will select of the District's OPEB Trust investments pursuant to the provisions of the Investment Policy Statement (IPS) and advice received from its Registered Investment Advisor.
- As Program Custodian, BTC will safe-keep the District's Public Entity Investment Trust securities.
- As Program Custodian, BTC will maintain accurate records of all financial transactions.
- As Program Custodian, BTC will provide periodic cash accounting report production reflecting all deposits or receipts, disbursements, purchases, sales and income transactions, current asset holdings and the market value of the District's Investment Trust's portfolio.

Morgan Stanley Wealth Management (MS) as Registered Investment Advisor provides services as follows:

- Recommending Asset Allocation Models to Benefit Trust Company as Discretionary Trustee for the District's Target Rate of Return (TRR) portfolio.
- Recommending specific investments to Benefit Trust Company as Discretionary Trustee for the TRR Portfolios.
- Perform due diligence on all potential and recommended investments for the District's Public Entity Investment Trust.
- Provide a quarterly report to Benefit Trust Company (BTC) as Discretionary Trustee on the status of all current investments in the District's Public Entity Investment Trust.

## **REVIEW OF THE RETIREMENT BOARD RESPONSIBILITIES**

**Information  
2020/2021-004**

Roslyn Washington of Keenan Financial Services (KFS) provided an overview of governance and fiduciary protocols for the Retirement Board of Authority (RBOA) structure.

RB Governance and Fiduciary duties include the following:

- Adoption and implementation of the terms of OPEB Trust Documents and the provisions of the Investment Policy Statement (IPS).
- Facilitate the processes necessary to ensure the Plan Administrator (the "District") executes applicable written agreements.
- Deliver contributions and allocation instructions to Benefit Trust Company in a timely manner.
- Hold periodic meetings of the Retirement Board of Authority (RBOA), for the purpose of reviewing investment performance and compliance with Investment Policy Statement (IPS) provisions.
- Engage in an annual review and analysis of any applicable modifications to the Investment Policy Statement (IPS) through meetings and discussions with the Discretionary Trustee and its Registered Investment Advisor (RIA).
- Provide on a timely basis any necessary OPEB Plan participant information to Benefit Trust Company to include personal identification information (including Social Security numbers).
- Provide names of individuals authorized to act on behalf of the District's OPEB Investment Trust in writing.

- Benefit Trust Company and any delegated Investment Advisor shall be entitled to rely upon the accuracy and completeness of all information furnished to them by the Retirement Board of Authority (RBOA) or any person designated to act on behalf of the RBOA.

Roslyn advised that the provisions of California's Governmental Code and the Constitution of the State of California entrust the Retirement Board of Authority (RBOA) with additional fiduciary requirements. Subject to ongoing monitoring by the RBOA, many of these mandates may be prudently delegated to third parties with financial, fiduciary and administrative expertise.

Per the provisions of the California Governmental Code and the California Constitution, fiduciary mandates include the following:

- Determine the anticipated liability for future benefits.
- Prudently invest the funds in order to safeguard principal, meet liquidity needs and achieve an appropriate investment return.
- Administer the program for the exclusive purpose of providing benefits to participants and their beneficiaries; and
- Engage in a prudent process for making all decisions related to the operation of the plan, including (1) the selection of investments and services for the program, (2) monitoring of the decisions periodically to ensure that they remain prudent and (3) documenting the process used to make the decisions.

## **DESIGNATION OF RETIREMENT BOARD OF AUTHORITY MEMBERS AND ELECTION OF CHAIRPERSON**

**Action**  
**2020/2021-005**

The Chabot Las Positas CCD Retirement Board of Authority has been duly established by the Chabot Las Positas Community College District Board of Trustees. The Retirement Board of Authority acknowledged its members and **Jonah Nicholas** as the Board Chairperson, nominated by Annette Raichbart, seconded by Kathy Medina and unanimously approved by the RBOA membership.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **ELECTION OF A VICE-PRESIDENT FOR THE RETIREMENT BOARD OF AUTHORITY**

**Action**  
**2020/2021-006**

The Chabot Las Positas CCD Retirement Board of Authority member David Rodriguez nominated Annette Raichbart as the RBOA Vice-Chair. Motion was seconded by Jonah Nicholas and unanimously approved by all of the RBOA members.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **REVIEW OF THE FUTURIS IMPLEMENTATION TIMELINE**

**Information**  
**2020/2021-007**

The Chabot Las Positas CCD Retirement Board of Authority members reviewed the District's Futuris Public Entity Investment Trust implementation timeline presented by Roslyn Washington, Keenan Financial.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## ACTUARIAL VALUATION STUDY REVIEW

Information  
2020/2021-008

The district's current Actuarial Valuation Study has an effective date of October 20, 2020. A review of the study was done to give the RBOA an overall understanding of the OPEB liability.

The district's OPEB liability is currently \$250 million dollars using a 2.2% discount rate. With the establishment of an OPEB trust we can use the 6% target rate of return as a discount rate, which will in turn lower the total liability.

## THE FUTURIS INVESTMENT PROCESS

Information  
2020/2021-009

The Chabot Las Positas Retirement Board of Authority received detailed information as to the District's Futuris Investment processes and protocols. Cary Allison of Morgan Stanley Wealth Management (MS) presented an overview of the Model Investment Portfolios and their respective asset-allocation positions as of Quarter 1 of 2021 Relative to Model Portfolio selection, Cary continued by discussing the protocols for portfolio selection. Key elements in the portfolio selection process is a review of the RBOA's time horizon for investment, short-term liquidity needs as well as the capacity to accept investment risk as measured through the completion of Morgan Stanley's (MS) Institutional Questionnaire.

Cary explained that the MS Institutional Questionnaire provides guidance towards selecting an investment portfolio Target Rate of Return (TRR) and should be viewed as a prudent process in gauging asset-allocation on the risk/return spectrum in the domestic and global capital markets. Subsequent to analyzing the portfolio questions from the MS Institutional Questionnaire, the RBOA membership reached a consensus that a **Growth Portfolio** was most appropriate for the District's long-term objective – a Growth Portfolio equates to an asset allocation mix of 61% equities and 39 % Fixed Income.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## ESTABLISHMENT OF INVESTMENT POLICY STATEMENT

Action  
2020/2021-010

Scott Rankin of Benefit Trust Company (BTC) provided RBOA members with an overview of the Investment Policy Statement (IPS) provisions focusing attention on appropriate sections such as permitted Equity and Fixed Income investments; Benchmarks used for Equity and Fixed Income performance evaluation; Ethics and Conflict of Interest provisions and ability to modify the District's Target Rate of Return (TRR).

Scott explained that the IPS has been structured for a Retirement System under California's regulatory framework and the California Governmental Code – IPS provisions detail fiduciary and governance principles which have been extracted from the mandates of the State of California Constitution; the California Government Code and IRS Code section 115. In responding to RB inquiries, Scott explained the implications of the Investment Trust's irrevocability provisions under the protocols of GASB Statement No 74 & 75. He advised that the IPS incorporates fiduciary mandates related to the **"Prudent Person Standard"**; the **"Exclusive Benefit Standard"** and the duty to diversify investments **"so as to minimize the risk of large losses"**. In this framework, Scott advised that the District's Trust portfolio investments are designated per a prudent decision-making process; selected to provide benefits exclusively to the OPEB Plan participants and invested so as to minimize risk of large losses. Scott continued by explaining that IPS provisions addresses permitted and non-permitted investments while advising that the IPS also incorporates language to facilitate current institutional investment practices.

On the Equity side, the restrictions listed in the IPS shall be permitted in the context of “open-end or closed-end mutual-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, and the investments provide for daily liquidity.” Scott continued by explaining that “additionally, certain securities may not be held directly, but only in open-ended or closed-end mutual funds, comingled funds, or ETFs i.e. common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common of non-U.S. companies traded on global exchanges, traded in any currency, as well as restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings, and forward currency contracts or currency futures to hedge foreign currency exposure”.

**Based on investment style and capitalization range, the Investment Trust’s portfolio equity performance shall be measured by indices as follows:**

**For domestic equity allocations: the S&P 500 Index.**

**For international equity allocations: the MSCI EAFE and MSCI ACWI ex. U.S. Indices.**

On the Fixed Income side, Scott continued by advising that restrictions listed in the IPS provisions shall be permitted in the framework of “open-end or closed-end mutual-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, risk mitigation, and the investments provide for daily liquidity.” He further explained that “investment in non-investment grade bonds or loans by such funds shall be permitted so long as the average aggregate rating of the funds are investment grade, and in the opinion of the Trustee the proportion of non-investment grade bonds to investment grade bonds in the portfolio is prudent.”

**The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by indices as follows:**

**For domestic Fixed Income allocations: the Barclay’s Aggregate Bond Index.**

**For international Fixed Income allocations: the Barclay’s Global Bond Index.**

A motion was made by RBOA chair Jonah Nicholas to acknowledge the provisions of the Investment Policy Statement (IPS) and ratify an asset allocation of 61% Equities and 39% Fixed Income in compliance with GASB Statements No. 74/75 protocols and applicable Regulatory statutes. The motion was seconded by Kathy Medina and was unanimously approved by all of the Retirement Board of Authority members present.

PUBLIC COMMENTS

BOARD CONSIDERATION:

## **REVIEW SAMPLE REPORTS THE BOARD WILL RECEIVE TO MONITOR THE PROGRAM**

**Information**  
**2020/2021-011**

The Chabot Las Positas CCD Retirement Board of Authority reviewed copies of sample monthly and annual reports prepared by Benefit Trust Company on the status of the investments made through the District's Public Entity Investment Trust Program. Scott Ranking, BTC explained to the Board that the Performance Report was a management report and for auditing purposes the District should only use the Statement. Roslyn Washington of Keenan also added that if contacted she could also provide copies of any report.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## **APPROVAL OF ANNUAL REPORTING PROCEDURE**

**Action**  
**2020/2021-012**

Roslyn Washington of Keenan Financial Services provided an overview of the regulatory schedule for annual Report production on the Status of the Trust. The RBOA membership determined that the Annual Report will be posted on the District's website to facilitate promulgation to District OPEB Trust beneficiaries.

A motion was made by RBOA Chair Jonah Nicholas to promulgate to the Trust's beneficiaries the Annual Report on the Status of the Trust via the District's website. The motion was seconded by RBOA member Dyrell Foster and was unanimously approved by the Retirement Board members present.

## **REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE "SUBSTANTIVE PLAN"**

**Information**  
**2020/2021-013**

Roslyn Washington of Keenan Financial Services provided a brief overview of the "Substantive Plan" and the environment that constitutes the Comprehensive Compliance Plan. Relative to the development and maintenance of the "Substantive Plan", Roslyn explained the data gathering process for "Substantive Plan" production and the delivery protocols to the District.

## **DESIGNATED OFFICIAL POSTING & MAILING ADDRESS (ES)**

**Action**  
**2020/2021-014**

The Board established the Chabot Las Positas Retirement Board of Authorities' official posting and mailing address (es) for action as necessary will be the District Office at 7600 Dublin Blvd., Dublin CA 94568. Motion to approve was made by Jonah Nicholas, Motion was seconded by Annette Raichbart and unanimously carried out by the RBOA.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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## **VI. INFORMATION**

### **THE CHABOT LAS POSITAS RETIREMENT BOARD COMMENTS**

**Information**  
**2020/2021-015**

Each member of the Chabot Las Positas CCD Retirement Board of Authority may report about various matters involving the Board. There will be no Retirement Board of Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

## PROGRAM COORDINATOR/CONSULTANT COMMENTS

Information  
2020/2021-016

Roslyn Washington of Keenan Financial Services (KFS) requested that the RBOA membership should determine the number of signatures required on the Signature Authorization Form. The RBOA membership explained that **three (3)** signatures would be sufficient. Roslyn explained that the RBOA membership will be contacted via email by the Trustee, Benefit Trust Company (BTC) as to their user names and passwords to gain access to the District's Trust data on the BTC website. Gail Beal, KFS, Scott Rankin, BTC, and Cary Allison of Morgan Stanley thanked the Retirement Board of Authority for selecting Futuris as their OPEB Investment Plan and advised that they look forward to working with everyone.

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## VII. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

Information  
2020/2021-017

The Chabot Las Positas Retirement Board of Authority members suggested we meet on an annual basis at. The RBOA's next meeting is scheduled for **September 28<sup>th</sup>, 2021 from 9:00am-10:30am.**

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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## VIII. ADJOURNMENT

The meeting was adjourned by Roslyn Washington, Keenan at 12:05 pm.

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**Americans with Disabilities Act:** The Chabot Las Positas Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Chabot Las Positas Community College District Retirement Board of Authority, shall be made to: Jonah Nicholas, Vice Chancellor, Business Services Chabot Las Positas Community College District, 7600 Dublin Blvd, Dublin CA 94568.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

Portfolio Performance Review

ITEM #:

2021/2022-004

Enclosure:

Yes

Action Item

Yes

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Prepared by:

Morgan Stanley (MS)

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

As Board members of the Retirement Board of Authority you have a fiduciary responsibility as described in Government Code section 53215, et seq. As part of fulfilling your fiduciary responsibility, it is important to periodically review the District's Public Entity Investment Trust Portfolio.

**STATUS:**

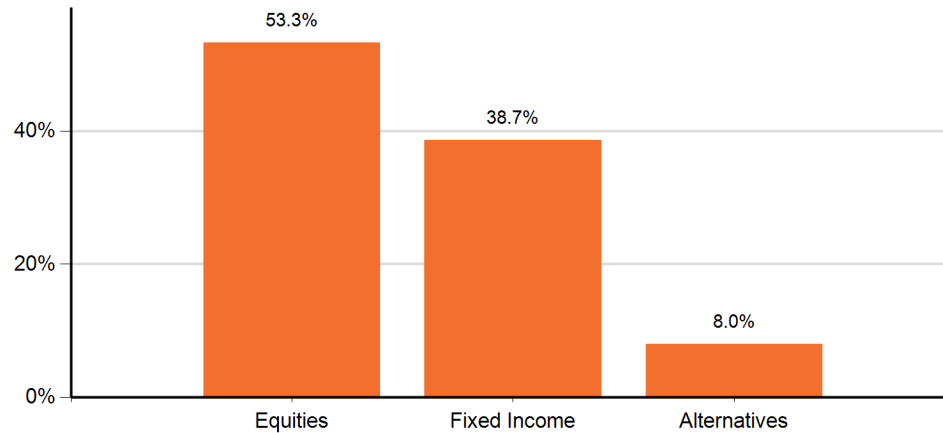
Morgan Stanley (MS) will provide a review of the District's Public Entity Investment Trust Portfolio Performance Report.

**RECOMMENDATION:**

The Retirement Board of Authority should review and accept the District's Investment Trust Portfolio Performance Report and file as appropriate.



## Asset Allocation



## Portfolio Summary

	Year to Date
Beginning Value	\$ 1,000,000.00
Net Contributions	4,000,000.00
Interest	-
Dividends	4,113.10
Change in Market Value	83,332.35
Management Fees	(1,890.57)
Ending Value	<b>\$ 5,085,554.88</b>

YTD: 12/31/2020 - 8/31/2021

## Performance

	Market Value	Current Yield	Month to Date	Quarter to Date	Inception* to Date
Fixed Income	1,966,445.62	2.9	0.02	1.06	1.06
Equities	2,711,116.52	0.4	2.95	3.50	3.50
Alternatives	407,992.74	2.0	3.19	7.58	7.58
<b>Total Account</b>	<b>5,085,554.88</b>	<b>1.5</b>	<b>1.95</b>	<b>2.99</b>	<b>2.99</b>
<b>Total Account (Net of Fees)</b>		<b>1.5</b>	<b>1.93</b>	<b>2.87</b>	<b>2.87</b>
S&P 500 TR			3.04	5.49	5.49
MSCI EAFE			1.76	2.52	2.52
MSCI ACWI Ex US Net			1.90	0.22	0.22
Barclays Aggregate			-0.19	0.93	0.93
Barclays Global Agg Bd Unhedged			-0.42	0.90	0.90
50% MSCI ACWI/ 50% Barclays Agg			1.16	2.07	2.07

\* Inception date: 6/30/2021

Performance for periods greater than one year are annualized.

**PORTFOLIO APPRAISAL**  
**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**  
**BENEFIT TRUST ACCOUNT 7620**  
*August 31, 2021*

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
<b>FIXED INC MUTUAL FUNDS</b>								
TAXABLE BOND FUND								
32,579.791	BLACKROCK TOTAL RETURN FD BD FD BLKRRK CL	MPHQ.X	12.01	391,286.10	12.06	392,912.28	7.7	2.3
19,413.132	GUGGENHEIM FDS TR INVT GD BD INSTL	GIUS.X	20.16	391,294.87	20.24	392,921.79	7.7	2.6
7,186.636	GUGGENHEIM FDS TR MACRO OPPTY R6	GIOS.X	27.28	196,022.06	27.29	196,123.30	3.9	4.6
26,591.891	PRUDENTIAL TOTAL RETURN BD FD	PTRQ.X	14.71	391,278.05	14.79	393,294.07	7.7	2.8
28,090.684	PRUDNTIAL GBL TOTL RTRN FD INC PGIM GBL TTL R6	PGTQ.X	6.96	195,625.46	6.99	196,353.88	3.9	3.8
32,337.453	WESTERN ASSET FDS INC	WAPS.X	12.10	391,354.40	12.21	394,840.30	7.8	2.5
				1,956,860.94		1,966,445.62	38.7	2.9
				1,956,860.94		1,966,445.62	38.7	2.9
<b>DOMESTIC EQUITY MUTUAL FUNDS</b>								
LARGE CAP FUND								
6,760.387	ALGER FUNDS CAP APP FOCY Y	ALGY.X	64.13	433,523.53	66.26	447,943.24	8.8	0.0
9,638.152	COLUMBIA FDS SER TR I	COFY.X	36.81	354,786.41	37.72	363,551.09	7.1	0.7
4,123.424	LEGG MASON PARTNERS EQUITY TR CLR BRID SL IS	LCSS.X	57.39	236,638.91	58.47	241,096.60	4.7	0.0
				1,024,948.85		1,052,590.94	20.7	0.3
MID CAP FUND								
6,547.044	ALGER FDS MD CP FOCUS Z	AFOZ.X	21.09	138,046.80	22.07	144,493.26	2.8	0.0
SMALL CAP FUNDS								
7,846.710	ALGER FDS SMALL CP FOCUS Z	AGOZ.X	32.80	257,356.77	33.80	265,218.80	5.2	0.0
1,934.459	UNDISCOVERED MANAGERS FDS BEHAVR VAL R6	UBVF.X	82.13	158,868.92	83.13	160,811.58	3.2	0.8
				416,225.69		426,030.37	8.4	0.3
				1,579,221.34		1,623,114.57	31.9	0.2
<b>INTERNATIONAL MUTUAL FUNDS</b>								
INTERNATIONAL EMERGING MARKET FUND								
900.230	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	95.99	86,413.34	96.16	86,566.12	1.7	0.3
INTERNATIONAL FUND								
2,677.466	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	68.06	182,228.43	69.70	186,619.38	3.7	0.3

"#chab-lpcc."

**PORTFOLIO APPRAISAL**  
**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**  
**BENEFIT TRUST ACCOUNT 7620**  
*August 31, 2021*

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
8,993.747	GOLDMAN SACHS TR II GQG PARTNRS R6	GSIX.X	20.27	182,259.86	20.56	184,911.44	3.6	0.2
5,170.537	HARTFORD INTERNATIONAL VALUE Y	HILY.X	16.68	86,223.91	16.86	87,175.25	1.7	1.8
4,469.426	JOHN HANCOCK FDS III INTL GROWTH R6	JIGT.X	40.92	182,883.95	41.31	184,631.99	3.6	0.3
2,951.102	OAKMARK INTERNATIONAL INVESTOR	OANLX	29.32	86,533.78	28.97	85,493.42	1.7	0.5
3,553.941	PRUDENTIAL WORLD FD INC JENNISON GBL Q	PRJQ.X	50.91	180,946.15	52.32	185,942.19	3.7	0.0
3,641.267	THORNBURG INVESTMENT INCOME BUILDER	TIBO.X	23.65	86,100.82	23.80	86,662.15	1.7	4.5
				987,176.90		1,001,435.83	19.7	0.7
				1,073,590.24		1,088,001.95	21.4	0.7
<b>ALTERNATIVE INVESTMENT FUNDS</b>								
ALTERNATIVE FUND								
14,584.594	COHEN & STEERS RLTY INCM NEW SHS CL Z	CSZLX	20.18	294,248.35	21.03	306,714.01	6.0	2.2
3,681.524	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	26.72	98,373.55	27.51	101,278.73	2.0	1.4
				392,621.90		407,992.74	8.0	2.0
				392,621.90		407,992.74	8.0	2.0
<b>TOTAL PORTFOLIO</b>				<b>5,002,294.42</b>		<b>5,085,554.88</b>	<b>100.0</b>	<b>1.5</b>

"#chab-lpcc."

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

Market Overview

ITEM #:

2021/2022-005

Enclosure:

Yes

Action Item

No

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Prepared by:

Morgan Stanley (MS)

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

As Members of the Retirement Board of Authority you have a fiduciary responsibility as described in Government Code section 53215, et seq. In fulfilling your fiduciary responsibility, it is important to understand the impact of global capital market conditions on the assets in the trust.

**STATUS:**

Morgan Stanley (MS) will provide an overview of the current global capital market conditions.

**RECOMMENDATION:**

The Retirement Board of Authority shall hear and receive the information provided.



## Portfolio Update – 2<sup>nd</sup> Quarter 2021

Cary M. Allison, CIMA®  
Institutional Consulting Director  
U.S. Government Entity Specialist

MODEL PORTFOLIOS									
EQUITIES	Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
<b>Domestic Equities &amp; REITs</b>									
Alger Focus Equity Y	Large Growth	ALGYX	0.65%	0.000%	1.980%	4.510%	6.380%	8.690%	11.000%
Columbia Contrarian Core Institutional	Large Blend	COFYX	0.63%	0.000%	1.620%	3.690%	5.220%	7.110%	9.000%
ClearBridge Select IS	Multicap Blend	LCSSX	1.07%	0.000%	1.080%	2.460%	3.480%	4.740%	6.000%
Alger Mid Cap Focus Z	Mid Growth	AFOZX	0.99%	0.000%	0.630%	1.435%	2.030%	2.765%	3.500%
Alger Small Cap Focus Z	Small Growth	AGOZX	0.87%	0.000%	1.170%	2.665%	3.770%	5.135%	6.500%
Undiscovered Managers Behavioral Value R6	Small Value	UBVFX	0.87%	0.000%	0.720%	1.640%	2.320%	3.160%	4.000%
Cohen & Steers Real Estate Securities Z	REITs	CSZIX	0.79%	0.000%	1.350%	3.075%	4.350%	5.925%	7.500%
PGIM Global Real Estate R6	REITs	PGRQX	0.80%	<u>0.000%</u>	<u>0.450%</u>	<u>1.025%</u>	<u>1.450%</u>	<u>1.975%</u>	<u>2.500%</u>
Total Domestic Equities & REITs				0.000%	9.000%	20.500%	29.000%	39.500%	50.000%
<b>International/Global Equities</b>									
American Funds New Perspectives F2	Global Growth	ANWFX	0.55%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%
PGIM Jennison Global Opportunities R6	Global Growth	PRJQX	0.84%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%
Goldman Sachs GQG Partners Intl Opportunities R6	Int'l Blend	GSIXY	0.87%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%
John Hancock International Growth R6	Int'l Growth	JIGTX	0.89%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%
American Funds New World F2	EM Growth	NFFFX	0.72%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%
Hartford International Value Y	Int'l Value	HILYX	0.90%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%
Oakmark International Institutional	Int'l Value	OANIX	0.79%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%
Thornburg Investment Income Builder R6	Global Value	TIBOX	0.85%	<u>0.000%</u>	<u>0.560%</u>	<u>1.000%</u>	<u>1.280%</u>	<u>1.720%</u>	<u>2.080%</u>
Total International/Global Equities				0.000%	7.000%	12.500%	16.000%	21.500%	26.000%
Total Equities			Subtotals	0.000%	16.000%	33.000%	45.000%	61.000%	76.000%
<b>FIXED INCOME</b>									
BlackRock Total Return K	Domestic Bond	MPHQX	0.38%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%
Guggenheim Core Bond Institutional	Domestic Bond	GIUSX	0.50%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%
PGIM Total Return Bond R6	Domestic Bond	PTRQX	0.39%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%
Western Asset Core Plus Bond IS	Domestic Bond	WAPSX	0.42%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%
PGIM Global Total Return Bond R6	Global Bond	PGTQX	0.58%	10.000%	8.400%	6.700%	5.500%	3.900%	2.400%
Guggenheim Macro Opportunities Inst	Domestic Bond	GIOIX	1.02%	<u>10.000%</u>	<u>8.400%</u>	<u>6.700%</u>	<u>5.500%</u>	<u>3.900%</u>	<u>2.400%</u>
Total Bonds			Subtotals	100.000%	84.000%	67.000%	55.000%	39.000%	24.000%
<b>SUMMARY</b>									
Total Equities				0%	16%	33%	45%	61%	76%
Total Fixed Income				<u>100%</u>	<u>84%</u>	<u>67%</u>	<u>55%</u>	<u>39%</u>	<u>24%</u>
Grand Total				100%	100%	100%	100%	100%	100%
Expense Ratio				0.50%	0.55%	0.60%	0.63%	0.68%	0.72%
<b>TARGET EQUITY &amp; NOMINAL BENCHMARKS</b>									
Target Equity Allocations				0%	15%	30%	45%	60%	75%
MSCI ACWI (All County World Index)				0%	15%	30%	45%	60%	75%
Barclay's Aggregate Bond				100%	85%	70%	55%	40%	25%

# Portfolio Returns

*As of June 30<sup>th</sup>, 2021*

<i>Portfolio</i>	<i>3 Mo</i>	<i>1-Yr</i>	<i>3-Yr</i>	<i>5-Yr</i>	<i>10-Yr</i>
<b>Fixed Income</b>	<b>2.74%</b>	<b>4.65%</b>	<b>5.93%</b>	<b>4.51%</b>	<b>4.31%</b>
<i>Benchmark (Barclay's Aggregate)</i>	<i>1.83%</i>	<i>-0.33%</i>	<i>5.34%</i>	<i>3.03%</i>	<i>3.39%</i>
<b>Conservative</b>	<b>3.68%</b>	<b>10.30%</b>	<b>7.48%</b>	<b>6.16%</b>	<b>5.11%</b>
<i>Benchmark (15% ACWI / 85% BC Agg)</i>	<i>2.62%</i>	<i>5.18%</i>	<i>6.87%</i>	<i>4.84%</i>	<i>4.49%</i>
<b>Moderate</b>	<b>4.71%</b>	<b>16.63%</b>	<b>9.37%</b>	<b>8.12%</b>	<b>6.29%</b>
<i>Benchmark (30% ACWI / 70% BC Agg)</i>	<i>3.41%</i>	<i>10.94%</i>	<i>8.33%</i>	<i>6.62%</i>	<i>5.55%</i>
<b>Moderate Growth</b>	<b>5.45%</b>	<b>21.30%</b>	<b>10.72%</b>	<b>9.58%</b>	<b>7.15%</b>
<i>Benchmark (45% ACWI / 55% BC Agg)</i>	<i>4.21%</i>	<i>16.93%</i>	<i>9.73%</i>	<i>8.38%</i>	<i>6.56%</i>
<b>Growth</b>	<b>6.42%</b>	<b>27.71%</b>	<b>11.84%</b>	<b>11.08%</b>	<b>8.01%</b>
<i>Benchmark (60% ACWI / 40% BC Agg)</i>	<i>5.01%</i>	<i>23.18%</i>	<i>11.06%</i>	<i>10.11%</i>	<i>7.53%</i>
<b>Aggressive Growth</b>	<b>7.35%</b>	<b>34.00%</b>	<b>13.51%</b>	<b>12.99%</b>	<b>9.07%</b>
<i>Benchmark (75% ACWI / 25% BC Agg)</i>	<i>5.81%</i>	<i>29.69%</i>	<i>12.31%</i>	<i>11.81%</i>	<i>8.46%</i>

NOTE: The portfolios listed above are sample representations only and may be altered from time to time at the discretion of the trustee.

Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
<b>Quarterly Returns</b>						
3/31/2008	0.72%	-0.37%	-1.49%	-3.40%	-5.13%	-6.50%
6/30/2008	-1.51%	-1.76%	-1.75%	-1.47%	-1.25%	-0.97%
9/30/2008	-3.19%	-4.12%	-5.53%	-7.08%	-8.88%	-11.99%
12/31/2008	0.28%	-2.90%	-6.76%	-9.65%	-13.11%	-17.53%
3/31/2009	-0.34%	-2.21%	-4.38%	-5.50%	-7.11%	-9.17%
6/30/2009	7.63%	9.64%	12.08%	13.79%	15.91%	19.16%
9/30/2009	8.04%	9.48%	11.18%	12.23%	13.84%	15.75%
12/31/2009	2.06%	2.26%	2.60%	2.90%	3.18%	3.67%
3/31/2010	3.31%	3.59%	3.83%	3.97%	4.23%	4.46%
6/30/2010	1.74%	-0.35%	-2.38%	-3.89%	-5.73%	-7.85%
9/30/2010	4.69%	6.20%	7.61%	8.68%	9.87%	11.45%
12/31/2010	-0.30%	0.98%	2.45%	3.57%	5.03%	6.92%
3/31/2011	1.50%	1.88%	2.26%	2.58%	3.09%	3.58%
6/30/2011	2.15%	1.93%	1.61%	1.28%	0.91%	0.49%
9/30/2011	0.17%	-2.89%	-5.81%	-7.78%	-10.68%	-13.70%
12/31/2011	1.52%	2.35%	3.30%	3.98%	4.96%	6.08%
3/31/2012	2.75%	4.06%	5.37%	6.27%	7.62%	9.09%
6/30/2012	1.89%	0.57%	-0.66%	-1.62%	-2.93%	-4.29%
9/30/2012	3.75%	4.14%	4.37%	4.57%	4.92%	5.18%
12/31/2012	1.52%	1.89%	2.22%	2.39%	2.63%	2.83%
3/31/2013	0.60%	1.47%	2.55%	3.32%	4.37%	5.57%
6/30/2013	-2.99%	-2.48%	-1.80%	-1.36%	-0.74%	-0.09%
9/30/2013	0.94%	1.64%	2.58%	3.30%	4.29%	5.24%
12/31/2013	0.94%	1.90%	2.85%	3.43%	4.36%	5.33%
3/31/2014	2.14%	2.04%	1.97%	2.05%	1.89%	1.85%
6/30/2014	2.52%	2.87%	3.30%	3.65%	4.02%	4.37%
9/30/2014	-0.04%	-0.60%	-1.11%	-1.56%	-2.17%	-2.61%
12/31/2014	0.83%	0.59%	0.91%	1.18%	1.50%	1.61%
3/31/2015	1.54%	1.63%	1.89%	2.15%	2.37%	2.48%
6/30/2015	-1.70%	-1.40%	-1.03%	-0.87%	-0.60%	-0.30%
9/30/2015	-0.38%	-1.97%	-3.16%	-3.99%	-5.19%	-6.33%
12/31/2015	-0.42%	0.57%	1.53%	2.06%	2.89%	3.74%
3/31/2016	2.62%	2.10%	1.76%	1.64%	1.36%	1.05%
6/30/2016	2.26%	1.92%	1.75%	1.68%	1.54%	1.42%
9/30/2016	1.27%	2.05%	2.89%	3.48%	4.27%	5.05%
12/31/2016	-1.78%	-1.20%	-0.85%	-0.55%	0.08%	0.47%
3/31/2017	1.95%	2.52%	3.32%	3.85%	4.41%	5.12%
6/30/2017	2.05%	2.35%	2.73%	3.00%	3.32%	3.67%
9/30/2017	1.37%	1.82%	2.44%	2.79%	3.33%	3.81%
12/31/2017	0.80%	1.32%	1.95%	2.43%	3.03%	3.69%
3/31/2018	-0.24%	-0.33%	-0.33%	-0.22%	-0.24%	-0.18%
6/30/2018	-0.57%	-0.17%	0.21%	0.63%	1.11%	1.91%
9/30/2018	0.18%	0.66%	1.43%	1.93%	2.43%	3.05%
12/31/2018	0.47%	-1.86%	-4.67%	-6.53%	-8.98%	-11.27%
3/31/2019	2.60%	4.22%	6.06%	7.41%	9.12%	11.00%
6/30/2019	2.75%	3.06%	3.34%	3.52%	3.66%	3.88%
9/30/2019	1.53%	1.26%	0.85%	0.55%	0.19%	-0.10%
12/31/2019	0.39%	1.60%	2.83%	3.71%	4.83%	6.04%
3/31/2020	-1.24%	-5.13%	-8.51%	-10.86%	-14.79%	-17.78%
6/30/2020	6.34%	8.68%	11.56%	13.64%	16.05%	18.86%
9/30/2020	2.63%	3.71%	4.84%	5.63%	6.68%	7.66%
12/31/2020	3.12%	5.20%	7.41%	8.99%	11.10%	13.09%
3/31/2021	-3.75%	-2.49%	-1.09%	-0.08%	1.25%	2.52%



Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
6/30/2021	2.74%	3.68%	4.71%	5.45%	6.42%	7.35%

Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
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#### Annualized Rolling Returns (per year)

1 Year	4.65%	10.30%	16.63%	21.30%	27.71%	34.00%
2 Years	5.84%	8.17%	11.11%	13.20%	15.17%	17.78%
3 Years	5.93%	7.48%	9.37%	10.72%	11.84%	13.51%
4 Years	4.77%	6.25%	8.08%	9.45%	10.71%	12.49%
5 Years	4.51%	6.16%	8.12%	9.58%	11.08%	12.99%
6 Years	4.44%	5.55%	7.04%	8.15%	9.22%	10.64%
7 Years	3.88%	4.77%	6.10%	7.07%	8.01%	9.23%
8 Years	4.23%	5.26%	6.72%	7.80%	8.90%	10.27%
9 Years	4.07%	5.23%	6.80%	7.94%	9.20%	10.68%
10 Years	4.31%	5.11%	6.29%	7.15%	8.01%	9.07%
11 Years	4.66%	5.66%	7.02%	8.00%	9.06%	10.35%
12 Years	5.55%	6.45%	7.71%	8.60%	9.57%	10.77%
13 Years	5.44%	5.93%	6.62%	7.07%	7.48%	7.88%

#### Annual Returns

2008	-3.70%	-8.88%	-14.75%	-20.09%	-25.83%	-32.79%
2009	18.28%	20.03%	22.25%	24.18%	26.47%	29.88%
2010	9.71%	10.70%	11.74%	12.48%	13.39%	14.71%
2011	5.44%	3.21%	1.10%	-0.38%	-2.47%	-4.71%
2012	10.27%	11.05%	11.67%	11.94%	12.49%	12.93%
2013	-0.56%	2.49%	6.25%	8.89%	12.75%	16.92%
2014	5.54%	4.95%	5.11%	5.35%	5.24%	5.19%
2015	-0.98%	-1.21%	-0.85%	-0.78%	-0.74%	-0.72%
2016	4.38%	4.92%	5.63%	6.36%	7.40%	8.17%
2017	6.31%	8.25%	10.85%	12.62%	14.85%	17.30%
2018	-0.16%	-1.71%	-3.42%	-4.34%	-5.96%	-6.99%
2019	7.45%	10.50%	13.66%	15.95%	18.80%	22.15%
2020	11.15%	12.49%	14.94%	16.62%	17.20%	18.98%
2021 YTD	-1.11%	1.10%	3.57%	5.37%	7.75%	10.06%

#### Statistics

Worst Quarter	-3.75%	-5.13%	-8.51%	-10.86%	-14.79%	-17.78%
Average Quarter	1.29%	1.36%	1.52%	1.62%	1.74%	1.90%
Best Quarter	8.04%	9.64%	12.08%	13.79%	16.05%	19.16%
Worst 1-Year Period	-4.71%	-10.56%	-17.25%	-21.83%	-27.37%	-34.71%
Average 1-Year Period	5.66%	6.01%	6.70%	7.21%	7.73%	8.45%
Best 1-Year Period	22.61%	27.15%	32.75%	36.63%	41.91%	49.37%
Worst 3-Year Rolling Period	1.30%	2.09%	2.58%	2.41%	1.57%	0.04%
Average 3-Year Rolling Period	5.49%	5.98%	6.78%	7.36%	7.97%	8.78%
Best 3-Year Rolling Period	13.68%	15.32%	17.40%	18.83%	20.68%	23.50%
Worst 5-Year Rolling Period	2.87%	2.75%	2.89%	3.01%	2.77%	1.55%
Average 5-Year Rolling Period	5.32%	5.92%	6.94%	7.69%	8.56%	9.62%
Best 5-Year Rolling Period	10.75%	12.57%	14.95%	16.63%	18.91%	22.03%

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE: 09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #: 2021/2022-006

Disbursement Report

Enclosure: Yes

Action Item: Yes

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Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

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**BACKGROUND:**

The District's OPEB Investment Trust is able to pay for all expenses relating to the reimbursement of Retiree Benefits for eligible participants and the reasonable fees associated with the management and operation duties of the Trust.

**STATUS:**

The Retirement Board of Authority (RBOA) membership shall ratify all period expenses associated with GASB Statement No. 74/75 compliance and management/operational functions of the District's OPEB Investment Trust.

**RECOMMENDATION:**

The Retirement Board of Authority should ratify expense payments as profiled.

# Chabot Las Positas CCD Disbursements

## June 2021 – September 2021

DISBURSEMENT TRANSACTIONS		
07/14/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2021	(\$229.17)
07/14/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2021	(\$566.67)
07/14/2021	MONTHLY FEE TO MORGAN STANLEY JUNE 2021	(\$145.83)
08/09/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2021	(\$230.71)
08/09/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2021	(\$571.00)
08/09/2021	MONTHLY FEE TO MORGAN STANLEY JULY 2021	(\$147.19)
09/10/2021	MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2021	(\$910.09)
09/10/2021	MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2021	(\$2,381.37)
09/10/2021	MONTHLY FEE TO MORGAN STANLEY AUGUST 2021	(\$741.64)
TOTAL FOR DISBURSEMENT		(\$5,923.67)

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

Retirement Board of Authority

DATE:

09/28/2021

---

SUBJECT:

Annual Reporting on the Status of the Trust

ITEM #:

2021/2022-007

Enclosure:

Yes

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

---

**BACKGROUND:**

California Government Code 53216.4 requires an annual reporting of the funds held in the Investment Trust to participants and their beneficiaries.

**STATUS:**

The Retirement Board of Authority approved the method of how the promulgation of Annual Reports on the status of funds held in trust will be made in compliance with California Government Code 53216.4. The Retirement Board of Authority should ratify promulgation of the Annual Report to Trust beneficiaries for fiscal year ended June 30, 2021.

**RECOMMENDATION:**

The Retirement Board of Authority will make decisions and take appropriate action as deemed necessary.



**ANNUAL REPORT FOR THE  
CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
FUTURIS TRUST  
SEPTEMBER 2021**

The Chabot Las Positas Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees and former employees of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "other post-employment benefits," or "OPEB.") This Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB. GASB Statements 74 and 75 set the accounting standard for public sector employers to identify and report their (OPEB) liabilities.

The District has created a Retirement Board of Authority consisting of District Personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District.

Attached to this notice is the most recent annual statement for the Trust. This statement shows (as of the date of the statement); the total assets in the Trust, the market value, the book value, all contribution and distribution activity (including all fees and expenses associated with the Trust), income activity, purchase activity, sale activity, and realized gains and losses. Please note that the Trust is not itself an employee benefit plan. Rather, the assets in the Trust are irrevocably designated for the funding of employee benefit plans. You are being provided this information pursuant to California Government Code Section 53216.4.

**CHABOT-LAS POSITAS  
COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES**

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Genevieve Randolph, President  
Linda Granger, Secretary  
Hal G. Gin Ed.D.  
Maria L. Heredia  
Edralin J. "Ed" Maduli  
Luis Reynoso  
Tim Sbranti

---

For more information regarding the Futuris Public Entity Investment Trust, please contact Jonah Nicholas, Vice Chancellor, Business Services at (925) 485-5253 with the Chabot-Las Positas Community College District.

7600 Dublin Blvd., 3rd Floor  
Dublin, CA 94568  
Tel: 925-485-5207  
Fax: 925-485-5256  
[www.clpccd.org](http://www.clpccd.org)

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-008

Actuarial Valuation Study Update

Enclosure:

Yes

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

GASB states that an Actuarial Valuation Study should be performed at least biannually. The Retirement Board of Authority should be aware of this biannual requirement for updating the District's Actuarial Valuation Study to maintain compliance with GASB protocols.

**STATUS:**

The District's most recent Actuarial Valuation Study has an effective date of **July 29, 2021**. The Retirement Board of Authority shall discuss the actuarial assumptions and metrics of the Actuarial Report.

**RECOMMENDATION:**

The Retirement Board of Authority shall hear and receive the information presented.

**Chabot-Las Positas Community College District**  
**Actuarial Study of**  
**Retiree Health Liabilities Under GASB 74/75**  
**Roll-forward Valuation**  
**Valuation Date: June 30, 2020**  
**Measurement Date: June 30, 2021**  
**For Fiscal Year-End: June 30, 2021**

*Prepared by:*  
*Total Compensation Systems, Inc.*

*Date: July 29, 2021*



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**Chabot-Las Positas Community College District**  
**Actuarial Study of Retiree Health Liabilities**

**PART I: EXECUTIVE SUMMARY**

**A. Introduction**

This report was produced by Total Compensation Systems, Inc. for Chabot-Las Positas Community College District to determine the liabilities associated with its current retiree health program as of a June 30, 2021 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2021. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2021 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2022 measurement date is provided on page 13.

**B. Key Results**

Chabot Las Positas CCD uses an Actuarial Measurement Date that is the same as its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2021 will be used directly for the June 30, 2021 Fiscal Year-End.

<b>Key Results</b>	<b>Current Year</b>	<b>Prior Year</b>
	<i>June 30, 2021 Measurement Date for June 30, 2021 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2020 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$149,588,068	\$251,576,551
Fiduciary Net Position (FNP)	\$1,000,000	\$0
Net OPEB Liability (NOL)	\$148,588,068	\$251,576,551
Service Cost (for year following)	\$2,504,290	\$7,226,236
Estimated Pay-as-you-go Cost (for year following)	\$7,742,506	\$7,355,717
GASB 75 OPEB Expense (for year ending)	(\$10,366,850)	\$32,196,869

Refer to results section beginning on page 10 or the glossary on page 26 for descriptions of the above items.

<b>Key Assumptions</b>	<b>Current Year</b>	<b>Prior Year</b>
	<i>June 30, 2021 Measurement Date for June 30, 2021 Fiscal Year-End</i>	<i>June 30, 2020 Measurement Date for June 30, 2020 Fiscal Year-End</i>
Valuation Interest Rate	6.35%	2.20%
Expected Rate of Return on Assets	6.35%	N/A
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

# Total Compensation Systems, Inc.

## C. Summary of GASB 75 Accounting Results

### 1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. A more detailed version of this table can be found on page 12.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
<b>Balance at June 30, 2020 Measurement Date</b>	<b>\$251,576,551</b>	<b>\$0</b>	<b>\$251,576,551</b>
Service Cost	\$7,226,236	\$0	\$7,226,236
Interest on TOL / Return on FNP	\$5,533,260	\$0	\$5,533,260
Employer Contributions*	\$0	\$8,355,717	(\$8,355,717)
Benefit Payments*	(\$7,355,717)	(\$7,355,717)	\$0
Administrative Expenses	\$0	\$0	\$0
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	(\$107,392,262)	\$0	(\$107,392,262)
Other	\$0	\$0	\$0
Net Change	(\$101,988,483)	\$1,000,000	(\$102,988,483)
<b>Actual Balance at June 30, 2021 Measurement Date</b>	<b>\$149,588,068</b>	<b>\$1,000,000</b>	<b>\$148,588,068</b>

\* Includes \$187,674 due to implied rate subsidy.

### 2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 23.

<b>Balances at June 30, 2021 Fiscal Year-End</b>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$0	(\$2,207,215)
Changes in assumptions	\$12,712,905	(\$66,087,545)
Differences between projected and actual return on assets	\$0	\$0
<b>Total</b>	<b>\$12,712,905</b>	<b>(\$68,294,760)</b>

<b>To be recognized fiscal year ending June 30:</b>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2022	\$12,712,905	(\$43,511,932)
2023	\$0	(\$24,782,828)
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
Thereafter	\$0	\$0
<b>Total</b>	<b>\$12,712,905</b>	<b>(\$68,294,760)</b>

## Total Compensation Systems, Inc.

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### 3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

<b>To be recognized fiscal year ending June 30, 2021</b>	<i>Expense Component</i>
Service Cost	\$7,226,236
Interest Cost	\$5,533,260
Expected Return on Assets	\$0
Administrative Expenses	\$0
Recognition of Experience (Gain)/Loss Deferrals	(\$3,678,693)
Recognition of Assumption Change Deferrals	(\$19,447,653)
Recognition of Investment (Gain)/Loss Deferrals	\$0
Employee Contributions	\$0
Changes in Benefit Terms	\$0
<b>Net OPEB Expense for fiscal year ending June 30, 2021</b>	<b>(\$10,366,850)</b>

\* May include a slight rounding error.

### 4. Adjustments

We are unaware of any adjustments that need to be made.

### 5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

<b>Net OPEB Liability at June 30, 2021 Measurement Date</b>	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$170,423,305	\$128,671,217
Current Assumption	\$148,588,068	\$148,588,068
1% Increase in Assumption	\$137,213,052	\$167,625,336

## Total Compensation Systems, Inc.

### D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<u><b>Faculty**</b></u>	<u><b>Classified**</b></u>	<u><b>Management**</b></u>
Benefit types provided	Medical only (including Part B Medicare)	Medical only (including Part B Medicare)	Medical only (including Part B Medicare)
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 Years	10 Years	10 Years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %*	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age+service=70	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age+service=70	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age+service=70

District Cap Highest Medicare Risk Plan Highest Medicare Risk Plan Highest Medicare Risk Plan

\*Post-65 benefits are paid at 100% as long as the minimum age and length of service is met

\*\*Employees hired on or after 1/1/2013 are no longer eligible for District-paid retiree health benefits.

### E. Summary of Valuation Data

Because this is a roll-forward valuation, this report is based on census data previously provided to us as of June, 2020 for the June 30, 2020 full valuation. Distributions of participants by age and service can be found on page 17. The active count below excludes employees for whom it was not possible to receive retiree benefits (e.g. employees who were already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	<b>Valuation Year</b>
	<i>June 30, 2020 Valuation Date</i>
	<i>June 30, 2021 Measurement Date</i>
<b>Active Employees eligible for future benefits</b>	
Count	336
Average Age	54.4
Average Years of Service	17.7
<b>Retirees currently receiving benefits</b>	
Count	466
Average Age	75.9

We were not provided with information about any terminated, vested employees.

## Total Compensation Systems, Inc.

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### F. Certification

The actuarial information in this report is intended solely to assist Chabot Las Positas CCD in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of Chabot Las Positas CCD. Release of this report may be subject to provisions of the Agreement between Chabot Las Positas CCD and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2020 to June 30, 2021, using a measurement date of June 30, 2021. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by Chabot Las Positas CCD. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of Chabot Las Positas CCD and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

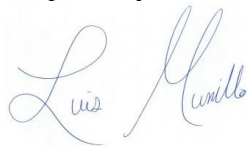
On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of

## Total Compensation Systems, Inc.

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Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in blue ink, reading "Luis Murillo". The signature is written in a cursive style with a large initial "L" and "M".

Luis Murillo, ASA, MAAA  
Actuary  
Total Compensation Systems, Inc.  
(805) 496-1700

### PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

#### A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by Chabot Las Positas CCD. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

#### B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the participant is not eligible. The participant is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2021 at 6.35% interest.

For any *current retirees*, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2021 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.



## Total Compensation Systems, Inc.

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### C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

### D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The ***“trend” rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- ***Mortality rates*** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

## Total Compensation Systems, Inc.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

### E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

## Total Compensation Systems, Inc.

### F. Valuation Results

This section details the measured values of the concepts described on the previous pages. Because this is a roll-forward valuation, the results shown in this section do not match the overall results as of the measurement date.

#### 1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

##### **Actuarial Present Value of Projected Benefit Payments as of June 30, 2020 Valuation Date**

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Active: Pre-65 Benefit	\$14,351,353	\$251,634	\$6,341,605	\$7,414,322	\$343,792
Post-65 Benefit	\$62,739,594	\$2,044,972	\$31,770,184	\$27,276,250	\$1,648,188
Subtotal	\$77,090,947	\$2,296,606	\$38,111,789	\$34,690,572	\$1,991,980
Retiree: Pre-65 Benefit	\$1,991,672	\$0	\$270,005	\$1,345,235	\$376,432
Post-65 Benefit	\$86,888,851	\$2,725,667	\$53,380,654	\$25,904,203	\$4,878,327
Subtotal	\$88,880,523	\$2,725,667	\$53,650,659	\$27,249,438	\$5,254,759
Grand Total	\$165,971,470	\$5,022,273	\$91,762,448	\$61,940,010	\$7,246,739
Subtotal Pre-65 Benefit	\$16,343,025	\$251,634	\$6,611,610	\$8,759,557	\$720,224
Subtotal Post-65 Benefit	\$149,628,445	\$4,770,639	\$85,150,838	\$53,180,453	\$6,526,515

#### 2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

##### **Service Cost Valuation Year Beginning July 1, 2020**

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
# of Eligible Employees	336	7	161	158	10
<b>First Year Service Cost</b>					
Pre-65 Benefit	\$458,283	\$10,094	\$208,817	\$227,362	\$12,010
Post-65 Benefit	\$1,978,982	\$63,056	\$996,268	\$861,258	\$58,400
Total	\$2,437,265	\$73,150	\$1,205,085	\$1,088,620	\$70,410

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

## Total Compensation Systems, Inc.

### 3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

#### Total OPEB Liability and Net OPEB Liability as of June 30, 2020 Valuation Date

	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Active: Pre-65 Benefit	10,697,704	\$178,506	\$4,572,338	\$5,704,168	\$242,692
Active: Post-65 Benefit	\$49,395,033	\$1,576,349	\$24,587,397	\$21,944,484	\$1,286,803
Subtotal	\$60,092,737	\$1,754,855	\$29,159,735	\$27,648,652	\$1,529,495
Retiree: Pre-65 Benefit	\$1,991,672	\$0	\$270,005	\$1,345,235	\$376,432
Retiree: Post-65 Benefit	\$86,888,851	\$2,725,667	\$53,380,654	\$25,904,203	\$4,878,327
Subtotal	\$88,880,523	\$2,725,667	\$53,650,659	\$27,249,438	\$5,254,759
Subtotal: Pre-65 Benefit	\$12,689,376	\$178,506	\$4,842,343	\$7,049,403	\$619,124
Subtotal: Post-65 Benefit	\$136,283,884	\$4,302,016	\$77,968,051	\$47,848,687	\$6,165,130
Total OPEB Liability (TOL)	\$148,973,260	\$4,480,522	\$82,810,394	\$54,898,090	\$6,784,254
Fiduciary Net Position as of June 30, 2020	\$0				
Net OPEB Liability (NOL)	\$148,973,260				

### 4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are certain to be *inaccurate*. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

<i>Year Beginning July 1</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
2020	\$7,355,717	\$153,202	\$4,557,080	\$2,230,991	\$414,444
2021	\$7,742,506	\$172,896	\$4,714,447	\$2,439,817	\$415,346
2022	\$8,183,894	\$188,769	\$4,919,026	\$2,649,832	\$426,267
2023	\$8,647,892	\$234,602	\$5,114,409	\$2,868,388	\$430,493
2024	\$9,086,427	\$248,111	\$5,291,944	\$3,112,180	\$434,192
2025	\$9,460,457	\$261,400	\$5,456,636	\$3,302,391	\$440,030
2026	\$9,896,944	\$281,934	\$5,631,627	\$3,529,333	\$454,050
2027	\$10,339,475	\$298,550	\$5,810,326	\$3,763,974	\$466,625
2028	\$10,776,155	\$313,436	\$5,985,588	\$3,997,859	\$479,272
2029	\$11,204,691	\$335,728	\$6,150,162	\$4,218,561	\$500,240

## Total Compensation Systems, Inc.

### G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2020 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2021 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
<b>Balance at June 30, 2020</b>	<b>\$251,576,551</b>	<b>\$0</b>	<b>\$251,576,551</b>
Service Cost	\$7,226,236	\$0	\$7,226,236
Interest on Total OPEB Liability	\$5,533,260	\$0	\$5,533,260
Expected Investment Income	\$0	\$0	\$0
Administrative Expenses	\$0	\$0	\$0
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$1,000,000	(\$1,000,000)
Employer Contributions as Benefit Payments**	\$0	\$7,355,717	(\$7,355,717)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer**	(\$7,355,717)	(\$7,355,717)	\$0
<b>Expected Balance at June 30, 2021</b>	<b>\$256,980,330</b>	<b>\$1,000,000</b>	<b>\$255,980,330</b>
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	(\$107,392,262)	\$0	(\$107,392,262)
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Net Change during 2021	(\$101,988,483)	\$1,000,000	(\$102,988,483)
<b>Actual Balance at June 30, 2021*</b>	<b>\$149,588,068</b>	<b>\$1,000,000</b>	<b>\$148,588,068</b>

\* May include a slight rounding error.

\*\* Includes \$187,674 due to implied rate subsidy.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Chabot Las Positas CCD is shown beginning on page 23. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

### Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2021

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$5,885,908)	\$0	\$3,678,693	(\$2,207,215)
Assumption Changes	\$34,569,969	(\$107,392,262)	\$19,447,653	(\$53,374,640)
Investment (Gains)/Losses	\$0	\$0	\$0	\$0
Deferred Balances	\$28,684,061	(\$107,392,262)	\$23,126,346	(\$55,581,855)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

### OPEB Expense Fiscal Year Ending June 30, 2021

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$251,576,551	\$148,588,068	(\$102,988,483)
Deferred Balances	\$28,684,061	(\$55,581,855)	(\$84,265,916)
Net Position	\$222,892,490	\$204,169,923	(\$18,722,567)
Adjust Out Employer Contributions			\$8,355,717
OPEB Expense			(\$10,366,850)

## Total Compensation Systems, Inc.

### H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer considers or puts in place an early retirement incentive program.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer desires the measured liability to incorporate more recent census data or assumptions.
- The employer forms a qualifying trust or changes its investment policy.
- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We anticipate that the next valuation we perform for Chabot Las Positas CCD will be a full valuation with a measurement date of June 30, 2022 which will be used for the fiscal year ending June 30, 2022.

### PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Chabot Las Positas CCD to understand that the appropriateness of all selected actuarial assumptions and methods are Chabot Las Positas CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Chabot Las Positas CCD's actual historical experience, and TCS's judgment based on experience and training.

#### **A. ACTUARIAL METHODS AND ASSUMPTIONS:**

*ACTUARIAL COST METHOD:* GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

*SUBSTANTIVE PLAN:* As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Chabot Las Positas CCD regarding practices with respect to employer and employee contributions and other relevant factors.



## Total Compensation Systems, Inc.

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### **B. ECONOMIC ASSUMPTIONS:**

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

**INFLATION:** We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

**INVESTMENT RETURN / DISCOUNT RATE:** We assumed 6.35% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

For purposes of the GASB 75 “crossover test”, we assumed that the District would continue to make future pay-as-you-go payments from outside of the trust and that the District would make annual contributions to the trust of \$4,000,000 per year. This was sufficient to allow the full expected return on assets to be used as the valuation interest rate.

**TREND:** We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

**PAYROLL INCREASE:** We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

**FIDUCIARY NET POSITION (FNP):** The following table shows the beginning and ending FNP numbers that were provided by Chabot Las Positas CCD.

#### **Fiduciary Net Position as of June 30, 2021**

	<b><u>06/30/2020</u></b>	<b><u>06/30/2021</u></b>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$0	\$1,000,000
Capital Assets	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$1,000,000</u>
Benefits Payable	\$0	\$0
Fiduciary Net Position	<u>\$0</u>	<u>\$1,000,000</u>



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### **C. NON-ECONOMIC ASSUMPTIONS:**

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

#### ***MORTALITY***

<b><i>Participant Type</i></b>	<b><i>Mortality Tables</i></b>
Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

#### ***RETIREMENT RATES***

<b><i>Employee Type</i></b>	<b><i>Retirement Rate Tables</i></b>
Certificated	2020 CalSTRS 2.0% @60 Rates
Classified	2017 CalPERS 2.0% @55 Rates for Schools Employees

#### ***COSTS FOR RETIREE COVERAGE***

Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 40.4% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<b><i>Participant Type</i></b>	<b><i>Future Retirees Pre-65</i></b>	<b><i>Future Retirees Post-65</i></b>
Certificated	Direct Contribution: \$15,972 Implicit Rate Subsidy: \$6,453	Direct Contribution: \$15,228
Certificated Management	Direct Contribution: \$17,339 Implicit Rate Subsidy: \$7,005	Direct Contribution: \$21,886
Classified	Direct Contribution: \$16,460 Implicit Rate Subsidy: \$6,650	Direct Contribution: \$14,290
Classified Management	Direct Contribution: \$13,331 Implicit Rate Subsidy: \$5,386	Direct Contribution: \$14,487

#### ***PARTICIPATION RATES***

<b><i>Employee Type</i></b>	<b><i>&lt;65 Non-Medicare Participation %</i></b>	<b><i>65+ Medicare Participation %</i></b>
Certificated	100%	100%
Classified	100%	100%

#### ***TURNOVER***

<b><i>Employee Type</i></b>	<b><i>Turnover Rate Tables</i></b>
Certificated	2020 CalSTRS Termination Rates
Classified	2017 CalPERS Termination Rates for School Employees

#### ***SPOUSE PREVALENCE***

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

#### ***SPOUSE AGES***

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

#### ***AGING FACTORS***

We used aging factors from "Health Care Costs - From Birth to Death" prepared by Dale Yamamoto and published in 2013 by the Society of Actuaries as part of the Health Care Cost Institute's Independent Report Series - Report 2013-1.

## Total Compensation Systems, Inc.

### PART IV: APPENDICES

#### APPENDIX A: DEMOGRAPHIC DATA BY AGE

##### **ELIGIBLE ACTIVE EMPLOYEES BY AGE AND EMPLOYEE CLASS**

<i>Age</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Under 25	0	0	0	0	0
25 – 29	0	0	0	0	0
30 – 34	1	0	0	1	0
35 – 39	11	0	4	7	0
40 – 44	37	0	21	15	1
45 – 49	55	2	26	24	3
50 – 54	76	2	36	36	2
55 – 59	68	1	31	35	1
60 – 64	56	1	24	30	1
65 and older	32	1	19	10	2
Total	336	7	161	158	10

##### **ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE**

	<i>Total</i>	<i>Under 5 Years of Service</i>	<i>5 – 9 Years of Service</i>	<i>10 – 14 Years of Service</i>	<i>15 – 19 Years of Service</i>	<i>20 – 24 Years of Service</i>	<i>25 – 29 Years of Service</i>	<i>30 – 34 Years of Service</i>	<i>Over 34 Years of Service</i>
Under 25	0								
25 – 29	0								
30 – 34	1		1						
35 – 39	11		5	5	1				
40 – 44	37		6	24	7				
45 – 49	55		4	29	20	2			
50 – 54	76		4	24	32	9	6	1	
55 – 59	68		3	21	18	10	11	3	2
60 – 64	56		4	15	15	7	11	4	
65 and older	32		2	7	8	1	3	4	7
Total	336	0	29	125	101	29	31	12	9

##### **ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS**

<i>Age</i>	<i>Total</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Under 50	0	0	0	0	0
50 – 54	0	0	0	0	0
55 – 59	6	0	0	5	1
60 – 64	29	2	12	10	5
65 – 69	88	0	47	36	5
70 – 74	115	5	66	35	9
75 – 79	94	1	55	34	4
80 – 84	59	0	43	16	0
85 – 89	43	0	32	11	0
90 and older	32	0	23	9	0
Total	466	8	278	156	24

### APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions Chabot Las Positas CCD should take to manage the liability created by the current retiree health program. The following items are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Chabot Las Positas CCD's practices, it is possible that Chabot Las Positas CCD is already complying with some or all of these suggestions.

- We suggest that Chabot Las Positas CCD maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Chabot Las Positas CCD should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Chabot Las Positas CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Chabot Las Positas CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Chabot Las Positas CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under Chabot Las Positas CCD's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, Chabot Las Positas CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Chabot Las Positas CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

**APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES**

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

**Paragraph 50: Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Chabot Las Positas CCD. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	466
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	336
Total Number of participants	802

\*We were not provided with information about any terminated, vested employees

**Paragraph 51: Significant Assumptions and Other Inputs**

Shown in Part III.

**Paragraph 52: Information Related to Assumptions and Other Inputs**

The following information is intended to assist Chabot Las Positas CCD in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2017 CalPERS Mortality for Miscellaneous and Schools Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

## Total Compensation Systems, Inc.

Mortality Table	2020 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalSTRS analysis.
Mortality Table	2017 CalPERS Retiree Mortality for All Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Retiree Mortality for All Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

### Retirement Tables

Retirement Table	2017 CalPERS 2.0% @55 Rates for Schools Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0% @55 Rates for Schools Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Retirement Table	2020 CalSTRS 2.0% @60 Rates
Disclosure	The retirement assumptions are based on the 2020 CalSTRS 2.0% @60 Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

### Turnover Tables

Turnover Table	2017 CalPERS Termination Rates for School Employees
Disclosure	The turnover assumptions are based on the 2017 CalPERS Termination Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Turnover Table	2020 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2020 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

## Total Compensation Systems, Inc.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$128,671,217	\$148,588,068	\$167,625,336

### **Paragraph 53:**

#### **Discount Rate**

The following information is intended to assist Chabot Las Positas CCD to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.35% was used in the valuation. The interest rate used in the prior valuation was 2.20%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 24 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.  
Futuris - Growth

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	39.0000	4.5000
All Domestic Equities	30.0000	7.5000
All International Equities	25.5000	7.5000
Real Estate Investment Trusts	5.5000	7.5000

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$170,423,305	\$148,588,068	\$137,213,052

### **Paragraph 55:**

#### **Changes in the Net OPEB Liability**

Please see reconciliation on pages 2 or 12.

**Paragraph 56:**                    **Additional Net OPEB Liability Information**

The following information is intended to assist Chabot Las Positas CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2020.

          The measurement date is June 30, 2021.

56.b: We are not aware of a special funding arrangement.

56.c: The interest assumption changed from 2.20% to 6.35%.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

**Paragraph 57:**                    **Required Supplementary Information**

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 24 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

**Paragraph 58:**                    **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 24 years.

**Paragraph 244:**                    **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

**APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

**EXPERIENCE GAINS AND LOSSES**

**Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Experience Gains and Losses  
(Measurement Periods)**

Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2019-20	(\$9,564,601)	2.6	(\$3,678,693)	(\$3,678,693)	(\$2,207,215)	(\$2,207,215)					
2020-21	\$0	0	\$0	\$0	\$0						
Net Increase (Decrease) in OPEB Expense			<b>(\$3,678,693)</b>	<b>(\$3,678,693)</b>	<b>(\$2,207,215)</b>	<b>(\$2,207,215)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Total Compensation Systems, Inc.

### CHANGES OF ASSUMPTIONS

#### Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2018-19	\$3,210,649	3.2	\$2,006,656	\$1,003,328	\$200,665	\$200,665					
2019-20	\$54,219,712	2.6	\$20,853,736	\$20,853,736	\$12,512,240	\$12,512,240					
2020-21	(\$107,392,262)	2.6	\$0	(\$41,304,717)	(\$66,087,545)	(\$41,304,717)	(\$24,782,828)				
Net Increase (Decrease) in OPEB Expense			<b>\$22,860,392</b>	<b>(\$19,447,653)</b>	<b>(\$53,374,640)</b>	<b>(\$28,591,812)</b>	<b>(\$24,782,828)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Total Compensation Systems, Inc.

INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of  
Investment Gains and Losses  
(Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2020	2021	Amounts to be Recognized in OPEB Expense after 2021	2022	2023	2024	2025	2026	Thereafter
2020-21	\$0	0	\$0	\$0	\$0						
Net Increase (Decrease) in OPEB Expense			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

### **APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS**

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

## Total Compensation Systems, Inc.

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<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-009

Transfer of Assets into the Trust

Enclosure:

No

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

The Public Entity Investment Trust was created for the exclusive purpose of prefunding the District's unfunded retiree OPEB liabilities.

**STATUS:**

The RBOA membership shall review and acknowledge all recent transfers and discuss future transfers into the District's Public Entity Investment Trust.

**RECOMMENDATION:**

The Retirement Board of Authority shall discuss and file accordingly.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-010

Update of the Comprehensive Compliance Plan including  
the Substantive Plan.

Enclosure:

Yes

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

Under the Chabot Las Positas Community College District Public Entity Investment Trust program, Keenan Financial Services prepares a written summary of the “Substantive Plan”, as part of an overall Comprehensive Compliance Plan, which acts as both a road map and a record of the Retirement Board of Authority’s compliance with its governance and fiduciary mandates.

**STATUS:**

The Retirement Board of Authority will discuss the processes of completing the Santa Maria Joint Union High School “Substantive Plan” as an essential component of the Comprehensive Compliance Plan for Plan Year ending June 30, 2021.

**RECOMMENDATION:**

The Retirement Board of Authority will review the information presented and file accordingly.

**Other Post Employment Benefits (OPEB) Questionnaire**PUBLIC ENTITY EMPLOYER NAME: Chabot Las Positas CCD

To help us get an understanding of the Other Post Employment Benefits (OPEB) provided for retirees of the Public Entity Employer, please complete the following questionnaire.

- |    |   |   |  |
|----|---|---|--|
| 1  | Are Health Benefits provided to retirees of the Employer?   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| 2  | Are the Health Benefits provided to retirees of the Employer the same as the benefits provided for active employees?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| 3  | Are Dependents covered under this arrangement?  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| 4  | Are Dental Benefits provided to retirees of the Employer?   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 5  | Are the Dental Benefits provided to retirees of the Employer the same as the benefits provided for active employees?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 6  | Are Dependents covered under this arrangement?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 7  | Is there a separate Prescription Drug Plan provided for retirees of the Employer (including benefits for dependents)? | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 8  | Are there any Benefits provided for disabled employees?   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 9  | Are Long Term Care Benefits provided for retirees of the Employer?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 10 | Are there any other insurance coverage provided for retirees of the Employer, including their dependents?             | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

If the answer to No.10 is Yes, please list additional insurance coverage here or on a separate page.

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## OTHER POST EMPLOYMENT BENEFITS QUESTIONNAIRE

- 11 Are there any other arrangements or commitments for the Employer ☐ Yes ☒ No  
to pay for the cost of any post retirement benefits (other than  
pension benefits). This would be applicable to any employee or  
employee contract or bargaining agreement that may be in place  
between the employee(s), the bargaining unit and the Employer.
- 12 Are there any other arrangements or commitments for the Employer ☐ Yes ☒ No  
to pay for the costs, of any dependent of a retired Employee of the  
Employer?

If the answer to No.12 is Yes, please list additional costs, benefits,  
etc. here or on a separate page.

QUESTIONNAIRE  
COMPLETED BY:

Jonah R. Nicholas

DATE:

9/27/21



**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-011

Retirement Board of Authority (RBOA) Bylaws

Enclosure:

Yes

Action Item

Yes

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

The current Trust document provides provisions to operate the Investment Trust. Retirement Board of Authority (RBOA) Bylaws can provide additional direction for issues not discussed in the provisions of the Trust Document.

**STATUS:**

Because of the new GASB 74/75 standards that recently went into effect, the Retirement Board of Authority (RBOA) will review necessary changes to the RBOA Bylaws.

**RECOMMENDATION:**

The Retirement Board of Authority should review the information and take appropriate action as deemed necessary.

# CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT RETIREMENT BYLAWS

## PREAMBLE

The objectives of the Chabot Las Positas Community College District (CLPCCD) in establishing a Trust for the pre-funding of its OPEB liabilities are to comply with the requirements of GASB Statements No. 74 & No. 75 and to create a retirement system that complies with the California Constitution and Government Code provisions related to such systems with a Governing Board (referred to as the “Retirement Board”) consisting of officials of the CLPCCD.

The Trust is to be managed in accordance with the following principles:

- ❑ Trust assets are managed in accordance with all applicable laws, Trust documents, and a written Investment Policy Statement (IPS).
- ❑ Trust assets are diversified to a specific risk/return profile.
- ❑ A written Investment Policy Statement (IPS) contains the detail to define, implement, and monitor the Trust’s investment strategy.
- ❑ Appropriate fiduciary standards are applied in the management of Trust assets and the supervision of persons hired to assist in the management of the Trust.
- ❑ Due diligence is documented.
- ❑ Control procedures are in place to monitor and account for Trust investments and administrative expenses.
- ❑ There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

## 1: A Retirement Board

1.1: The CLPCCD’s governing body has established by resolution a Retirement Board (the “Board”) to supervise the Trust.

1.2: The Board has been established to manage, direct and control the Fiduciary, Trust Settlor and Administrative functions, such as Consultants, Actuaries, Auditors and Accountants, Legal Counsel and Financial Advisors of the Trust.

1.3: The Board will sign such documents as are necessary to adopt and maintain an irrevocable Trust which complies with the California Constitution, California Government Code, GASB No. 74 & No. 75 and Section 115 of the Internal Revenue Code.

1.4: As mandated by the California Government Code, the Board shall perform all its duties with the care, skill, and diligence that a prudent person would utilize.

1.5: The Board shall also act solely in the interest of plan participants and beneficiaries with the sole purpose of providing benefits to them and paying only necessary and reasonable expenses for administering the Trust.

1.6: The Board shall oversee that the Trust’s assets are diversified in order to minimize the risk of large investment losses.

1.7: The Board shall adhere to the terms of the written documents governing the Trust and ensure that they comply with all applicable laws, rules and regulations that may impact the Trust.

1.8: The Board shall facilitate and oversee the preparation and centralized maintenance of the CLPCCD's Comprehensive Compliance Plan. To aid the CLPCCD in meeting its fiduciary requirements, the Substantive Plan, as described in GASB 74 and 75, will be set forth as an essential element in the development of a Comprehensive Compliance Plan.

1.9: The Board will have the exclusive authority to establish, execute and interpret the Trust's written Investment Policy Statement (IPS) which profiles the long-term investment objectives of the Trust.

1.10: The Board shall facilitate any efforts and processes necessary to ensure the CLPCCD executes applicable written agreements providing any required consent to compliance with the terms of the Trust.

1.11: The Board will require that compensation paid to the Trust's service providers is identifiable, transparent, and reasonable and adheres to the terms of the written documents governing the Trust.

1.12: The Board shall abide by all applicable reporting requirements imposed by Sections 7500 through 7514.5 of the California Government Code, including but not limited to the preparation of an annual financial report of the Trust and retirement system of the Public Entity, and the preparation of valuations of the Trust assets by qualified actuaries.

1.13: The Board shall present to the Public Entity's Board of Trustees, in public session, an annual written report within 90 days of the completion of the annual audit of the retirement system, which shall include a summary of the investments and earnings of the system and other related matters, as well as the Board's proceedings and activities for the preceding year.

## **2: Retirement Board – Member Appointments**

2.1: The members of the Board are appointed by resolution of the governing body of the CLPCCD. Board members may be replaced or terminated by the governing body of the CLPCCD at any time as Board members serve at the pleasure of the CLPCCD.

2.2: Board members shall be appointed to the Board based on their titles or affiliation. If the title or affiliation of an existing Board member changes and that new title or affiliation is not one of the designated titles or affiliation included in the resolution of the governing body of the CLPCCD, the Board member will no longer be a Board member unless there is a new resolution from the governing body of the CLPCCD.

2.3: The number of Board members will consist of such number of individuals that are deemed necessary by the governing body of the CLPCCD.

2.4: The Board will designate one of its members by majority vote to serve as Chairperson and a second member as Vice Chairperson.

2.5 The Chairperson and Vice Chairperson will serve in this capacity for two years at which time the Board will act again to select a Chairperson and Vice Chairperson for a subsequent term. The Chairperson and Vice Chairperson can serve multiple terms.

2.6: The Chairperson will act as the presiding officer for Board meetings.

2.7: Based on the minimum number of signatures required therein and/or specific people required by the Board, authorizations for withdrawals, distributions, benefit payments and reasonable fees are restricted to individuals with specimen signatures listed on the Trust's Signature Authorization Form.

2.8: Board meetings shall be conducted by the Chairperson. When the Chairperson is not present, the Vice Chairperson will conduct the meeting.

2.9: A majority of the Board members must be present or attend by teleconference, per the provisions of the Ralph M. Brown Act, in order to conduct a Board meeting and is considered a quorum. A vote, under the protocols of the Ralph M. Brown Act, of the majority of the Board members, shall be sufficient to transact business.

2.10: Each Board member shall have one vote in accordance with the protocols of the Ralph M. Brown Act. No proxy votes shall be permitted. If a member is attending by teleconference, all votes must be by roll-call.

2.11: In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected from all members.

2.12: No Board member shall have the authority to bind the Board to any contract or endeavor without the approval of the Board.

2.13: No member serving on the Board will receive a salary or compensation from the Board.

2.14: The Board may approve reimbursement for reasonable expenses incurred by Board members. All expenditures of funds shall be subject to Board approval.

2.15: In addition to the reporting requirements of Section 1.13 hereof, the Board shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Retirement Board.

### **3: Retirement Board – Meeting Agendas**

3.1: Board meetings and agendas are subject to the terms and provisions of The Ralph M. Brown Act. All Board regular meeting agendas shall be prepared and posted in a public location, as approved by the Board, at least 72 hours prior to the date and time of the scheduled meeting. Meeting agendas for any special meetings of the Board shall be prepared and posted in a public location at least 24 hours prior to the date and time of the scheduled meeting.

3.2: Per the provisions of the Ralph M. Brown Act, the Board shall hold their meetings at a minimum of once a year, giving advanced notice of 24 hours for special meetings to the media and certain others who request it.

3.3: The Board shall engage, at least annually, in analysis of any applicable modifications to the Investment Policy Statement (IPS) through meetings and consulting with the Trustee and Registered Investment Advisor (RIA), as applicable.

3.4: In compliance with the Ralph M. Brown Act, an agenda shall be prepared for each regular and special meeting of the Board. The Agenda shall set forth those items which the Board anticipates taking action or discussing. Each Agenda item shall have attached backup material necessary for discussion or action by the Board.

3.5: Full and complete minutes detailing records of deliberations and decisions from each meeting of the Board shall be maintained. Such records and documents shall be available to the public in accordance with the provisions of the Ralph M. Brown Act.

#### **4: Retirement Board – Actuarial, Contribution & Withdrawal Parameters**

4.1: The Board will acknowledge the amount of any contributions from the CLPCCD and deliver contributions and allocation instructions to the Trustee. Such contributions and allocation instructions shall be delivered in accordance with the Trust's written provisions and agreements.

4.2: The Board will establish procedures to review all expenditures and disbursements from the Trust.

4.3: In accordance with GASB Statement No. 75 schedules, the Board will work with the CLPCCD's governing body in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" (APVTPB), the "Actuarially Determined Contribution" (ADC) as well as all other calculations and information necessary to comply with GASB's actuarial valuation requirements.

4.4: The Board will provide any necessary plan participant information to the Trustee on a timely basis. The Board shall provide responses to all information requested by the Trustee in a timely fashion.

#### **5: Retirement Board -- Disclosure & Conflict of Interest**

5.1: No Board member shall vote or participate in a determination of any matter in which the Board member shall receive a special compensation or gain.

5.2: Board members have a duty of loyalty precluding them from being influenced by motives other than the accomplishment of the Trust's objectives.

5.3: Board members, in the performance of their duties, must act pursuant to the documents and instruments establishing and governing the Trust.

## **6: Retirement Board -- Rules of Order/Bylaws**

- 6.1: Amendment of these Bylaws may be proposed by any member of the Board.
- 6.2: All amendments to the Bylaws must be approved by a majority vote of the Board members present, before the amendment shall become effective.
- 6.3: Such amendments shall be binding upon all members of the Board.
- 6.4: The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated.

## **7: Retirement Board -- Appearance before the Board**

- 7.1: All persons who wish to make appearances before the Board shall be scheduled in compliance with the provisions of the Ralph M. Brown Act.
- 7.2: Appearances before the Board may be in person or through a representative.
- 7.3: Communications with the Board may be in any form that complies with the provisions of the Ralph M. Brown Act.

## **8: Retirement Board – Fiduciary & Governance Parameters**

- 8.1: The Trust will be structured so that the Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.
- 8.2: The Board shall delegate investment decision-making to the Trustee with a mandate and thereafter monitor the performance of the Trustee. For the management of the Trust's assets, an appropriate Registered Investment Advisor (RIA) shall be appointed and monitored by the Trustee.
- 8.3: The Board will monitor the performance and acts of the Trustee in accordance with the limits and constraints of applicable laws, Trust documents and the written Investment Policy Statement (IPS) as well as the Trust's investment goals, objectives, fees and expenses.
- 8.4: The Board shall monitor the Trustee to determine that Trust assets are diversified as directed by the Investment Policy Statement (IPS) and applicable laws.
- 8.5: The Board through periodic reports will compare investment performance against appropriate indices, peer groups and Investment Policy Statement (IPS) objectives.
- 8.6: The Board will require that all service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts and with all applicable laws.

## **9: Trustee & Investment Management**

9.1: The agreement engaging the Trustee shall require the Trustee to invest Trust assets in compliance with applicable laws, Trust documents, and the written Investment Policy Statement (IPS).

9.2: The agreement engaging the Trustee shall require the Trustee document the specific duties and requirements of the parties involved in the investment process.

9.3: The Board shall require the Trustee to acknowledge, in writing, that it is a fiduciary to the Trust and to the CLPCCD.

9.4: The Board shall prohibit the Trustee from investing Trust assets in its own proprietary investment products or those of its Registered Investment Adviser so as to avoid any potential conflicts of interest.

9.5: The Board shall require the Trustee to manage Trust assets with the care, skill and diligence of a prudent person under California law.

## **10: Registered Investment Advisor (RIA):**

10.1: The RIA engaged by the Trustee must have the following qualifications and responsibilities:

(a) It shall work with the Trustee to establish a long-term, target net rate of return objective for the Trust, constructing an investment portfolio which gives due consideration to the CLPCCD's time horizon of investment, as well as its attitudes and capacity for risk.

(b) It shall recommend the appropriate combination of asset classes that optimizes the Trust's return objectives, while minimizing risk consistent with the Trust's constraints.

(c) It shall provide investment recommendations derived from a disciplined approach to investment selection; considering risk-adjusted performance comparable to managers with similar style; a long-term superior performance profile; an analysis of investment expenses with a preference for investments with no-load, no redemption charges, and no transaction fees or revenue-sharing schedules.

(d) It shall have access to appropriate databases and external research, and shall be supported with adequate technology and report production tools.

## **11: Program Coordinator**

11.1: The agreement shall engage the Program Coordinator with responsibility to assist the Board with the processes, procedures and protocols of the Trust's fiduciary decision making.

11.2: The Board shall require the Program Coordinator to facilitate all aspects of the Board's Fiduciary and Administrative mandates, and work to assist the Board in ensuring that Trust assets are managed in accordance with all applicable laws, Trust documents and the written Investment Policy Statement (IPS).

11.3: The Board shall require the Program Coordinator to provide comprehensive assistance in conducting Board meetings and agendas in compliance with the provisions of the Ralph M. Brown Act.

11.4: The Program Coordinator will provide support to the Board in the preparation and centralized maintenance of the CLPCCD's Comprehensive Compliance Plan, including the Substantive Plan.

## **12: Program Definitions:**

12.1: "Actuarial Present Value of Total Projected Benefits" (APVTPB) is the projected benefit payments discounted to reflect the expected effects of the time value (present) of money and the probabilities of payment.

12.2: "Actuarially Determined Contribution" (ADC) is the target or recommended contribution to a defined benefit OPEB plan for the reporting period determined in conformity with the Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

12.3: "Comprehensive Compliance Plan" shall mean a broad compliance and fiduciary process incorporating the CLPCCD's substantive plan obligations; the actuarial cost of those obligations; the plan for meeting those costs; the fiduciary strategies and steps in meeting plan requirements.

12.4: "Discretionary Trustee" shall mean a trust structure whereby the Trustee will accept the delegation of investment duties and work as the sole authority in the selection, monitoring and disposition of Trust's assets.

12.5: "Investment Policy Statement" (IPS) shall mean a written statement that establishes the Futuris CLPCCD Investment Trust's investment related policies, goals, objectives and criteria for evaluating investment performance that are critical for the successful management of the Trust's investments.

12.6: "Net OPEB Liability" is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is administered through a GASB-compliant trust.

12.7: "Quorum" shall mean the majority of the Board members as are required to conduct a Board meeting or to transact business on behalf of the Board.

12.8: "Registered Investment Advisor" (RIA) shall mean the investment entity charged with the responsibility for recommending comprehensive and continuous investment advice for the Futuris CLPCCD Investment Trust.

12.9: "Retirement Board of Authority" is established by the governing body of the CLPCCD and shall mean the entity charged with the discretion, responsibility and authority to oversee the management of the CLPCCD Investment Trust. Specifically, the Board shall determine the investment policy and strategy for the Trust and is empowered to inquire and resolve any matter it considers appropriate to carry out its responsibilities.

12.10: "Substantive Plan" shall mean the terms of the OPEB plans as they are understood by the employer and employees. It is generally comprised of the OPEB plan documents as well as other communications between the employer and the employees as well as the historical pattern of practice with regard to the sharing of benefit-related costs with inactive



employees.12.11: “The Trust” shall mean the CLPCCD’s Investment Trust established for the pre-funding of its OPEB liabilities and maintained in compliance with GASB Statement No. 74 & No 75, the California Constitution and the California Government Code with a governing Board consisting of officials of the CLPCCD.

Drafted 7/1/2021

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-012

Retirement Board of Authority Membership Comments

Enclosure:

No

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

Each member may report about various matters involving the Retirement Board of Authority.

**RECOMMENDATION:**

There will be no Retirement Board of Authority discussion except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

---

SUBJECT:

ITEM #:

2021/2022-013

Program Coordinator/Consultant Comments

Enclosure:

No

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

The Program Consultant may address the Retirement Board of Authority on any matter pertaining to the Board that is not on the agenda

**RECOMMENDATION:**

There will be no Retirement Board of Authority discussion except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:

DATE:

09/28/2021

Retirement Board of Authority

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SUBJECT:

ITEM #:

2021/2022-014

Date, Time and Agenda Items for Next Meeting

Enclosure:

No

Action Item

No

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Prepared by:

Keenan Financial Services

Requested by:

Retirement Board of Authority

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**BACKGROUND:**

Members and visitors may suggest items for consideration at the next Retirement Board of Authority meeting.

**RECOMMENDATION:**

The Retirement Board of Authority will determine Agenda Items for the next meeting.