SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-001
Public Comments		Enclosure:	No
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

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

RECOMMENDATION:

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-002
Approval of Agenda		Enclosure:	Yes
		Action Item	Yes

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

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:

Subject to changes or corrections, the agenda is to be approved.

AGENDA

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
February 15, 2018
9:00 AM – 12:00 PM

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
District Board Room
3401 CSM Drive
San Mateo, CA. 94402
(650) 358-6828

I. CALL TO ORDER

II. ROLL CALL

MEMBERS

Chief Financial Officer	Bernata Slater
Vice Chancellor of Human Resources & Employee Relations	Eugene Whitlock
Controller	Nicole Wang
Classified Representative	Kathy McEachron
Academic Representative	Bruce Maule

PROGRAM COORDINATOR

Senior Vice President	Gail Beal
Senior Account Manager	Roslyn Washington

CONSULTANTS

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

GUESTS

Executive Vice Chancellor	Kathy Blackwood
Crowe Horwath LLP	Tina Treis

OTHER

None

III. PUBLIC COMMENTS

Information
2017/2018-001

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

IV. APPROVAL OF AGENDA

Action
2017/2018-002

The Retirement Board of Authority (RBOA) retains the right to change the order in which agenda items are discussed. Subject to review by the Retirement Board, 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:

V. APPROVAL OF MINUTES

Action
2017/2018-003

The Retirement Board of Authority (RBOA) will review the Minutes from the previous meeting on **March 9, 2017**, for any adjustments and adoption.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

VI. INVESTMENTS

PORTFOLIO PERFORMANCE REVIEW

Action
2017/2018-004

Morgan Stanley Wealth Management (MS) will review the overall performance of the District's Public Entity Investment Trust Portfolio.
PUBLIC COMMENTS:

MARKET OVERVIEW

Information
2017/2018-005

Morgan Stanley Wealth Management (MS) will provide an overview of the actions of the capital markets since the last Retirement Board of Authority (RBOA) meeting.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

INVESTMENT POLICY STATEMENT REVIEW

Action
2017/2018-006

The Retirement Board of Authority shall, with the assistance of Benefit Trust Company and Morgan Stanley Smith Barney, review the Investment Policy Statement setting forth the investment objectives for the Trust. Key to this process is a review of the Board's time horizon for investment, short-term liquidity needs, attitudes as well as the capacity to accept investment risk as measured through the completion of a ***Risk Tolerance Questionnaire***, the expected rate of return of the Board taking into account the discount rate and assumptions contained in the most recent Actuarial Valuation Study, as well as any other information the RBOA membership feel pertinent to the discussion.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

VII. ADMINISTRATION

ANNUAL REPORTING ON THE STATUS OF THE TRUST

Action
2017/2018-007

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 should acknowledge annual reporting protocols for fiscal year ending June 30, 2017.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

DISBURSEMENT REPORT **Action**
2017/2018-008

The Retirement Board of Authority (RBOA) members will ratify "reasonable fees" associated with GASB compliance and the Management/Operational duties of the District's OPEB Investment Trust.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

UPDATES TO THE COMPREHENSIVE COMPLIANCE PLAN, INCLUDING THE "SUBSTANTIVE PLAN" **Information**
2017/2018-009

Updating the "Substantive Plan" is a dynamic process that requires an annual review protocol to incorporate modifications to program provisions or changes to cost arrangements. The Retirement Board of Authority (RBOA) shall review updates to the "Substantive Plan" and "e-Library" reflecting compliance with GASB 74/75 protocols and applicable Regulatory standards for fiscal year ending June 30, 2017.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

ACTUARIAL VALUATION STUDY REVIEW **Information**
2017/2018-010

The Retirement Board of Authority (RBOA) membership will review and analyze the status of updates to the Actuarial Valuation Study to maintain compliance with GASB 74/75 standards.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

STATUS OF DISTRICT'S CURRENT OPEB PLAN INDEPENDENT AUDITOR'S REPORT **Action**
2017/2018-011

The Independent Auditors Report provides the District's OPEB Plan with an Independent Auditor's certification of GASB accounting and financial reporting standards for OPEB expenses, OPEB liabilities, Note disclosures and Required Supplementary Information (RSI).
PUBLIC COMMENTS:
BOARD CONSIDERATION:

FUTURE TRANSFER OF ASSETS INTO THE TRUST **Information**
2017/2018-012

Based on the current Actuarial Valuation Study, the Retirement Board of Authority (RBOA) will discuss the OPEB deposits scheduled by the District to be transferred into the Investment Trust.
PUBLIC COMMENTS:
BOARD CONSIDERATION:

VIII. INFORMATION REPORTS

RETIREMENT BOARD OF AUTHORITY COMMENTS **Information**
2017/2018-013

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

PROGRAM COORDINATOR/CONSULTANT COMMENTS **Information**
2017/2018-014

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.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING **Information**
2017/2018-015

In addition to standing Agenda items, members and visitors may suggest additional items for consideration at the next Retirement Board of Authority meeting.
PUBLIC COMMENTS:

X. ADJOURNMENT

Americans with Disabilities Act The San Mateo County 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 modification or accommodation, in order to participate in a public meeting of the San Mateo County Community College District Retirement Board of Authority meeting, shall be made to: Bernata Slater, Chief Financial Services, San Mateo County Community College District, 3401 CMS Drive, San Mateo, CA 94402.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO: Retirement Board of Authority		DATE:	02/15/2018
SUBJECT:		ITEM #:	2017/2018-003
Approval of Minutes		Enclosure:	Yes
		Action Item	Yes

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

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

STATUS:

The Retirement Board of Authority will review the Minutes from the previous meeting on **March 09, 2017.**

RECOMMENDATION:

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

MINUTES

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
March 9, 2017
1:30 PM–3:00 PM

I. CALL TO ORDER

1. The meeting was called to order at 1:36 PM by Roslyn Washington.

II. ROLL CALL

1. All Retirement Board of Authority (RBOA) members were present, except Eugene Whitlock and Kathy McEachron:
   Bernata Slater, Chief Financial Officer,
   Nicole Wang, Controller,
   Bruce Maule, Academic Representative.

2. All Coordinators/Consultants were present except Gail Beal and Susan Vogt:
   Roslyn Washington, Senior Account Manager, Keenan Financial Services,
   Cary Allison, Senior Vice President, Morgan Stanley,
   Scott Rankin, Senior Vice President, Benefit Trust Company.

3. The following Guests were present:
   Tina Treis, Crowe Horwath LLP,
   Juanita Cefayn, Classified Representative,
   Steve Pang, Compliance Officer.

III. PUBLIC COMMENTS

1. There were no public comments.
2. This item is information only.

IV. APPROVAL OF AGENDA

1. Bruce Maule Motioned to approve the Agenda as presented; Motion was seconded by Bernata Slater and was unanimously approved by all of the RBOA members present.

V. APPROVAL OF MINUTES

1. Bruce Maule Motioned to approve the Minutes as presented; Motion was seconded by Bernata Slater and was unanimously approved by all of the RBOA members present.

VI. ADMINISTRATION

1. **Designation of a New Member to the Retirement Board of Authority**
   a. Bruce Maule motioned to acknowledge and welcome Bernata Slater, Chief Financial Officer, as new RBOA member. Motion was seconded by Bernata Slater and was unanimously carried by all RBOA members present.

2. **Review of the Futuris Program and the Roles of the Program Coordinator and Consultants**

   a. Scott Rankin reviewed the Futuris Program and the Roles of the Program Coordinator and Consultants. He discussed old and new GASB requirements and explained the difference between Direct and Discretionary Trustee. Scott explained the importance of being in compliance and creating a record of what/why this money and Trust is required.

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

   - Preparation of the Retirement Board (RB) Meeting Agendas, Cover Pages and Board Packages.
   - Preparation of the RB Meeting Minutes and assisting with the District's OPEB responsibilities as necessary.
   - Facilitating and resolution of Action Items resulting from RB Meetings.
   - Assisting the RB 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 (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 (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.

b. This item is information only.

3. Status of District's current OPEB Plan Independent Auditor's Report

a. Crowe Horwath LLP provided an independent analysis of the District's Public Entity Investment Trust for the year ended June 30, 2016. RBOA members were guided through the Audit Report by Tina Treis of Crowe Horwath, LLP.
b. They follow the guidance and responsibility under the government auditing standards. The only impact/change was GASB 7, fair value.
c. Tina also discussed GASB 74/75.
d. Bruce asked were all their valuations done on level #1 of fair value. Tina answered yes.
e. This item is information only.

4. Annual Reporting on the Status of the Trust

a. Roslyn Washington presented the Annual Report on the Status of the Trust for the fiscal year ending June 30, 2016.
b. Bruce Maule Motioned to ratify the Annual Report on the Status of the Trust; Motion was seconded by Bernata Slater and was unanimously approved by all of the RBOA members present.

5. Disbursement Report

a. Roslyn Washington presented a Trust Disbursement Report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for their services for the period April 1, 2016 – February 9, 2017.
b. Bruce Maule Motioned to ratify the Disbursement Report as presented; Motion was seconded by Bernata Slater and was unanimously carried by all Retirement Board members present.

6. Updates to the Comprehensive Compliance Plan, including the "Substantive Plan"

a. Roslyn Washington addressed the RBOA and advised that the Service Rep. worked with the District to gather information to update the Substantive Plan for the fiscal year ended June 30, 2016.
b. This is information only.

7. **Actuarial Valuation Study Update**
    a. The last actuarial valuation study was effective February 1, 2015.
    b. This item is information only.

8. **Future Transfer of Assets into the Trust**
    a. Bernata Slater discussed whether to transfer $8M into the Trust at one time or whether to transfer in intervals of $4M, $2M and $2M. It was decided to transfer in intervals.
    b. This item is information only.

VII. INVESTMENTS

1. **Portfolio Performance Review**
    a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Trust's accounts as of January 31, 2017.
    b. The Portfolio Value as of 1/31/17 was **$84,340,730.79.**

Time weighted return net of fees

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
1.59	1.59	1.59	10.95	4.20	5.70	6.24

    c. Cary said we are trying through best practices to make this portfolio achieve the long term goals that we set forth. Interest rates went up and they will probably move up 2-3 more times this year. We don't see excessive inflation.
    d. The stock market is also anticipating we get some corporate tax change. Probably not as dramatic as Trump has said, but maybe 25%.
    e. We are watching the France presidential election. If Nepen wins, they are talking about "FREXIT", France leaving the Euro.
    f. We haven't changed your mix on Bond/Stocks.
    g. Bruce Maule Motioned to accept the Portfolio Performance Review as presented; Motion was seconded by Bernata Slater and was unanimously carried by all Retirement Board members present.

2. **Market Overview**
    a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
    b. Cary explained how the District's model is managed and the risk level chosen.
    c. MS upgraded their projections for 2017/2018 since Trump was elected due to his policy.
    d. The Feds predicted in 2015 that they were going to raise rates 3-4 times in 2016. They actually only raised rates one time in December 2015 and one time in December 2016. They just raised interest rates by .25%...75-100 Bps from 50-75 BPS. MS feels that in 2017-2018 they will actually raise rates 2-3 more times.
    e. The election of Donald Trump as the next U.S. President sent markets surging to new highs during the 4th quarter of 2016. Trump's pro-growth agenda focusing on infrastructure spending, tax reform, and deregulation fueled markets into the so-called "Trump Rally."

f. Since Donald Trump won the election, 10 Year Treasury went from 1.8% to 2.5% and has maintained a steady flow since the beginning of the year.
g. Along with the election, all eyes were on the Federal Open Market Committee as the US reported improving inflation expectations and employment numbers, giving the Fed a green light to hike rates in December. With expectations fully priced in, markets reacted calmly when the Fed raised their target rate by 25 basis points and signaled three further hikes in 2017. Morgan Stanley does not feel there will be more than one more rate hike in 2017.
h. For the quarter, US equities posted strong performance, especially the Financials sector of the S&P 500, which returned 21.1%. REITs and long-term US Treasuries lagged on the back of increasing inflation expectations and rising real interest rates. For the one-year period ending December 31, 2016, MLPs, US high yield corporate bonds, US equities and emerging market equities led the pack with double-digit returns.
i. The bond market registered negative returns during the fourth quarter. Interest rates increased during the fourth quarter, as the yield on the 10-year US Treasury rose to a quarter end 2.44% from 1.59% at the end of the third quarter 2016.
j. The bond market was up 4.5% last year. Our bond funds are actively managed so we don't have to buy the whole portfolio, which allowed us to do better than the benchmark.
k. This item is information only.

3. Investment Policy Statement Review

a. Scott Rankin discussed the Investment Policy Statement.
b. Bruce Maule Motioned to accept the Investment Policy Statement as presented; Motion was seconded by Bernata Slater and was unanimously carried by all Retirement Board members present.

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

a. There were no RBOA comments.
b. This is information only.

2. Program Coordinator/Consultant Comments

a. There were no Coordinator/Consultant comments.
b. This is information only.

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

a. March 15, 2018 9:00 AM – 12:00 PM.
b. This is information only.

X. ADJOURNMENT

a. Bruce Maule motioned to adjourn the meeting at 3:13 PM; Motion was seconded by Bernata Slater and was unanimously carried by all Retirement Board members present.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-004
Portfolio Performance Review		Enclosure:	Yes
		Action Item	Yes

Prepared by: Morgan Stanley
Wealth Management (MS)

Requested by: Retirement Board of Authority

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 OPEB Trust Portfolio.

STATUS:

Morgan Stanley Wealth Management (MS) will provide a review of the District's OPEB Trust Portfolio Performance Report.

RECOMMENDATION:

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

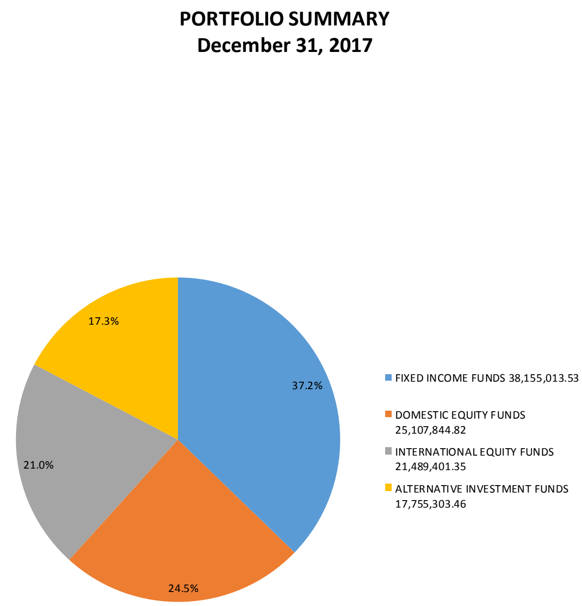
SAN MATEO COUNTY COMMUNITY COLLEGE FUTURIS PUBLIC ENTITY INVESTMENT TR

December 31, 2017

Change In Portfolio

Portfolio Value on 12-31-16	83,157,911.17
Contributions	8,000,000.00
Withdrawals	0.00
Change in Market Value	7,956,790.06
Income Received	3,732,105.52
Portfolio Fees	-339,243.60
Portfolio Value on 12-31-17	102,507,563.16
	102,507,563.16

Asset Allocation



Time Weighted Return - Gross of Fees

	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Year	Annualized Latest 5 Year	Annualized Inception To Date
Account	0.95	2.69	13.34	13.34	6.22	6.90	7.29
S&P 500 TR	1.11	6.64	21.84	21.84	11.43	15.80	14.04
MSCI EAFE	1.61	4.23	25.03	25.03	7.80	7.90	6.37
MSCI ACWI Ex US Net	2.24	5.01	28.10	28.10	8.12	6.97	6.01
Barclays Aggregate	0.46	0.39	3.55	3.55	2.25	2.11	3.39
Barclays Global Agg Bd Unhedged	0.35	1.08	7.41	7.41	2.02	0.79	1.89
50% MSCI ACWI/ 50% Barclays Agg	1.04	3.04	13.52	13.52	5.94	6.55	6.62

Time Weighted Return - Net of Fees

	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Year	Annualized Latest 5 Year	Annualized Inception To Date
Account	0.92	2.59	12.92	12.92	5.84	6.53	6.93
S&P 500 TR	1.11	6.64	21.84	21.84	11.43	15.80	14.04
MSCI EAFE	1.61	4.23	25.03	25.03	7.80	7.90	6.37
MSCI ACWI Ex US Net	2.24	5.01	28.10	28.10	8.12	6.97	6.01
Barclays Aggregate	0.46	0.39	3.55	3.55	2.25	2.11	3.39
Barclays Global Agg Bd Unhedged	0.35	1.08	7.41	7.41	2.02	0.79	1.89
50% MSCI ACWI/ 50% Barclays Agg	1.04	3.04	13.52	13.52	5.94	6.55	6.62

PORTFOLIO APPRAISAL

December 31, 2017

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
FIXED INC MUTUAL FUNDS								
Taxable Funds								
661,639.825	BLACKROCK TOTAL RETURN FD BD FD BLKRK CL	MPHQ.X	11.91	7,877,117.84	11.70	7,741,185.95	7.6	2.9
421,220.009	GUGGENHEIM FDS TR INVT GD BD INSTL	GIUS.X	18.33	7,721,394.18	18.62	7,843,116.57	7.7	3.6
362,964.112	HARTFORD WORLD BOND Y	HWDY.X	10.37	3,765,023.09	10.55	3,829,271.38	3.7	0.2
279,825.954	LEGG MASON BW GLOBAL OPPS BD IS	GOBS.X	10.83	3,030,055.83	10.81	3,024,918.56	3.0	0.0
537,714.765	PRUDENTIAL TOTAL RETURN BD FD	PTRQ.X	14.55	7,821,299.44	14.60	7,850,635.57	7.7	2.9
664,910.017	WESTERN ASSET FDS INC	WAPS.X	11.83	7,867,524.53	11.83	7,865,885.50	7.7	4.6
				38,082,414.91		38,155,013.53	37.2	2.9
				38,082,414.91		38,155,013.53	37.2	2.9
DOMESTIC EQUITY FUNDS								
Large Cap Funds								
264,167.590	ALGER FDS II SPECTRA FD Z	ASPZ.X	18.46	4,877,282.60	21.05	5,560,727.77	5.4	0.0
163,232.541	COLUMBIA FDS SER TR I	COFY.X	22.90	3,737,493.33	26.28	4,289,751.18	4.2	0.9
111,732.666	OAKMARK SELECT INSTITUTIONAL	OANL.X	44.08	4,925,528.03	47.77	5,337,469.45	5.2	?
				13,540,303.96		15,187,948.40	14.8	0.3
Mid Cap Funds								
93,963.424	HARTFORD MIDCAP Y	HMDY.X	26.62	2,501,624.79	35.76	3,360,132.04	3.3	0.0
Small Cap Funds								
218,013.146	ALGER FDS SMALL CP FOCUS Z	AGOZ.X	11.19	2,438,980.76	15.56	3,392,284.55	3.3	0.0
45,236.787	UNDISCOVERED MANAGERS FDS BEHAVR VAL R6	UBVF.X	58.25	2,634,925.94	70.02	3,167,479.83	3.1	1.0
				5,073,906.70		6,559,764.38	6.4	0.5
				21,115,835.45		25,107,844.82	24.5	0.3
INTERNATIONAL FUNDS								
Small Cap Funds								
146,645.175	BRANDES INTERNATIONAL SMALL CAP R6	BISR.X	13.42	1,967,298.64	13.55	1,987,042.12	1.9	2.7
119,557.949	LEGG MASON PARTNERS EQUITY TR CLEARBDG IN IS	CBIS.X	14.82	1,772,018.53	19.13	2,287,143.56	2.2	1.9
				3,739,317.17		4,274,185.69	4.2	2.3
International								
51,424.531	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	38.03	1,955,883.46	43.02	2,212,283.32	2.2	0.9
174,425.727	BRANDES INVT TR INT EQTY FD R6	BIER.X	15.06	2,627,511.29	17.88	3,118,732.00	3.0	3.2

PORTFOLIO APPRAISAL

December 31, 2017

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
250,163.426	HARTFORD INTERNATIONAL VALUE Y	HILY.X	14.03	3,510,960.66	17.63	4,410,381.20	4.3	2.0
190,085.045	THORNBURG INVESTMENT INCOME BUILDER	TIBO.X	20.88	3,969,455.20	22.02	4,185,672.69	4.1	1.0
				12,063,810.61		13,927,069.21	13.6	1.8
Emerging Markets								
25,247.049	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	57.12	1,442,092.18	66.74	1,684,988.05	1.6	1.0
164,595.318	BRANDES EMERGING MARKETS VALUE R6	BEMR.X	8.09	1,331,684.04	9.74	1,603,158.40	1.6	1.1
				2,773,776.21		3,288,146.45	3.2	1.0
				18,576,904.00		21,489,401.35	21.0	1.8
ALTERNATIVE INVESTMENT FUNDS								
253,785.122	COHEN & STEERS RLTY INCM NEW SHS CL Z	CSZI.X	15.60	3,958,332.74	15.59	3,956,510.05	3.9	2.7
289,762.363	GUGGENHEIM MACRO OPPORTUNITIES INSTL	GIOI.X	26.34	7,632,938.83	26.80	7,765,631.33	7.6	5.0
284,713.310	LEGG MASON BW ALT	LMAM.X	10.30	2,931,794.03	10.40	2,961,018.42	2.9	3.6
126,790.906	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	25.05	3,175,683.89	24.23	3,072,143.65	3.0	2.4
				17,698,749.49		17,755,303.46	17.3	3.8
TOTAL PORTFOLIO				**95,473,903.84**		**102,507,563.16**	**100.0**	**2.2**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-005
Market Overview		Enclosure:	Yes
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

As Board 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 market conditions on the assets in the Investment Trust.

STATUS:

Morgan Stanley Wealth Management (MS) will provide an overview of current capital market conditions.

RECOMMENDATION:

The Retirement Board of Authority should receive the information and file accordingly.

Portfolio Update – 4th Quarter 2017

Cary M. Allison, CIMA®
Senior Institutional Consultant
U.S. Government Entity Specialist

Morgan Stanley

MODEL PORTFOLIOS									
EQUITIES	Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
Domestic Equities									
Large Cap Domestic Equities									
Alger Spectra	Large Growth	ASPZX	0.89%	0%	1%	3%	5%	5%	7%
Columbia Contrarian Core	Large Blend	COFYX	0.66%	0%	2%	3%	4%	5%	7%
Oakmark Select	Large Value	OANLX	0.82%	0%	2%	4%	4%	6%	7%
				0%	5%	10%	13%	16%	21%
Small/Mid Cap Domestic Equities									
Hartford Midcap	Mid Growth	HMDYX	0.76%	0%	0%	1%	2%	4%	6%
Alger Small Cap Focus	Small Growth	AGOZX	1.01%	0%	1%	2%	3%	4%	5%
Undiscovered Managers Behavioral Value	Small Blend	UBVFX	0.79%	0%	1%	1%	2%	4%	5%
				0%	2%	4%	7%	12%	16%
Real Estate Investment Trusts									
Cohen & Steers Real Estate Securities	Real Estate	CSZIX	0.88%	0%	1%	2%	2%	3%	4%
Prudential Global Real Estate	Real Estate	PGRQX	0.80%	0%	0%	1%	2%	3%	3%
				0%	1%	3%	4%	6%	7%
Total Domestic Equities & REITs				0%	8%	17%	24%	34%	44%
International/Global Equities									
John Hancock International Growth	Int'l Growth	JIGTX	0.93%	0%	2%	2.0%	3%	3.5%	4%
Brandes International Small Cap	Int'l SMID	BISRX	1.00%	0%	1%	1.5%	2%	2.5%	3%
ClearBridge International Small Cap	Int'l SMID	CBISX	1.01%	0%	0%	1.5%	2%	2.5%	3%
American Funds New Perspectives Fund	Global Growth	ANWFX	0.55%	0%	1%	2%	2%	3%	4%
American Funds New World Fund	Emerging Markets	NFFFX	0.76%	0%	1%	1%	1.5%	2%	3%
Prudential Jennison Global Opportunities	Global Growth	PRJQX	0.84%	0%	0%	1%	1.5%	2%	3%
Oakmark International	Int'l Value	OANIX	0.81%	0%	1%	2%	3%	3%	3%
Hartford International Value	Int'l Value	HILYX	0.91%	0%	1%	2%	3%	4%	4%
Thornburg Investment Income Builder	Global Blend	TIBOX	0.85%	0%	1%	3%	3%	5%	5%
				0%	8%	16%	21%	28%	32%
Total Equities				*0%*	*16%*	*33%*	*45%*	*61%*	*76%*
FIXED INCOME									
BlackRock Total Return	Domestic Bond	MPHQX	0.39%	16%	14%	11%	9%	6%	4%
Guggenheim Investment Grade Bond	Domestic Bond	GIUSX	0.50%	16%	14%	11%	9%	6%	4%
Prudential Total Return Bond	Domestic Bond	PTRQX	0.46%	16%	14%	11%	9%	6%	4%
Western Asset Core Plus Bond	Domestic Bond	WAPSX	0.42%	16%	14%	11%	9%	6%	4%
Guggenheim Macro Opportunities	Domestic Bond	GIOIX	0.97%	16%	12%	11%	9%	6%	4%
Hartford World Bond	Global Bond	HWDYX	0.67%	8%	7%	4%	4%	3%	1%
Brandywine Global Opportunities Bond	Global Bond	GOBSX	0.56%	6%	5%	4%	3%	3%	1.5%
Brandywine Global Alternative Credit	Global Bond	LMAMX	1.25%	6%	4%	4%	3%	3%	1.5%
Total Bonds			*Subtotals*	*100.0%*	*84.0%*	*67.0%*	*55.0%*	*39.0%*	*24.0%*
SUMMARY									
Total Equities				0.0%	16.0%	33.0%	45.0%	61.0%	76.0%
Total Fixed Income				100.0%	84.0%	67.0%	55.0%	39.0%	24.0%
Grand Total				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expense Ratio				0.60%	0.60%	0.66%	0.68%	0.72%	0.74%
TARGET EQUITY & NOMINAL BENCHMARKS									
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%
STATISTICS									
Target Avg Annual Return				4.50%	5.00%	6.00%	6.99%	7.69%	8.46%
Standard Deviation (Risk)				3.12%	4.26%	6.09%	7.41%	9.48%	11.89%

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

Portfolio Returns

As of December 31st, 2017

Portfolio	*3 Mo*	*1-Yr*	*3-Yr*	*5-Yr*	*10-Yr*
Fixed Income	0.80%	6.31%	3.19%	2.89%	5.90%
Benchmark (Barclay's Aggregate)	*0.39%*	*3.54%*	*2.24%*	*2.10%*	*4.01%*
Conservative	1.32%	8.25%	3.91%	3.83%	5.90%
Benchmark (15% ACWI / 85% BC Agg)	*1.18%*	*6.41%*	*3.39%*	*3.46%*	*4.35%*
Moderate	1.95%	10.85%	5.10%	5.33%	6.11%
Benchmark (30% ACWI / 70% BC Agg)	*1.97%*	*9.34%*	*4.52%*	*4.82%*	*4.62%*
Moderate Growth	2.43%	12.62%	5.93%	6.40%	6.05%
Benchmark (45% ACWI / 55% BC Agg)	*2.76%*	*12.34%*	*5.63%*	*6.17%*	*4.83%*
Growth	3.03%	14.85%	6.98%	7.76%	6.04%
Benchmark (60% ACWI / 40% BC Agg)	*3.57%*	*15.42%*	*6.73%*	*7.50%*	*4.96%*
Aggressive Growth	3.69%	17.30%	8.00%	9.15%	5.86%
Benchmark (75% ACWI / 25% BC Agg)	*4.37%*	*18.58%*	*7.81%*	*8.83%*	*5.03%*

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
Quarterly Returns						
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%

Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
Annualized Rolling Returns (per year)						
1 Year	6.31%	8.25%	10.85%	12.62%	14.85%	17.30%
2 Years	5.34%	6.57%	8.21%	9.44%	11.06%	12.64%
3 Years	3.19%	3.91%	5.10%	5.93%	6.98%	8.00%
4 Years	3.77%	4.17%	5.10%	5.78%	6.54%	7.29%
5 Years	2.89%	3.83%	5.33%	6.40%	7.76%	9.15%
6 Years	4.08%	5.00%	6.36%	7.30%	8.53%	9.77%
7 Years	4.28%	4.74%	5.59%	6.17%	6.89%	7.58%
8 Years	4.94%	5.47%	6.34%	6.94%	7.68%	8.44%
9 Years	6.34%	7.00%	8.00%	8.73%	9.62%	10.64%
10 Years	5.90%	5.90%	6.11%	6.05%	6.04%	5.86%
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%
Statistics						
Worst Quarter	-3.19%	-4.12%	-6.76%	-9.65%	-13.11%	-17.53%
Average Quarter	1.32%	1.33%	1.37%	1.38%	1.40%	1.43%
Best Quarter	8.04%	9.64%	12.08%	13.79%	15.91%	19.16%
Worst 1-Year Period	-4.71%	-10.56%	-17.25%	-21.83%	-27.37%	-34.71%
Average 1-Year Period	5.80%	5.93%	6.31%	6.54%	6.89%	7.25%
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%	3.29%	3.73%	2.12%	0.04%
Average 3-Year Rolling Period	6.12%	6.42%	7.04%	7.44%	7.95%	8.50%
Best 3-Year Rolling Period	13.68%	15.32%	17.40%	18.83%	20.68%	23.50%
Worst 5-Year Rolling Period	3.06%	4.14%	4.88%	4.89%	3.34%	1.55%
Average 5-Year Rolling Period	6.28%	6.77%	7.65%	8.24%	9.01%	9.87%
Best 5-Year Rolling Period	10.75%	12.57%	14.95%	16.63%	18.91%	22.03%

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-006
Investment Policy Statement Review		Enclosure:	Yes
		Action Item	Yes

Prepared by: Benefit Trust Company (BTC)

Requested by: Retirement Board of Authority

BACKGROUND:

The Investment Policy Statement for the Trust must be reviewed periodically to ensure that it reflects the current investment objectives of the Retirement Board of Authority. The Investment Policy Statement governs the actions of the Discretionary Trustee and its Advisor in the selection and monitoring of investments for the trust.

STATUS:

The members of the Retirement Board of Authority, with the assistance of consultants from Benefit Trust Company and Morgan Stanley will review the provisions of the Investment Policy Statement. A key to this process may be a review of the Board's risk attitude as well as the capacity of the Board to accept the current designated investment risk.

RECOMMENDATION:

Discuss the information received and modify the Investment Policy Statement for the investment of Trust assets if needed, or otherwise affirm it in its present form.

INVESTMENT POLICY STATEMENT

San Mateo County Community College District

The purpose of this Investment Policy Statement is to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the **Futuris Public Entity Investment Trust** (the "**Trust**"), which has been adopted for use by **San Mateo County Community College District** (the "**Employer**") for, among other things, to assist the Employer in meeting applicable funding requirements for the payment of future retiree health and welfare obligations and other post-employment benefit obligations (generally referred to as "**OPEB Liability**"), but may also be used to fund other purposes related to excess funds of the Employer as allowable under applicable law.

This Investment Policy Statement shall be consistent with the governing law, including the Internal Revenue Code of 1986 as amended from time to time (the "**Code**"), applicable provisions of Governmental Accounting Standards Board Statement Nos. 43 and 45, California laws, including applicable provisions of the California Government Code.

TRUST FUNDING STATEMENT

The purpose of the Trust is to provide a uniform method of investing contributions and earnings of all contributed amounts between funds deposited within the Trust Fund, as such term is defined within the Trust. The Trust shall be funded primarily by irrevocable contributions made by the Employer, but may also include other contributions made by any Participant as determined necessary and appropriate under applicable circumstances and in compliance with underlying legal requirements. These contributions shall be remitted to the Trust on a discretionary basis, as determined by and through the direction of the Employer, or such delegated Trust.

RETIREMENT BOARD OF AUTHORITY

The Retirement Board of Authority (the "**RBOA**") is directly responsible for the implementation and oversight of this Investment Policy Statement. This responsibility includes the selection and ongoing evaluation of investments and/or investment managers in accordance with applicable laws and regulations. However, these investment responsibilities may be delegated to an authorized third-party trustee. In this case, the RBOA has appointed Benefit Trust Company ("**BTC**") as Discretionary Trustee and Trust Fund custodian, who may further designate and delegate any corresponding Investment Manager responsibilities as set forth below. On behalf of the Trust, and as approved by the RBOA, BTC shall administer the assets of the Trust in such a manner that the investments are:

- Prudent; in consideration of the stated purpose of the Trust, any underlying Plan and in accordance with Article 16, Section 17 of the California Constitution creating a Retirement System, and California Government Code Sections 53620 through 53622, as applicable;
- Diversified; among a broad range of investment alternatives;

- Permitted; in accordance with the terms of the Trust, any applicable Plan document and in accordance with California Government Code Sections 53620 through 53622 and other applicable requirements;
- Selected; for the exclusive benefit of the Plan participants as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

The above notwithstanding, the RBOA retains the responsibility to oversee the management of the Trust, including BTC's, or any successor trustee's, requirement that investments and assets held within the Trust continually adhere to the requirements of California Government Code.

INVESTMENT OBJECTIVES

The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics. In general, assets held in the Trust Fund will be for the primary purpose of meeting present and future OPEB Liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that subject to applicable legal requirements may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

Though investment responsibilities are delegated to the Trustee, the RBOA determines the target return that is applicable for this Trust as it relates to those assets held in the Trust Fund. Attachment A of this Investment Policy details the target return selected by the RBOA. The target return may be modified from time to time by amending the Appendix. Related to the investments and the holding of investments themselves, the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

PERIODIC ANALYSIS AND EVALUATION

The RBOA and/or its designees shall periodically meet with the Trustee to review investment performance reports that analyze the performance of the managers selected in each market sector that take into consideration:

- adherence to applicable legal constraints on investment prudence;
- consistency and adherence to stated investment management style and discipline;
- risk adjusted performance relative to managers with similar style;
- long-term investment performance relative to appropriate benchmarks; and
- changes in investment personnel managing the portfolio

ETHICS AND CONFLICT OF INTEREST

Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by the California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.)

AMENDMENT

The RBOA shall have the right to amend this Policy, in whole or in part, at any time and from time to time.

ADOPTION

The RBOA hereby adopts the provisions of this Investment Policy Statement as of this 16th day of September, 2014.

By: ______________________________
Chief Financial Officer – Ray Chow

By: ______________________________
Vice Chancellor of Human Resources & Employee Relations – Eugene Whitlock

By: ______________________________
Controller – Anita Leong

By: ______________________________
Academic Representative - Bruce Maule

By: ______________________________
Kathy McEachron, Classified Representative

APPENDIX A: Target Return

Subject to the ability of the Retirement Board of Authority and Trustee to deviate from these guidelines as set forth under the heading "Investment Objectives" in the Statement, the Retirement Board of Authority has determined after due consideration to the time horizon of the trust, trust liquidity needs, and the District's risk tolerance and capacity for risk, that the Trust Fund shall be invested with the objective of achieving an annualized target net rate of return of 7% in order to meet the Plan's actuarial assumption (as determined by Retirement Board of Authority's Actuarial Consultant), as well as an additional 0.4% to cover the costs of trust administration, GASB 43 and GASB 45 compliance.

In accordance with Article 16 Section 17 of the California Constitution creating a retirement system and California Government Code sections 53620 through 53622, the Retirement Board of Authority has the authority to invest or reinvest funds intended for the payment of employee retiree health benefits under a prudent investor standard and shall diversify investments so as to minimize the risk of loss and to maximize the rate of return. The Trustee shall establish investment portfolios on a discretionary basis to meet the diverse needs of the Trust and its applicable purposes. Applicable provisions and requirements of, in particular, the California Government Code (specifically provisions under Sections 53216.1, 53216.5 and 53216.6, as applicable) shall be examined before selecting the investment portfolios to achieve the targets stated above.

The Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target return objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Trustee or any of its affiliates or advisors.

Equity Investments

The purpose of the aggregate equity allocation within the Trust is to provide a total return consisting primarily of appreciation, with dividend income a secondary consideration. In order to maximize return opportunity while minimizing risk, the Trustee shall, in its discretion, allocate the Trust's equity allocation among a diverse group of equity fund managers, taking into consideration such factors as investment style (value, growth, international, etc.) as well as the capitalization (large, mid, small, etc.) of the investment.

Permitted equity investments shall include:

- ☐ Publicly traded common stocks, preferred stocks, securities convertible into common stocks, and securities which carry the right to buy common stocks, listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;

- ☐ American Depository Receipts ("ADRs");

- ☐ SEC-registered open-end mutual funds and Bank, Insurance Company or Trust Company commingled funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives;

- ☐ Closed-end SEC-registered mutual funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives; and

- ☐ Exchange Traded Funds ("ETFs") which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives.

In managing the equity portfolio, the Trustee shall not do any of the following:

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

However, all of the above restrictions shall be permitted in open-end or closed-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.

Additionally, certain securities may not be held directly, but only in open-end or closed-end mutual funds, comingled funds, or ETFs. These include common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common stocks 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 contracts to hedge foreign currency exposure.

Not more than 5% of the Trust assets shall be invested in any single equity security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund.

Both an investment fund manager's performance and the performance of individual securities, if purchased, will be compared to the following benchmarks based upon the particular investment style and capitalization range:

Domestic Equities:	S&P 500
International:	MSCI EAFE and ACWI ex.U.S

The Trustee shall pay particular attention to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's equity portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Fixed Income Investments

The purpose of the aggregate fixed income allocation within the Trust is to provide a total return consisting of income and appreciation, while preserving capital by investing in a diversified portfolio of high quality fixed income securities. The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by the Barclay's Aggregate Bond Index for domestic securities, and the Barclay's Global Bond Index for international securities, with attention given to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's fixed income portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Permitted securities shall include:

- ☐ Obligations of the U.S. Government and its agencies;
- ☐ Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;
- ☐ Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than $100,000 (including interest) in any single institution;
- ☐ Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.
- ☐ SEC-registered open-end mutual funds and Bank, Insurance Company and Trust Company commingled funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- ☐ Closed-end SEC registered mutual funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- ☐ Exchange Traded Funds ("ETFs") which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- ☐ Investment grade foreign government or corporate bonds carrying a minimum BBB rating, whether or not denominated in U.S currency, and whether or not

hedged for foreign currency risk.

- ☐ Securities backed by pools of consumer or corporate receivables other than mortgages ("Asset-backed Securities"), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and objectives and carry a minimum BBB rating; and

- ☐ U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Trustee shall not do any of the following:

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

However, all of the above restrictions shall be permitted only in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives, prudent management, risk mitigation, and the investments provide for daily liquidity. In addition, 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.

Not more than 5% of the Trust assets shall be invested in any single debt security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities.

Use of Mutual Funds

The Retirement Board of Authority envisions that the Trustee will invest predominantly in open and closed-end mutual funds. The Board recognizes that the limitations and restrictions set forth in this Statement cannot be imposed on the managers of such mutual funds and that mutual funds held by the Trust may be managed outside of the requirements of this Statement. Nonetheless, the Trustee shall seek to identify mutual funds that comply as closely as possible to these guidelines and shall diligently monitor for prompt removal and replacement of those that do not.

Performance Review

In the execution of its fiduciary responsibilities, the Trustee shall review, on a regular basis, the performance of the various investments and fund managers employed by the Trust to determine if assets are being properly managed according to the stated objectives and policies set forth in the Trust Agreement and in this Statement. The Trustee shall view performance and investment risk on the basis of a full 3 to 5-year market cycle, though the stated objectives and policies of the Trustee may result in the prompt sale of a security or dismissal of a fund manager based upon shorter term results. In addition, any deviation or change in the structure, management or investment style of any fund manager employed shall precipitate a review by the Trustee to determine whether or not that manager should be retained.

Change of Target Return

The Retirement Board of Authority may, from time to time, discuss with Trustee the need to change target investment returns for the trust as conditions or characteristics of the Trust, or applicable Fund requirements change. In the event a change is made, a new Appendix A will be adopted by the Retirement Board of Authority to reflect the change.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-007
Annual Reporting on the Status of the Trust		Enclosure:	Yes
		Action Item	Yes

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 beneficiaries of the District's OPEB Plan.

STATUS:

The Retirement Board of Authority (RBOA) has approved the method of how the Annual Reporting on the Status of Funds held in the Trust will be made in compliance with California Government Code 53216.4. The Retirement Board of Authority shall ratify promulgation of the Annual Report on the Status of the Investment Trust to the District's OPEB Plan beneficiaries for fiscal year ending June 30, 2017.

RECOMMENDATION:

The Retirement Board of Authority will review the Annual Report and take appropriate action as deemed necessary.

SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

Office of the Executive Vice Chancellor

Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

ANNUAL REPORT FOR THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT FUTURIS TRUST JULY 2017

The San Mateo County 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"), in compliance with Governmental Accounting Statement Nos. 43/74 and 45/75[1].

The Governmental Accounting Standards Board (GASB) adopted Statements 43/74 and 45/75 for public sector employers to identify and report their Other Post-Employment Benefits (OPEB) liabilities. GASB Statements 43 and 45 establish uniform financial reporting standards for OPEB and improve relevance and usefulness of the reporting. Both of these standards provide instructions for calculating expenses and liabilities as well as requiring supplementary information schedules to be added to the year–end financial reports. GASB 74 and 75 build on the prior standards, requiring more disclosure, as well as more uniformity in calculating an agency's OPEB liability.

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.

For more information regarding the Futuris Public Entity Investment Trust, please contact Bernata Slater, Chief Financial Officer at (650) 358-6742 with the San Mateo County Community College District.

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[1] GASB Standard No. 43 was superseded by Statement No. 74 for fiscal years beginning after June 15, 2016. GASB Standard No. 45 will be superseded by Statement No. 75 as of fiscal years beginning after June 15, 2017.

3401 CSM Drive, San Mateo, CA 94402 ❖ **V**: (650) 574-6500 **F**: (650) 574-6574

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-008
Disbursement Report		Enclosure:	Yes
		Action Item	Yes

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

The District's OPEB Trust is positioned to make withdrawals for the reimbursement of retiree benefits for eligible participants and for the "reasonable fees" associated with the management and operation of the Trust.

STATUS:

The Retirement Board of Authority (RBOA) shall ratify the "reasonable fees" associated with GASB 74/75 compliance and the Management/Operational duties of the District's Investment Trust.

RECOMMENDATION:

The Retirement Board of Authority will hear the information and take appropriate action as deemed necessary.

San Mateo CCD Disbursements

03/01/2017-01/22/2018

	DISBURSEMENT TRANSACTIONS	
03/10/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY FEBRUARY 2017	($8,645.04)
03/10/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES FEBRUARY 2017	($8,682.54)
03/10/2017	MONTHLY FEE TO MORGAN STANLEY FEBRUARY 2017	($8,582.54)
04/11/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY MARCH 2017	($8,903.58)
04/11/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES MARCH 2017	($8,941.08)
04/11/2017	MONTHLY FEE TO MORGAN STANLEY MARCH 2017	($8,841.08)
05/09/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2017	($9,195.17)
05/09/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES APRIL 2017	($9,232.67)
05/09/2017	MONTHLY FEE TO MORGAN STANLEY APRIL 2017	($9,132.67)
06/13/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2017	($9,507.21)
06/13/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2017	($9,544.71)
06/13/2017	MONTHLY FEE TO MORGAN STANLEY MAY 2017	($9,444.71)
07/17/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2017	($9,771.59)
07/17/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2017	($9,809.09)
07/17/2017	MONTHLY FEE TO MORGAN STANLEY JUNE 2017	($9,709.09)
08/09/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2017	($9,918.14)

08/09/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2017	($9,955.64)
08/09/2017	MONTHLY FEE TO MORGAN STANLEY JULY 2017	($9,855.64)
09/15/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2017	($9,954.57)
09/15/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2017	($9,992.07)
09/15/2017	MONTHLY FEE TO MORGAN STANLEY AUGUST 2017	($9,892.07)
10/18/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER 2017	($10,054.12)
10/18/2017	MONTHLY FEE TO MORGAN STANLEY SEPTEMBER 2017	($9,991.62)
10/18/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER 2017	($10,091.62)
11/09/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER 2017	($10,122.85)
11/09/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER 2017	($10,160.35)
11/09/2017	MONTHLY FEE TO MORGAN STANLEY OCTOBER 2017	($10,060.35)
12/13/2017	MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER 2017	($10,219.73)
12/13/2017	MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER 2017	($10,257.23)
12/13/2017	MONTHLY FEE TO MORGAN STANLEY NOVEMBER 2017	($10,157.23)
01/12/2018	MONTHLY FEE TO BENEFIT TRUST COMPANY DECEMBER 2017	($10,313.26)
01/12/2018	MONTHLY FEE TO KEENAN AND ASSOCIATES DECEMBER 2017	($10,350.76)
01/12/2018	MONTHLY FEE TO MORGAN STANLEY DECEMBER 2017	($10,250.76)
	TOTAL FOR DISBURSEMENT	**($319,540.78)**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-009
Updates to the Comprehensive Compliance, including the “Substantive Plan”		Enclosure:	Yes
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

Under the Futuris 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 fiduciary duties.

STATUS:

The Retirement Board of Authority will review District updates to the “Substantive Plan” and “e-Library” reflecting compliance with GASB 74/75 protocols and applicable Regulatory standards for fiscal year ending 2017.

RECOMMENDATION:

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

Futuris[SM]
A Keenan Solution

Ongoing OPEB Questionnaire & Due Diligence

PUBLIC ENTITY EMPLOYER NAME: San Mateo County Community College District

PLAN YEAR: July 1, 2016 – June 30, 2017

To help us understand & determine ongoing Other Post Employment Benefits (OPEB) provided for retirees of the Public Entity Employer, please complete the following questionnaire.

1 To determine OPEB ongoing liabilities, has a current Actuarial Valuation Report been produced & updated per GASB mandates? ☐ Yes ☑ No
Date of most current Actuarial Valuation Report June 4, 2015

2 Who is the Actuary that completed the Valuation Report?

____

3 Have there been any changes/modifications to Bargaining Agreements recently (within this past year) that affect Retirees OPEB? ☐ Yes ☑ No

- **Certificated** ☐ Yes ☐ No
Date of most current Bargaining Agreement ____________
- **Classified** ☐ Yes ☐ No
Date of most current Bargaining Agreement ____________
- **Management** ☐ Yes ☐ No
Date of most current Bargaining Agreement ____________
- **Other** ☐ Yes ☐ No
Date of most current Bargaining Agreement ____________

4 Have there been modifications of program provisions or changes in insurance carriers of the Health Benefits Program provided to Retirees of the Employer in the past year? ☑ Yes ☐ No

If the answer to No. 4 is Yes, please list any changes below or on a separate page.
CalPERS reviews carriers on its plan and may make changes to exisiting carriers.
For example, effective 1/1/18, Western Health HMO was added to the plan.

Ongoing OPEB Questionnaire & Due Diligence

5 Are Spouses, Domestic Partners or Dependents covered under the Health Benefits provided to Retirees of the Employer? ☑ Yes ☐ No

6 Have there been modifications of program provisions or changes in insurance carriers of the Dental Benefits provided to Retirees of the Employer? ☐ Yes ☑ No

If the answer to No.6 is Yes, please list the changes below:

____

____

____

7 Are Spouses, Domestic Partners or Dependents covered under Dental Benefits provided to Retirees of the Employer? ☑ Yes ☐ No

8 Have there been any modifications of any separate Prescription Drug Plan provided for Retirees of the Employer (including benefits for dependents)? ☐ Yes ☑ No

If the answer to No.8 is Yes, please indicate all changes below or on a separate page.

____

____

____

9 Are Long Term Care Benefits provided for Retirees of the Employer? ☐ Yes ☑ No

Ongoing OPEB Questionnaire & Due Diligence

10 Are there any changes to other insurance coverage provided for Retirees of the Employer, including their dependents? (i.e., Life Insurance, change of carriers, changes regarding how much of the premium is paid by the Employer versus the Retiree, etc.) ☐ Yes ☑ No

If the answer to No.10 is Yes, please list additional insurance coverage and any changes below or on a separate page :

____

____

____

11 Within the past year, have there been changes to any other arrangements or commitments for the Employer 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. ☐ Yes ☑ No

12 Within the past year, have there been changes to any other arrangements or commitments for the Employer to pay for the costs, of any dependent of a retired Employee of the Employer? ☐ Yes ☑ No

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

____

____

____

13 **There are NO updates required at this time.** ☑

QUESTIONNAIRE COMPLETED BY: Cassandra Jackson

PUBLIC ENTITY EMPLOYER ACKNOWLEDGEMENT: San Mateo County Community College District

DATE: 09/10/2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-010
Actuarial Valuation Study Update		Enclosure:	Yes
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

GASB Statement 74, states that an Actuarial Valuation Study should be performed at least biannually. The Retirement Board of Authority should discuss the need for obtaining an updated Actuarial Valuation Study.

STATUS:

The District's current Actuarial Valuation Study has an effective date of Sept 26, 2017. The RBOA membership will review and analyze the status of updates to the current Actuarial Valuation Study.

RECOMMENDATION:

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

San Mateo County Community College District

Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2017
Measurement Date: June 30, 2017

Prepared by:
Total Compensation Systems, Inc.

Date: September 26, 2017

Table of Contents

San Mateo County Community College District
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

San Mateo County Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2017 (the measurement date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2017. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

This actuarial study is intended to serve the following purposes:

- To provide information to enable San Mateo CCD to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable San Mateo CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, San Mateo CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

This actuarial report includes several estimates for San Mateo CCD's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to San Mateo CCD in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: AFSCME, Certificated Management, Faculty, Classified and Classified Management. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVTPB attributable to

employees' service prior to the measurement date.)

- the "net OPEB liability" (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.
- the service cost (SC). This is the value of OPEB benefits earned for one year of service.
- deferred inflows and outflows of resources attributable to the OPEB plan.
- "OPEB expense." This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.
- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Service costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2017 to be $7,314,788 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2017 (the service cost) is $3,359,195. This service cost would increase each year based on covered payroll. Had San Mateo CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be $116,969,506. This amount is called the "Total OPEB Liability" (TOL). San Mateo CCD has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2017 was $97,061,619. This leaves a Net OPEB Liability (NOL) Of $19,907,887.

Based on the information we were provided, the OPEB Expense for the fiscal year ending June 30, 2017 is ***negative*** $13,360,717. As noted in this report adjustments may be needed – particularly if the reporting date is not the same as the measurement date.

We based all of the above estimates on employees as of March, 2017. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan. District practices are based on Government Code sections collectively known as PEMHCA, which vary from collective bargaining agreements.

	AFSCME	*Certificated Management*	*Certificated*	*Classified*	*Classified Management*
Benefit types provided	Medical, Part B	Medical, Part B	Medical, Part B	Medical, Part B	Medical, Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime
Minimum Age Required Service	Retirement from Applicable Retirement System	Retirement from Applicable Retirement System	Retirement from Applicable Retirement System	Retirement from Applicable Retirement System	Retirement from Applicable Retirement System
Dependent Coverage	Yes	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%	100%
District Cap	$704 per month*	$704 per month*	$704 per month*	$704 per month*	$704 per month*

*The District contribution is changed periodically. Grandfathered employees and retirees receive benefits that may exceed this cap.

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions San Mateo CCD should take to manage the liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations 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 San Mateo CCD's practices, it is possible that San Mateo CCD is already complying with some or all of our recommendations.

- We recommend that San Mateo CCD maintain an inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, San Mateo CCD should determine whether the benefit is material and subject to GASB 74 and/or 75.

- We recommend that San Mateo CCD conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no <u>less</u> frequently than every two years, as required under GASB 74/75.

- Under GASB 75, it is important to isolate the cost of retiree health benefits. San Mateo 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, San Mateo 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.

- San Mateo 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 San Mateo 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 Appendices B and C for a list of assumptions and concerns.) For example, San Mateo 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 San Mateo 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.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

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"),

B. Actuarial Accrual

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."

The actuarial cost method mandated by GASB 75 is the "entry age actuarial cost method". Under this method, there are two components of actuarial cost – a "service cost" (SC) and the "Total OPEB Liability" (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

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. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee's projected pay.

The service cost is 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. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) 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.

- ***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 long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

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.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

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

- Investment gains and losses can be deferred five years

- Experience gains and losses can be 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 average working lifetime

- Liability changes resulting from plan changes, for example, cannot be deferred.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

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

We summarized actuarial assumptions used for this study in Appendix C.

B. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent San Mateo CCD uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the employee is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the employee is not eligible. The employee 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 discounted the expected cost for each year to the measurement date June 30, 2017 at 7% interest. Finally, we multiplied the above discounted 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.

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 1.0000).

We added the APVPBP for all employees to get the actuarial present value of total projected benefits (APVPBP). The APVPBP is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVPBP is the amount on June 30, 2017 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

Actuarial Present Value of Projected Benefit Payments at June 30, 2017

	Total	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
Active: Pre-65	$16,808,530	$1,567,787	$750,650	$6,365,017	$5,416,091	$2,708,985
Post-65	$51,890,784	$4,483,082	$3,085,602	$20,233,337	$16,157,941	$7,930,822
Subtotal	$68,699,314	$6,050,869	$3,836,252	$26,598,354	$21,574,032	$10,639,807
Retiree: Pre-65	$2,620,675	$952,894	$32,252	$332,024	$903,583	$399,922
Post-65	$67,772,835	$1,444,095	$683,596	$33,336,922	$28,750,701	$3,557,521
Subtotal	$70,393,510	$2,396,989	$715,848	$33,668,946	$29,654,284	$3,957,443
Grand Total	$139,092,824	$8,447,858	$4,552,100	$60,267,300	$51,228,316	$14,597,250
Subtotal Pre-65	$19,429,205	$2,520,681	$782,902	$6,697,041	$6,319,674	$3,108,907
Subtotal Post-65	$119,663,619	$5,927,177	$3,769,198	$53,570,259	$44,908,642	$11,488,343

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been “earned” by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided 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).

The past service and future service liabilities are each accrued in a different way. We will start with the future service liability which is funded by the service cost.

C. Cost to Prefund Retiree Benefits

1. Service Cost

The average hire age for eligible employees is 38. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 23 years (assuming an average retirement age of 61). 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 Year Beginning June 30, 2017

	Total	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
# of Employees	947	87	54	322	339	145
Per Capita Service Cost						
Pre-65 Benefit	N/A	$1,142	$1,170	$1,268	$1,012	$1,078
Post-65 Benefit	N/A	$2,218	$3,398	$2,856	$2,008	$2,153
First Year Service Cost						
Pre-65 Benefit	$1,070,208	$99,354	$63,180	$408,296	$343,068	$156,310
Post-65 Benefit	$2,288,987	$192,966	$183,492	$919,632	$680,712	$312,185
Total	$3,359,195	$292,320	$246,672	$1,327,928	$1,023,780	$468,495

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. This service cost would increase each year based on covered payroll.

2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

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 (TOL). We calculated the 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.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2017

	Total	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
Active: Pre-65	$9,733,470	$912,634	$403,159	$3,739,408	$3,017,800	$1,660,469
Active: Post-65	$36,842,525	$3,210,640	$2,076,394	$14,319,506	$11,399,276	$5,836,709
Subtotal	$46,575,995	$4,123,274	$2,479,553	$18,058,914	$14,417,076	$7,497,178
Retiree: Pre-65	$2,620,675	$952,894	$32,252	$332,024	$903,583	$399,922
Retiree: Post-65	$67,772,835	$1,444,095	$683,596	$33,336,922	$28,750,701	$3,557,521
Subtotal	$70,393,510	$2,396,989	$715,848	$33,668,946	$29,654,284	$3,957,443
Subtotal: Pre-65	$12,354,145	$1,865,528	$435,411	$4,071,432	$3,921,383	$2,060,391
Subtotal: Post-65	$104,615,360	$4,654,735	$2,759,990	$47,656,428	$40,149,977	$9,394,230
Total OPEB Liability (TOL)	$116,969,506	$6,520,264	$3,195,401	$51,727,860	$44,071,360	$11,454,621
Fiduciary Net Position as of June 30, 2017	$97,061,619					
Net OPEB Liability (NOL)	$19,907,887					

Because San Mateo CCD concluded that it would be too expensive and time-consuming to rerun prior valuations under GASB 75, we invoked Paragraph 244 of GASB 75 for the transition. Consequently, in order to determine the beginning NOL, we used a "roll-back" technique. The following table shows the results of the roll-back. San Mateo CCD should restate its June 30, 2016 NOL accordingly.

Changes in Net OPEB Liability as of June 30, 2017

	TOL	*FNP*	*NOL*
Roll back balance at June 30, 2016	$113,624,603	$80,355,999	$33,268,604
Service Cost	$3,269,290	$0	$3,269,290
Interest on TOL	$7,305,828	$0	$7,305,828
Employer Contributions	$0	$15,230,215	($15,230,215)
Employee Contributions	$0	$0	$0
Actual Investment Income	$0	$9,043,305	($9,043,305)
Administrative Expense	$0	($337,685)	$337,685
Benefit Payments	($7,230,215)	($7,230,215)	$0
Other	$0	$0	$0
Net Change during 2016-17	$3,344,903	$16,705,620	($13,360,717)
Balance at June 30, 2017 *	$116,969,506	$97,061,619	$19,907,887

***** May include a slight rounding error.

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. San Mateo CCD determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date).The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

OPEB Expense Fiscal Year Ending June 30, 2017

	Total
Service Cost	$3,269,290
Interest on Total OPEB Liability (TOL)	$7,305,828
Employer Contributions	($15,230,215)
Employee Contributions	$0
Recognized Actuarial Gains/Losses	$0
Recognized Assumption Changes	$0
Actual Investment Income	($9,043,305)
Recognized Investment Gains/Losses	$0
Contributions After Measurement Date*	$0
Liability Change Due to Benefit Changes	$0
Administrative Expense	$337,685
OPEB Expense**	($13,360,717)

***** Should be added by San Mateo CCD if reporting date is after the measurement date.
****** May include a slight rounding error.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. (Please see Appendix E, Paragraph 244 for more information.) Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

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 employees, estimates for individual years are **certain** to be ***in***accurate. 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.

Year Beginning July 1	*Total*	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
2017	$7,314,788	$191,647	$70,469	$3,548,404	$3,128,744	$375,524
2018	$7,432,730	$218,226	$87,241	$3,607,605	$3,117,697	$401,961
2019	$7,760,083	$268,491	$110,577	$3,751,754	$3,166,081	$463,180
2020	$8,064,880	$314,259	$135,172	$3,867,195	$3,222,086	$526,168
2021	$8,341,011	$359,540	$156,935	$3,955,606	$3,278,088	$590,842
2022	$8,563,287	$387,822	$180,464	$4,019,277	$3,327,941	$647,783
2023	$8,816,012	$416,144	$206,627	$4,103,325	$3,379,229	$710,687
2024	$9,034,350	$435,607	$231,946	$4,165,609	$3,423,891	$777,297
2025	$9,237,976	$467,438	$262,203	$4,210,173	$3,460,958	$837,204
2026	$9,446,255	$501,158	$295,362	$4,254,545	$3,499,199	$895,991

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We recommend San Mateo CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.

- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation.

APPENDIX C: 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 San Mateo CCD to understand that the appropriateness of all selected actuarial assumptions and methods are San Mateo 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, San Mateo CCD's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 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 an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

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 San Mateo CCD regarding practices with respect to employer and employee contributions and other relevant factors.

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 7% per year. This is based on assumed long-term return on plan assets assuming 100% funding through Futuris. We used the “Building Block Method” as described in ASOP 27 Paragraph 3.6.2. (See Appendix E, Paragraph 53 for more information).

TREND: We assumed 4% 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 San Mateo CCD.

Fiduciary Net Position as of June 30, 2017

	06/30/2016	*06/30/2017*
Cash and Equivalents	$0	$0
Contributions Receivable	$0	$0
Total Investments	$80,355,999	$97,297,331
Capital Assets	$0	$0
Total Assets	$80,355,999	$97,297,331
Benefits Payable	$0	$0
Accounts Payable	$0	($235,712)
	$0	$0
Total Liabilities	$0	($235,712)
Fiduciary Net Position	$80,355,999	$97,061,619

NON-ECONOMIC ASSUMPTIONS:

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

MORTALITY

Employee Type	***Mortality Tables***
Certificated	2009 CalSTRS Mortality
Classified	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

Employee Type	***Retirement Rate Tables***
Certificated	2009 CalSTRS Retirement Rates
Classified	Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52

SERVICE REQUIREMENT

Employee Type	***Service Requirement Tables***
Certificated	Retirement from applicable retirement system
AFSCME	Retirement from applicable retirement system
Classified	Retirement from applicable retirement system
Classified Management	Retirement from applicable retirement system

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be "community-rated." However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

Because the section 3.7.7(c) exception is new, there is not a consensus among practicing actuaries regarding the specific circumstances under which a section 3.7.7(c) exception may be invoked. It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Other actuaries have taken the position that ASOP 6 does not explicitly allow use of unadjusted premium for any agencies participating in the CalPERS medical plan.

Prior to the most recent ASOP 6 revision, there was general agreement that ASOP 6 allowed use of unadjusted premium as a retiree cost basis for PEMHCA agencies (under section 3.4.5 of the prior version of ASOP 6). Since there have been no changes to the CalPERS medical plan, use of unadjusted premium must still be viewed as appropriate actuarial practice to the extent that it was under the prior version of ASOP 6. That means that if the current ASOP 6 section 3.7.7(c)(4) exception is not deemed to ***explicitly*** allow use of unadjusted premium as a retiree cost basis for San Mateo CCD , then it would be allowable as a "deviation."

While I am confident that ASOP 6 section 3.7.7(c)(4) will ultimately be found to explicitly allow use of unadjusted premium as a retiree cost basis for most PEMHCA agencies, I cannot be certain that this will be the case if and when this issue is fully reviewed. Therefore, I am including disclosure information required for a "deviation" so that the valuation will not need to be revised in the event section 3.7.7(c)(4) should be found not to explicitly allow use of unadjusted premium. Following is the disclosure information that is required should a deviation be necessary.

Use of ***age-adjusted*** premium for the CalPERS medical plan results in an overstatement of San Mateo CCD's OPEB

Expense and Total OPEB Liability (TOL) to the extent that San Mateo CCD continues to participate in the CalPERS medical plan AND that the rate structure of the CalPERS medical plan continues in its current form (i.e. with no rate distinction between active employees and retirees). In addition to the overstatement of OPEB costs and liabilities, San Mateo CCD's policy of funding OPEB obligations could lead to an inability of San Mateo CCD to recover overfunded assets. It is important to note that, should San Mateo CCD leave the CalPERS medical plan, the subsequent plan may not qualify to use unadjusted premium rates. In this event, leaving the CalPERS medical plan would be comparable to a significant change in plan terms and would likely require a new valuation.

Following are the criteria we applied to San Mateo CCD to determine that it is reasonable to assume that San Mateo CCD's future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

The District participates in the CalPERS medical program. We have performed the required evaluation of the CalPERS medical program and we have determined that there is sufficient evidence to apply the 3.7.7(c)(4) exception. Following are details regarding the evaluation based on the criteria we have set:

- **Plan qualifies as a "pooled health plan."** ASOP 6 defines a "pooled health plan" as one in which premiums are based at least in part on the claims experience of groups other than the one being valued." Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.

- **Rates not based to any extent on the agency's claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.

- **Rates not based to any extent on the agency's demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.

- **No refunds or charges based on the agency's claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.

- **Plan in existence 20 or more years.** Enabling legislation to allow "contracting agencies" to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.

- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.

- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.

- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.

- **The agency does not represent a large part of the pool.** The District is in the CalPERS Bay Area region. Based on the information we have, the District constitutes no more than 1.5% of the Bay Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Bay Area pool.

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

Employee Type	*Future Retirees Pre-65*	*Future Retirees Post-65*
AFSCME	Hired < 2/1/88: $16,387 Hired 2/1/88 to 6/30/95: $12,298 Hired > 6/30/95: $11,104	Hired < 2/1/88: $10,124 Hired 2/1/88 to 6/30/95: $8,613 Hired > 6/30/95: $7,302
Certificated	Hired < 1/1/87: $16,387 Hired 2/1/88 to 9/6/93: $12,298 Hired > 9/6/93: $11,333	Hired < 2/1/87: $10,124 Hired 2/1/87 to 9/6/93: $8,613 Hired > 9/6/93: $7,670
Certificated Management	Hired < 5/1/87: $16,387 Hired 5/1/87 to 6/30/94: $12,298 Hired > 6/30/94: $11,333	Hired < 5/1/87: $10,124 Hired 5/1/87 to 6/30/94: $8,613 Hired > 6/30/94: $7,670
Classified	Hired < 5/1/87: $16,387 Hired 5/1/87 to 6/30/94: $12,298 Hired > 6/30/94: $11,104	Hired < 5/1/87: $10,124 Hired 5/1/87 to 6/30/94: $8,613 Hired > 6/30/94: $7,302
Classified Management	Hired < 5/1/87: $16,387 Hired 5/1/87 to 6/30/94: $12,298 Hired > 6/30/94: $11,104	Hired < 5/1/87: $10,124 Hired 5/1/87 to 6/30/94: $8,613 Hired > 6/30/94: $7,302

PARTICIPATION RATES

Employee Type	*<65 Non-Medicare Participation %*	*65+ Medicare Participation %*
Certificated	100%	100%
Classified	100%	100%

TURNOVER

Employee Type	*Turnover Rate Tables*
Certificated	2009 CalSTRS Termination Rates
Classified	2009 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.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

Age	*Total*	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
Under 25	5	1	0	0	3	1
25-29	53	5	0	2	40	6
30-34	108	6	3	25	62	12
35-39	127	14	5	44	45	19
40-44	103	9	7	36	29	22
45-49	119	13	5	49	29	23
50-54	123	11	13	45	36	18
55-59	128	16	6	44	46	16
60-64	104	11	7	38	30	18
65 and older	77	1	8	39	19	10
Total	947	87	54	322	339	145

ELIGIBLE RETIREES

Age	*Total*	*AFSCME*	*Certificated Management*	*Faculty*	*Classified*	*Classified Management*
Under 50	0	0	0	0	0	0
50-54	1	0	0	0	0	1
55-59	16	10	0	2	1	3
60-64	49	0	1	14	28	6
65-69	77	2	2	44	22	7
70-74	131	0	2	64	60	5
75-79	128	0	0	84	44	0
80-84	113	0	0	64	46	3
85-89	95	0	0	47	46	2
90 and older	76	0	0	22	50	4
Total	686	12	5	341	297	31

APPENDIX E: 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 San Mateo 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 Receiving Benefits	686
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	947
Total Number of participants	1633

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

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

shown in Appendix C.

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

The following information is intended to assist San Mateo 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	2009 CalSTRS Mortality
Disclosure	The mortality assumptions are based on the 2009 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 CalPERS analysis.

Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous 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.
Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous 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	2009 CalSTRS Retirement Rates
Disclosure	The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS Retirement Rates for School Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS Retirement 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 T

Turnover Table	2009 CalPERS Termination Rates for School Employees
Disclosure	The turnover assumptions are based on the 2009 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.

ables

Turnover Table	2009 CalSTRS Termination Rates
Disclosure	The turnover assumptions are based on the 2009 CalSTRS Termination Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

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 trend 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	$3,068,448	$19,907,887	$40,865,489

Paragraph 53: **Discount Rate**

The following information is intended to assist San Mateo CCD to comply with Paragraph 53 requirements.

53.a: A discount rate of 7% was used in the valuation.

53.b: We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

53.c: We used historic 20 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 and 53.e.: not applicable

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

Futuris - Custom San Mateo CCD

Asset Class	Percentage of Portfolio	Assumed Gross Return
Fixed Income	25%	4%
Equities	75%	8%

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	$32,545,120	$19,907,887	$9,263,614

Paragraph 55: **Changes in the Net OPEB Liability**

Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.

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

The following information is intended to assist San Mateo CCD to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2017.
The measurement date is June 30, 2017.
56 b; 56 c; 56.d; 56.e; 56.f: Not applicable
56.g: To be determined by the employer
56.h.(1) through (4): Not applicable
56.h.(5): To be determined by the employer
56.i: Not applicable

Paragraph 57: **Required Supplementary Information**

57.a: Please see reconciliation on page 11. Please see the notes for Paragraph 244 below for more information.
57.b: These items are provided on page 11 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 College contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 20 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 College contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 20 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 F: 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.

Actuarial Cost Method: 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.

Actuarial Present Value of Projected Benefit Payments: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.

Deferred Inflows/Outflows of Resources: 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.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and actuarial accrued liability.

Fiduciary Net Position: Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).

Implicit Rate Subsidy: 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.

Measurement Date: The date at which assets and liabilities are determined in order to estimate TOL and NOL.

Mortality Rate: 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.

Net OPEB Liability (NOL): The Total OPEB Liability minus the Fiduciary Net Position.

OPEB Benefits: Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.

OPEB Expense: 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.

Participation Rate: 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.

Retirement Rate: 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.

Service Cost: The annual dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

Service Requirement: 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.

Total OPEB Liability (TOL): The amount of the actuarial present value of projected benefit payments attributable to employees' past service based on the actuarial cost method used.

Trend Rate: 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.

Turnover Rate: 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.

Valuation Date: 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:	DATE: 02/15/2018
Retirement Board of Authority	

SUBJECT:	ITEM #: 2017/2018-011
Status of the District's Current OPEB Trust Independent Auditor's Report	Enclosure: Yes
	Action Item: Yes

Prepared by: Crowe Horwath, LLP

Requested by: Retirement Board of Authority

BACKGROUND:

The Independent Auditors Report provides the District's OPEB Trust with an independent third-party compliance certification relative to GASB accounting standards, financial reporting for OPEB expenses, OPEB liabilities, Note disclosures and Required Supplemental Information (RSI).

STATUS:

The Retirement Board of Authority will review and discuss the status of the current Independent Auditor's certification relative to the District's OPEB Trust compliance with GASB 74/75 protocols and applicable Regulatory standards.

RECOMMENDATION:

The Retirement Board of Authority will accept the information provided and file accordingly.

SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS
PUBLIC ENTITY INVESTMENT TRUST

FINANCIAL STATEMENTS
June 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

FINANCIAL STATEMENTS
June 30, 2017

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Crowe Horwath.

Crowe Horwath LLP
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INDEPENDENT AUDITOR'S REPORT

The Retirement Board of Authority of the
San Mateo County Community College District
Retirement Futuris Public Entity Investment Trust
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Trust's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust, a fiduciary fund of San Mateo County Community College District, as of June 30 2017 and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Trust, and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District, as of June 30, 2017, the change in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the Trust implemented Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans". The statement replaced the requirement of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans". Note disclosures and required supplementary information requirements about OPEB were enhanced related to the measurement of the OPEB liabilities for which assets have been accumulated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as the Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Money-Weighted Rate of Return of OPEB Plan Investments on pages 9 - 11, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the Trust. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance for the Trust. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Community College District's internal control over financial reporting and compliance for the Trust.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF TRUST NET POSITION
As of June 30, 2017

	2017
ASSETS	
Investments:	
Mutual funds – fixed income	$ 48,077,511
Mutual funds – equity	42,467,543
Mutual funds – real estate	6,752,278
Total assets	97,297,332
LIABILITIES	
Accounts payable	235,713
Total liabilities	235,713
NET POSITION	
Net position restricted for other postemployment benefits	$ 97,061,619

The accompanying notes are an integral part of these financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF CHANGE IN TRUST NET POSITION
For the Year Ended June 30, 2017

	2017
Additions	
Employer contributions	$ 15,230,215
Net investment income:	
Dividends and other income	2,789,489
Realized and unrealized losses, net	6,253,815
Investment fees	(337,684)
Total additions	23,935,835
Deductions	
Retiree benefits	7,230,215
Net increase	16,705,620
Net position restricted for other postemployment benefits:	
Net position, beginning of the year	80,355,999
Net position, end of the year	$ 97,061,619

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following information of the San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of the San Mateo County Community College District (the "District"), provides only general information of the Trust's provisions. Readers should refer to the Trust agreement for a more complete description. These financial statements include only the resources of the Trust and are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Organization: The Trust is a contributory single-employer defined benefit healthcare plan trust administered by the San Mateo County Community College District through a third party. The Trust provides medical insurance benefits to eligible retirees and their spouses. Membership consists of 686 retirees and beneficiaries currently receiving benefits and 947 active plan members. The Trust is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting. Contributions are recognized as revenue in the period in which contributions are due, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

The financial statements of the Trust have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. In the U.S. the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The financial statements have been prepared consistent with GASB Codification Po50, *Postemployment Benefit Plans Other than Pension Plans.*

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The GASB Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

Funded Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Description: The District provides postemployment health care benefits (OPEB) for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The Other Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan. During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust. OPEB provisions are established and amended per contractual agreement with employee groups. Management of the Plan is vested in the Retirement Board of Authority, which consists of five members. The following is a description of the current retiree benefit plan:

Plan membership: At June 30, 2017, Plan membership consisted of the following:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	686
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	947
	1,633

Academic Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to September 8, 1993 and 20 years if hired on or after September 8, 1993.

CSEA & All Non-represented Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

AFCSME Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

Benefit Payments: The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The Plan is included in the District's financial report and separately presented as a fiduciary fund.

During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District was $15,230,215 for the year ended June 30, 2017.

Investment Options: Benefit Trust Company ("BTC"), the Asset Custodian, maintains the Trust's investments in various mutual funds, and is the record keeper. BTC contracted with Morgan Stanley Smith Barney as the investment advisor. Funds allocated to the Asset Custodian are invested according to the investment policy statement (IPS) developed and approved by the Retirement Board in a combination of equity and fixed income investments.

Investment Valuation: Investments are reported at fair value based upon market prices, when available, or estimates of fair value, and unrealized and realized gains and losses are included in the Statement of Change in Trust Net Position.

Net OPEB Liability of the Trust:

The components of the net OPEB liability of the Trust at June 30, 2017, were as follows:

Total OPEB Liability	$ 116,969,506
Fiduciary Net Position	97,061,619
Net OPEB Liability	$ (19,907,887)
Fiduciary Net Position as a percentage of the total OPEB Liability	83%

Actuarial Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation

In the June 30,2017 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on assumed long return on plan assets assuming 100% funding through the Trust. Healthcare cost trend rates were 4.0 percent. An inflation rate of 2.75% and an expected payroll increase of 2.75% were utilized. The average hire age for eligible employees is 38 and the average retirement is 61. The actuarial present value of projected benefit payments is added for all employees to get the actuarial present value of total projected benefits and estimates present value of all future retiree health benefits for all employees and retirees. Participation rates were noted at 100% for certificated and classified employees. Mortality rates for certificated employees were based on the 2009 CalSTRS mortality tables. Mortality rates for classified employees were based on the 2014 CalPERS active mortality for miscellaneous employees.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate Return*
Fixed Income	50%	4%
Equities	50%	8%

*Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 20 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years

Money-weighted rate of return on OPEB plan investments for the year ending June 30, 2017 was 7%.

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 7 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (6 percent) and 1 percent higher (8):

	Discount Rate 1% Lower (6%)	Valuation Discount Rate (7%)	Discount Rate 1% Higher (8%)
Net OPEB liability	$ 32,545,120	$ 19,907,887	$ 9,263,614

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Discount Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ 3,068,448	$ 19,907,887	$ 40,865,489

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Termination: In the event of Plan termination, the net position of the Trust would be allocated as prescribed in the Trust documents, generally to pay in the order indicated below:

- District's remaining retiree medical benefit liabilities.
- Reasonable expenses of administering the Trust.

Any assets remaining in the Trust after paying off the above liabilities shall revert back to the District.

NOTE 2 – INVESTMENTS

The Trust has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The fair values of the Trust's individual investments at June 30, 2017, are as follows:

	2017
Mutual funds – fixed income	$ 48,077,511
Mutual funds – equity	42,467,543
Mutual funds – real estate	6,752,278
Total investments	$ 97,297,332

During the fiscal year ended June 30, 2017, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	2017
Dividend and other	$ 2,789,489
Realized gains, net	1,121,048
Unrealized gains, net	5,132,767
Investment fees	(337,684)
Total investment income	$ 8,705,620

Custodial Credit Risk: The California Government Code requires California banks and savings and loan associations to secure the Trust's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Trust.

(Continued)

NOTE 2 – INVESTMENTS (Continued)

Credit Risk: The Trust's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Trust Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2017, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

The OPEB Trust investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Trust to estimate the fair value of its financial instruments at June 30, 2017.

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Recorded at Fair Value: The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2017:

	Total	Level 1	Level 2	Level 3
2017				
Investments:				
Mutual funds - fixed income	$ 48,077,511	$ 48,077,511	$ -	$ -
Mutual funds - equity	42,467,543	42,467,543	-	-
Mutual funds – real estate	6,752,278	6,752,278	-	-
Total	$ 97,297,332	$ 97,297,332	$ -	$ -

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2017, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2017

	2017
Total OPEB liability	
Service Cost	$ 3,269,290
Interest	7,305,828
Benefit payments	(7,230,215)
Net change in total OPEB liability	3,344,903
Total OPEB liability, beginning of year	113,624,603
Total OPEB liability, end of year (a)	$ 116,969,506
Plan fiduciary net position	
Employer contributions	15,230,215
Actual Investment Income	9,043,304
Administrative expense	(337,684)
Benefits payment	(7,230,215)
Change in plan fiduciary net position	16,705,620
Fiduciary trust net position, beginning of year	80,355,999
Fiduciary trust net position, end of year (b)	$ 97,061,619
Net OPEB liability, ending (a) - (b)	$ 19,907,887
Covered payroll	$ 83,799,966
Plan fiduciary net position as a percentage of the total OPEB Liability	83%
Net OPEB liability as a percentage of covered payroll	24%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

(Continued)

I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Continued)

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Census data	The census was provided by the District as of June 30, 2016
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return / discount rate	7%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	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.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

II. SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS

Money-weighted rate of return on OPEB plan investments	7%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
San Mateo County Community College District
San Mateo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of San Mateo County Community College Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over the Trust's financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over the Trust's financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting for the Trust.

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Trust financial statements are free of material misstatement, we performed tests of the Trust's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance for the Trust. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance for the Trust. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-012
Future Transfer of Assets into the Trust		Enclosure:	No
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

The Trust was created for the exclusive purpose of prefunding unfunded retiree OPEB liabilities.

STATUS:

A dollar-cost-averaging strategy is currently used for prefunding the District's OPEB Investment Trust requirements. The RBOA membership shall acknowledge recent prefunding transfers to the Trust and review anticipated future schedules for District transfers.

RECOMMENDATION:

The Retirement Board of Authority shall hear the information file accordingly.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO: Retirement Board of Authority	DATE: 02/15/2018
SUBJECT: Retirement Board of Authority Comments	ITEM #: 2017/2018-013 Enclosure: No Action Item: No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-014
Program Coordinator/Consultant Comments		Enclosure:	No
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

The Program Coordinator may address the Board of Authority on any matter pertaining to the Retirement Board of Authority 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING

PRESENTED TO:		DATE:	02/15/2018
Retirement Board of Authority			
SUBJECT:		ITEM #:	2017/2018-015
Date, Time and Agenda Items for Next Meeting		Enclosure:	No
		Action Item	No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

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

RECOMMENDATION:

The Board will determine Agenda Items for the next meeting.