

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-001
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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-002
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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
NOVEMBER 9, 2016
1:00 PM–3:00 PM**

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
ADMINISTRATION BUILDING, ROOM A140
3041 WEST AVENUE K
LANCASTER, CA 93536
PHONE (661) 722-6300**

I. CALL TO ORDER

II. ROLL CALL

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

Executive Director Business Services
Vice President Human Resources
Board of Trustees Member

Diana Keelen
Mark Bryant
Michael Adams

PROGRAM COORDINATOR:

Senior Vice President
Senior Account Manager
Account Executive, Keenan & Associates

Gail Beal
Roslyn Washington
Sharen Stanek-Lowe

CONSULTANTS:

Benefit Trust Company (BTC)
Morgan Stanley Wealth Management (MS)
RPM Consultant Group (RPM)

Scott Rankin
Cary Allison
Chuck Thompson

OTHERS

None

III. PUBLIC COMMENTS

**Information
2016/2017-001**

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

IV. APPROVAL OF AGENDA **Action**
2016/2017-002

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

PUBLIC COMMENTS:

BOARD CONSIDERATION:

V. APPROVAL OF MINUTES **Action**
2016/2017-003

The Retirement Board of Authority will review the Minutes from the previous meeting on May 12, 2016 for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VI. INVESTMENTS

PORTFOLIO PERFORMANCE REVIEW **Action**
2016/2017-004

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

PUBLIC COMMENTS:

BOARD CONSIDERATION:

MARKET OVERVIEW **Information**
2016/2017-005

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

PUBLIC COMMENTS:

BOARD CONSIDERATION:

INVESTMENT POLICY STATEMENT REVIEW **Action**
2016/2017-006

The Retirement Board of Authority shall, with the assistance of Benefit Trust Company (BTC) and Morgan Stanley Wealth Management (MS), 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 Board Members feel pertinent to the discussion.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VII. ADMINISTRATION

ANNUAL REPORTING ON THE STATUS OF THE TRUST

Action
2016/2016-007

California Government Code 53216.4 requires an annual reporting of the funds held in the District's OPEB Trust to beneficiaries of the Trust. The Retirement Board of Authority shall acknowledge District procedures for Annual Report promulgation to Trust beneficiaries for fiscal year ending June 30, 2016.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

DISBURSEMENT REPORT

Action
2016/2017-008

The Retirement Board of Authority members will acknowledge and ratify all reasonable expenses associated with the compliance, management and operational duties of the District's OPEB Investment Trust.

PUBLIC COMMENTS:

BOARD CONSIDERATIONS:

UPDATE OF THE COMPREHENSIVE COMPLIANCE INCLUDING THE "SUBSTANTIVE PLAN"

Information
2016/2017-009

The Comprehensive Compliance Plan is a summary of the State of California regulatory mandates and GASB requirements applicable to the District's Public Entity Investment program. As an essential protocol of this framework, Keenan Financial Services provides a written summary of the "Substantive Plan" for fiscal 2015/2016 which acts as both a road map and a record of the Retirement Board of Authority's compliance with its governance and fiduciary mandates.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

TRANSFER OF ASSETS INTO THE TRUST

Information
2016/2017-010

The District's asset transfers into the Investment Trust may require a tailored funding procedure. To meet the possible tailored funding procedure, the Retirement Board of Authority (RBOA) will discuss recent transfers to the Investment Trust and provide timing and asset transfer schedules related to the District's Annual Required Contribution (ARC) and Pay-As-You-Go funding strategies.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VIII. INFORMATION

RETIREMENT BOARD OF AUTHORITY COMMENTS

Information
2016/2017-011

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

PROGRAM COORDINATOR/CONSULTANT COMMENTS

**Information
2016/2017-012**

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
2016/2017-013**

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

X. ADJOURNMENT

Americans with Disabilities Act: The Antelope Valley Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Antelope Valley Community College District Retirement Board of Authority, shall be made to: Diana Keelen, Executive Director Business Services, Antelope Valley Community College District, 3041 West Avenue K, Lancaster, Ca 93536: Phone (661) 722-6300.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-003
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 Board will review the Minutes from the previous Retirement Board of Authority meeting on **May 12, 2016**.

RECOMMENDATION:

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

MINUTES

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

May 12, 2016
1:00 PM–3:00 PM

I. CALL TO ORDER

1. Meeting was called to order at 1:00 PM by Diana Keelen, Executive Director Business Services.

II. ROLL CALL

1. All RBOA members reported their presence at the meeting.
2. All District Investment Trust Coordinators/Consultants were in attendance, except Sharen Stanek Lowe of Keenan & Associates and Chuck Thompson of RPM Consultant Group. Cary Allison of Morgan Stanley attended via teleconference.

III. PUBLIC COMMENTS

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

IV. APPROVAL OF AGENDA

1. Michael Adams Motioned to accept the Agenda as presented; Motion was seconded by Mark Bryant. The remaining RBOA member voted “Yes” to accept the Agenda as presented.

V. APPROVAL OF MINUTES

1. Michael Adams Motioned to accept the Minutes from the previous RBOA meeting as presented; Motion was seconded by Mark Bryant. The remaining RBOA member voted “Yes” to accept the Agenda as presented.

VI. INVESTMENTS

1. **Portfolio Performance Review**

- a. Cary Allison of Morgan Stanley (MS) reviewed the performance of the Investment Trust’s portfolio account as of April 30, 2016.
- b. The portfolio value as of April, 30, 2016 was **\$761,801.57**.

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
0.93	0.93	1.90	-	-	-	-1.93

- c. Cary discussed the April Report. April was a good month.
- d. US dollar weakened a bit so the global Bonds increased in the 1st quarter.
- e. Cary pointed out that the Royce Fund was replaced with the Undiscovered Managers Funds Behavioral Value Ins. Fund.
- f. Diana Keelen asked Cary to explain the total cost.

- g. Cary said the total cost is equal Deposits, dividends plus capital gains.
- h. The current yield is 2.2. Scott added you get more units when dividends are reinvested.
- i. Michael Adams Motioned to accept the Portfolio Performance Review as presented; Motion was seconded by Mark Bryant. The remaining RBOA member voted “Yes” to accept the Agenda as presented.

2. Market Overview

- a. Cary Allison of Morgan Stanley explained that global risk markets were highly volatile in the first quarter of 2016. The worst January in global stock market history gave way to a retracement in February and March, leaving US stockowners about even, and international positions down about 3% to 5% in US dollar terms. Investors grappled with fears of a global recession, ineffective central bank policy, a China-driven currency war and declining oil prices. For the quarter, gold, emerging market equities and REITs posted the strongest returns.
- b. The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 1.4% in the fourth quarter of 2015, in comparison to a 2.0% increase in the third quarter of 2015. Morgan Stanley & Co. economists forecast U.S. Real GDP will be 1.7% in 2016 and 1.6% in 2017.
- c. Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index was flat in January and decreased 0.2% in February. Morgan Stanley & Co. economists forecast a 1.2% inflation rate for 2016 and 1.9% for 2017. Morgan Stanley does not feel the country will go into a recession. They just feel as if we are in a slow growth economy.
- d. This item is information.

VII. ADMINISTRATION

1. Disbursement Report

- a. Roslyn Washington of Keenan presented the Disbursement Report schedules reflecting expenses for Keenan, BTC & Morgan Stanley for their services during the posted period.
- b. Michael Adams Motioned to ratify the Service Entities’ posted period expenses; Motion was seconded by Mark Bryant. The remaining RBOA member voted “Yes” to ratify the Service Entities’ posted period expenses.

2. Transfer of Assets into the Trust.

- a. The District will fund \$387,113.00 into the Trust in July.
- b. This is information only.

f

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. Diana Keelen requested that her name be spelled correctly throughout the minutes in the future.
- b. Diana asked about cost containment to assist with reduction of OPEB.

- c. Gail Beal said she could send information and also discuss with Chuck Thompson of RPM.
- d. This item is information only.

2. Program Coordinator/Consultant Comments

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

IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

- 1. November 9, 2016: 1:00 PM-3:00 PM., then March 16, 2017: 1:00 PM-3:00 PM.
- 2. This item is information only.

X. ADJOURNMENT

- 1. Meeting was adjourned @ 1:25 PM by Diana Keelen.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: Retirement Board of Authority

DATE: 11/09/2016

SUBJECT: Portfolio Performance Review

ITEM #: 2016/2017-004

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 Public Entity Investment Trust Portfolio.

STATUS:

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

RECOMMENDATION:

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

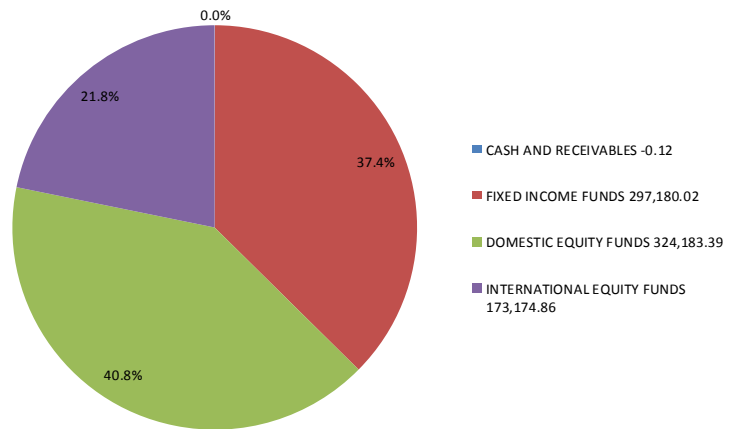
ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
BENEFIT TRUST COMPANY, TRUSTEE
 September 30, 2016

Change In Portfolio

Portfolio Value on 12-31-15	747,615.08
Contributions	0.25
Withdrawals	-0.15
Change in Market Value	44,641.09
Income Received	9,046.65
Portfolio Fees	-6,764.77
Portfolio Value on 09-30-16	794,538.15

Asset Allocation

PORTFOLIO SUMMARY
September 30, 2016



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	0.52	4.32	7.24	9.92	-	-	3.15
S&P 500 TR	0.02	3.86	7.85	15.45	11.17	16.38	4.96
MSCI EAFE	1.23	6.43	1.73	6.52	0.48	7.39	-5.45
MSCI ACWI Ex US Net	1.23	6.91	5.82	9.36	0.21	6.06	-3.16
Barclays Aggregate	-0.06	0.46	5.81	5.22	4.03	3.09	4.94
Barclays Global Agg Bd Unhedged	0.55	0.81	9.85	8.82	2.13	1.72	8.10
50% MSCI ACWI/ 50% Barclays Agg	0.27	2.87	6.36	8.80	4.79	7.01	2.95

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	0.42	4.01	6.28	8.61	-	-	1.96
S&P 500 TR	0.02	3.86	7.85	15.45	11.17	16.38	4.96
MSCI EAFE	1.23	6.43	1.73	6.52	0.48	7.39	-5.45
MSCI ACWI Ex US Net	1.23	6.91	5.82	9.36	0.21	6.06	-3.16
Barclays Aggregate	-0.06	0.46	5.81	5.22	4.03	3.09	4.94
Barclays Global Agg Bd Unhedged	0.55	0.81	9.85	8.82	2.13	1.72	8.10
50% MSCI ACWI/ 50% Barclays Agg	0.27	2.87	6.36	8.80	4.79	7.01	2.95

PORTFOLIO APPRAISAL

September 30, 2016

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
CASH AND RECEIVABLES								
	NORTHERN INSTL FUNDS GOVERNMENT SELECT	BGSX.X		-0.12		-0.12	0.0	0.0
FIXED INC MUTUAL FUNDS								
Taxable Funds								
1,947.584	BLACKROCK FDS II STRATGIC INC K	BSIK.X	9.71	18,912.16	9.81	19,105.80	2.4	2.7
3,795.514	BLACKROCK TOTAL RETURN FD BD FD BLKRRK CL	MPHQ.X	11.94	45,318.86	11.95	45,356.39	5.7	2.8
2,071.244	GUGGENHEIM FDS TR INVT GD BD INSTL	GIUS.X	18.28	37,865.34	18.53	38,380.15	4.8	4.0
1,808.607	HARTFORD WORLD BOND Y	HWDY.X	10.37	18,755.25	10.40	18,809.51	2.4	0.6
2,008.256	LEGG MASON BW ALT	LMAM.X	10.23	20,537.99	9.81	19,700.99	2.5	3.8
2,120.172	LEGG MASON BW GLOBAL OPPTS BD IS	GOBS.X	10.28	21,786.98	10.94	23,194.68	2.9	0.6
3,097.873	PRUDENTIAL TOTAL RETURN BD FD	PTRQ.X	14.28	44,225.85	14.80	45,848.52	5.8	2.8
3,689.285	TEMPLETON GLOBAL BOND R6	FBNR.X	11.27	41,578.42	11.11	40,987.96	5.2	3.2
3,829.098	WESTERN ASSET FDS INC	WAPS.X	11.85	45,377.77	11.96	45,796.01	5.8	3.3
				294,358.63		297,180.02	37.4	2.8
				294,358.63		297,180.02	37.4	2.8
DOMESTIC EQUITY FUNDS								
Large Cap Funds								
2,308.741	ALGER FDS II SPECTRA FD Z	ASPZ.X	18.44	42,573.66	17.67	40,795.45	5.1	0.0
1,691.755	COHEN & STEERS RLTY INCM NEW SHS CL Z	CSZLX	15.91	26,908.82	15.68	26,526.72	3.3	2.5
1,768.035	COLUMBIA FDS SER TR I	COFY.X	22.59	39,939.19	22.81	40,328.88	5.1	2.8
1,221.374	OAKMARK SELECT I	OAKL.X	40.23	49,132.42	40.99	50,064.12	6.3	0.3
				158,554.10		157,715.17	19.8	1.2
Mid Cap Funds								
1,104.158	HARTFORD MIDCAP Y	HMDY.X	30.34	33,503.50	29.47	32,539.54	4.1	0.0
1,082.992	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	24.25	26,262.54	24.92	26,988.16	3.4	2.0
				59,766.04		59,527.70	7.5	0.9
Small Cap Funds								
2,747.909	ALGER FDS SMALL CP FOCUS Z	AGOZ.X	10.93	30,034.65	12.44	34,183.99	4.3	0.0
529.551	UNDISCOVERED MANAGERS FDS BEHAVR VAL R6	UBVF.X	56.70	30,025.55	61.69	32,668.00	4.1	0.8
				60,060.19		66,851.99	8.4	0.4
				278,380.33		284,094.86	35.8	1.0

PORTFOLIO APPRAISAL

September 30, 2016

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
INTERNATIONAL FUNDS								
International								
656.110	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	38.27	25,106.78	37.38	24,525.39	3.1	0.9
1,497.991	BRANDES INTERNATIONAL SMALL CAP EQUITY I	BISM.X	13.23	19,825.43	13.50	20,222.88	2.5	1.8
2,571.825	BRANDES INVT TR INT EQTY FD R6	BIER.X	14.85	38,200.76	15.74	40,480.53	5.1	2.8
2,232.564	HARTFORD INTERNATIONAL VALUE Y	HILY.X	13.44	30,005.55	15.31	34,180.55	4.3	1.5
1,294.249	LEGG MASON PARTNERS EQUITY TR CLEARBDG IN IS	CBIS.X	14.50	18,766.59	16.00	20,707.98	2.6	1.3
				131,905.10		140,117.33	17.6	1.8
Emerging Markets								
301.977	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	53.77	16,238.71	54.33	16,406.41	2.1	0.9
2,097.118	BRANDES EMERGING MARKETS I	BEMIX	7.17	15,033.39	7.94	16,651.12	2.1	1.3
				31,272.10		33,057.53	4.2	1.1
				163,177.21		173,174.86	21.8	1.7
BALANCED EQUITY FUNDS								
Balanced Funds								
2,007.438	THORNBURG INVESTMENT INCOME BUILDER I	TIBLX	21.10	42,361.12	19.97	40,088.54	5.0	4.4
				42,361.12		40,088.54	5.0	4.4
TOTAL PORTFOLIO				778,277.17		794,538.15	100.0	2.0

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: Retirement Board of Authority
DATE: 11/09/2016

SUBJECT: Market Overview
ITEM #: 2016/2017-005
Enclosure: Yes
Action Item: No

Prepared by: Morgan Stanley
Wealth Management (MS)
Requested by: Retirement Board of Authority

BACKGROUND:

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

STATUS:

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

RECOMMENDATION:

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



Portfolio Update – 3rd Quarter 2016

Cary M. Allison, CIMA[®]
Senior Institutional Consultant
Government Entity Specialist

Morgan Stanley

MODEL PORTFOLIOS										
EQUITIES	Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth	
<i>Domestic Equities</i>										
<i>Large Cap Domestic Equities</i>										
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	OAKLX	0.95%	0%	2%	4%	4%	6%	7%	
				0%	5%	10%	13%	16%	21%	
<i>Small/Mid Cap Domestic Equities</i>										
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%	
<i>Real Estate Investment Trusts</i>										
Cohen & Steers Real Estate Securities	Real Estate	CSZIX	0.88%	0%	2%	3%	4%	5.0%	6%	
Prudential Global Real Estate Q	Real Estate	PGRQX	0.80%	0%	1%	2%	3%	4.0%	5%	
				0%	3%	5%	7%	9%	11%	
<i>Total Domestic Equities & REITs</i>				0%	10%	19%	27%	37%	48%	
<i>International/Global Equities</i>										
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	1.06%	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%	2.0%	3%	
Brandes Emerging Markets Fund	Emerging Markets	BEMRX	0.97%	0%	0%	1%	1.5%	2.0%	3%	
Brandes International Equity	Int'l Value	BIERX	0.82%	0%	1%	2%	3%	3%	3%	
Hartford International Value	Int'l Value	HILYX	0.90%	0%	1%	2%	3%	4%	4%	
Thornburg Investment Income Builder	Global Blend	TIBIX	0.85%	0%	1%	3%	3%	5%	5%	
				0%	6%	14%	18%	24%	28%	
<i>Total Equities</i>				0%	16%	33%	45%	61%	76%	
FIXED INCOME										
BlackRock Total Return	Domestic Bond	MPHQX	0.39%	18.0%	15.0%	12.0%	10.0%	6.0%	4.0%	
Guggenheim Investment Grade Bond	Domestic Bond	GIUSX	0.75%	18.0%	15.0%	12.0%	10.0%	7.0%	4.0%	
Prudential Total Return Bond	Domestic Bond	PTRQX	0.46%	18.0%	15.0%	12.0%	10.0%	7.0%	4.0%	
Western Asset Core Plus Bond	Domestic Bond	WAPSX	0.42%	18.0%	15.0%	12.0%	10.0%	7.0%	4.0%	
Guggenheim Macro Opportunities	Domestic Bond	GIOIX	0.97%	9.0%	8.0%	6.0%	5.0%	4.0%	3.0%	
Hartford World Bond	Global Bond	HWDYX	0.67%	8.0%	7.0%	5.0%	4.0%	3.0%	2.0%	
Legg Mason Brandywine Global Opportunities Bond	Global Bond	GOBSX	0.56%	6.0%	5.0%	3.0%	3.0%	3.0%	1.5%	
Legg Mason Brandywine Alternative Credit	Global Bond	LMAMX	1.25%	5.0%	4.0%	3.0%	3.0%	2.0%	1.5%	
<i>Total Bonds</i>				<i>Subtotals</i>	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%	
<i>Expense Ratio</i>				0.60%	0.63%	0.67%	0.70%	0.73%	0.76%	
NOMINAL BENCHMARKS										
MSCI ACWI (All County World Index)				0%	15%	30%	45%	60%	75%	
Barclay's Aggregate Bond				100%	85%	70%	55%	40%	25%	
STATISTICS										
Avg Annual Return				4.50%	5.00%	6.00%	6.99%	7.69%	8.46%	
Standard Deviation (Risk)				3.94%	4.26%	6.09%	7.41%	9.48%	11.89%	

NOTE: The Futuris 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%
Annualized Returns						
1 Year	5.83%	6.80%	8.16%	9.15%	10.42%	11.69%
2 Years	3.01%	2.73%	3.24%	3.62%	3.98%	4.22%
3 Years	3.88%	3.91%	4.52%	4.96%	5.37%	5.80%
4 Years	2.90%	3.55%	4.79%	5.66%	6.72%	7.83%
5 Years	4.33%	5.10%	6.36%	7.22%	8.34%	9.51%
6 Years	4.20%	4.55%	5.32%	5.84%	6.47%	7.14%
7 Years	5.32%	5.60%	6.23%	6.67%	7.16%	7.71%
8 Years	7.61%	7.59%	7.84%	7.99%	8.13%	8.22%
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 YTD	6.27%	6.19%	6.53%	6.94%	7.32%	7.66%

Portfolio Returns

As of September 30th, 2016

<i>Portfolio</i>	<i>3 Mo</i>	<i>1-Yr</i>	<i>3-Yr</i>	<i>5-Yr</i>
Fixed Income	1.27%	5.83%	3.88%	4.33%
<i>Benchmark (Barclay's Aggregate)</i>	<i>0.46%</i>	<i>5.19%</i>	<i>4.03%</i>	<i>3.08%</i>
Conservative	2.05%	6.80%	3.91%	5.10%
<i>Benchmark (85% BC Ag / 15% ACWI)</i>	<i>1.23%</i>	<i>6.35%</i>	<i>4.30%</i>	<i>4.32%</i>
Moderate	2.89%	8.16%	4.52%	6.36%
<i>Benchmark (70% BC Ag / 30% ACWI)</i>	<i>2.00%</i>	<i>7.48%</i>	<i>4.53%</i>	<i>5.54%</i>
Moderate Growth	3.48%	9.15%	4.96%	7.22%
<i>Benchmark (55% BC Ag / 45% ACWI)</i>	<i>2.77%</i>	<i>8.58%</i>	<i>4.74%</i>	<i>6.73%</i>
Growth	4.27%	10.42%	5.37%	8.34%
<i>Benchmark (40% BC Ag / 60% ACWI)</i>	<i>3.54%</i>	<i>9.64%</i>	<i>4.92%</i>	<i>7.89%</i>
Aggressive Growth	5.05%	11.69%	5.80%	9.51%
<i>Benchmark (25% BC Ag / 75% ACWI)</i>	<i>4.32%</i>	<i>10.67%</i>	<i>5.07%</i>	<i>9.03%</i>

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT:	ITEM #:	<u>2016/2017-006</u>
Investment Policy Statement (IPS) Review	Enclosure:	<u>Yes</u>
	Action Item	<u>Yes</u>

Prepared by: Benefit Trust Company
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 Benefit Trust Company (BTC) and Morgan Stanley Wealth Management (MS) 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 to accept investment risk as measured through the completion of a Risk Tolerance Questionnaire.

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

Antelope Valley 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 **Antelope Valley 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 11th day of June, 2015.

By: 

Diana Keelen, Executive Director of Business Services

By: 

Mark Bryant, Vice President of Human Resources

By: 

Michael Adams, Board of Trustees 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 1 % 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 Equities:	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 the FDIC coverage amount (including interest) deposited to 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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-007
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 participants and their beneficiaries.

STATUS:

The Retirement Board of Authority approved the method of how the promulgation of Annual Reports on the status of funds held in trust will be made in compliance with California Government Code 53216.4. The Retirement Board of Authority should ratify promulgation of the Annual Report to Trust beneficiaries for fiscal year ending June 30, 2016.

RECOMMENDATION:

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



ANTELOPE VALLEY COLLEGE

ANNUAL REPORT FOR THE ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT FUTURIS TRUST AUGUST 2016

The Antelope Valley 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 45/75¹.

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 Diana Keelen, Executive Director Business Services at (661)722-6319 with the Antelope Valley Community College District.

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-008
Disbursement Report Enclosure: Yes
Action Item Yes

Prepared by: Keenan Financial Services
Requested by: Retirement Board of Authority

BACKGROUND:

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

STATUS:

The Retirement Board of Authority (RBOA) members shall ratify all reasonable expenses associated with compliance, management and operational duties of the District's OPEB Trust since the last RBOA meeting.

RECOMMENDATION:

The Retirement Board of Authority should ratify the payment of reasonable fees expenses as profiled.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT OPEB TRUST FEE DISBURSEMENT

DISBURSEMENT TRANSACTIONS

05/12/2016	MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2016	(\$189.47)
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Posting Date Range: 5/1/2016 - 11/1/2016
Account Number: 115150007300

Transactions Report
Generated: 11/1/2016 3:47:59 PM CT

Posting Date	Trade Date	Description	CUSIP	Cash	Price	Units
05/12/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES APRIL 2016		(\$455.51)		
05/12/2016		MONTHLY FEE TO MORGAN STANLEY APRIL 2016		(\$111.10)		
06/10/2016		MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2016		(\$189.60)		
06/10/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2016		(\$455.88)		
06/10/2016		MONTHLY FEE TO MORGAN STANLEY MAY 2016		(\$111.21)		
07/13/2016		MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2016		(\$111.40)		
07/13/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2016		(\$456.49)		
07/13/2016		MONTHLY FEE TO MORGAN STANLEY JUNE 2016		(\$189.82)		
08/11/2016		MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2016		(\$193.61)		
08/11/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2016		(\$467.11)		
08/11/2016		MONTHLY FEE TO MORGAN STANLEY JULY 2016		(\$114.72)		
09/14/2016		MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2016		(\$194.37)		
09/14/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2016		(\$469.24)		
09/14/2016		MONTHLY FEE TO MORGAN STANLEY AUGUST 2016		(\$115.39)		
10/12/2016		MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER 2016		(\$194.92)		
10/12/2016		MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER 2016		(\$470.78)		
10/12/2016		MONTHLY FEE TO MORGAN STANLEY SEPTEMBER 2016		(\$115.87)		
TOTAL FOR DISBURSEMENT				(\$4,606.49)		

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO:

DATE:

11/09/2016

Retirement Board of Authority

SUBJECT:

ITEM #:

2016/2017-009

Update of the Comprehensive Compliance Plan including
the Substantive Plan.

Enclosure:

Yes

Action Item

No

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

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

STATUS:

The Retirement Board of Authority will discuss the processes of completing the Antelope Valley Community College District “Substantive Plan” as an essential component of the Comprehensive Compliance Plan for Plan Year ending June 30, 2016.

RECOMMENDATION:

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

Ongoing OPEB Questionnaire & Due Diligence

PUBLIC ENTITY EMPLOYER NAME: Antelope Valley College

PLAN YEAR: _____ July 1, 2015 – June 30, 2016 _____

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 2015/16

2 Who is the Actuary that completed the Valuation Report?
Business Services - Diana Keelan

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 7/1/15-6/30/18

 ▪ **Classified** Yes No

 Date of most current Bargaining Agreement 7/1/16 still completing document

 ▪ **Management** Yes No

 Date of most current Bargaining Agreement N/A

 ▪ **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.

District Cap was increased from \$13,385.10 to \$15,200.00

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 :

District Cap increased from \$13,385.10 to \$15,200.00

- 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: Ana Patin, Human Resources Technician

PUBLIC ENTITY

EMPLOYER

ACKNOWLEDGEMENT: _____

DATE: September 15, 2016

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-010
Transfer of Assets into the Trust
Enclosure: No
Action Item No

Prepared by: Keenan Financial Services
Requested by: Retirement Board of Authority

BACKGROUND:

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

STATUS:

The Retirement Board of Authority will acknowledge previous District transfers to the Trust and provide updates for anticipated prefunding transfers for the current fiscal year.

RECOMMENDATION:

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-011
Retirement Board of Authority Comments 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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-012
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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 11/09/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2016/2017-013
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:

Board 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.