

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-017
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: 01/12/2016
Retirement Board of Authority

SUBJECT:	ITEM #:	<u>2015/2016-018</u>
Approval of Agenda	Enclosure:	<u>Yes</u>
	Action Item	<u>Yes</u>

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
JANUARY 12, 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
2015/2016-017**

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**
2015/2016-018

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**
2015/2016-019

The Retirement Board of Authority will review the Minutes from the previous meeting on October 15, 2015 for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

VI. INVESTMENTS

PORTFOLIO PERFORMANCE REVIEW **Action**
2015/2016-020

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**
2015/2016-021

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:

VIII. ADMINISTRATION

DISBURSEMENT REPORT **Action**
2015/2016-022

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:

RETIREMENT BOARD OF AUTHORITY (RBOA) BYLAWS **Action**
2015/2016-023

The current Trust document provides general provisions for the operation of the District's Trust. RBOA Bylaws supply governance and operational procedures to facilitate the Board in the management of the Trust by providing additional direction for issues not discussed in the provisions of the Trust Document. The RBOA will adopt and ratify final Bylaw provisions customized to District requirements.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

THE COMPREHENSIVE COMPLIANCE INCLUDING THE “SUBSTANTIVE PLAN”

Information
2015/2016-024

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 regulatory framework, Keenan Financial Services provides a written summary of the “Substantive Plan” for fiscal year ended June 30, 2015 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
2015/2016-025

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:

ANNUAL REPORT TO THE GOVERNING BOARD OF TRUSTEES

Action
2015/2016-026

An Annual Report regarding the current status of the District’s Public Entity Investment Trust shall be presented to the Antelope Valley Community College Board of Trustees. The RBOA membership shall discuss key elements of the Report presentation to the District’s Board of Trustees.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

IX. INFORMATION

RETIREMENT BOARD OF AUTHORITY COMMENTS

Information
2015/2016-027

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
2015/2016-028

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.

X. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING

Information
2015/2016-029

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

XI. 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: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-019
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 **October 15, 2015**.

RECOMMENDATION:

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

MINUTES

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
OCTOBER 15, 2015
1:00 PM–3:00 PM**

I. CALL TO ORDER

1. The meeting was called to order at 1:08 PM by RBOA Chair Diana Keelen.

II. ROLL CALL

1. All Retirement Board of Authority (RBOA) members were present.
2. All Coordinators/Consultants were present except Sharen Stanek-Lowe.

III. PUBLIC COMMENTS

1. There were no public comments.

IV. APPROVAL OF AGENDA

1. Michael Adams Motioned to accept the Agenda as presented, Motion was seconded by Mark Bryant.

V. APPROVAL OF MINUTES

1. Michael Adams Motioned to accept the Minutes from June 11, 2015 as presented, Motion was seconded by Mark Bryant.

VI. INVESTMENTS

1. Portfolio Performance Review

- a. Cary Allison of Morgan Stanley Wealth Management (MS) reviewed the performance of the Trust's portfolio account as of Sept. 30, 2015.

Time weighted return net of fees – Long-term Fiduciary Account

Month to Date	Quarter to Date	Year to Date	Latest 1 Year	Annualized latest 3 Year	Annualized latest 5 Year	Annualized Inception to Date
-2.24	N/A	N/A	N/A	N/A	N/A	-5.89

- b. As to the Trust's portfolio near-term negative performance results, Cary pointed to the recent financial events in China as the main catalyst for the August 12%+ correction in the capital markets.
- c. Cary anticipates the Fed will raise Short-Term rates perhaps .25% towards the end of 2015, but he expects Long-Term rates to stay low.

2. Market Overview

- a. Cary Alison presented Morgan Stanley's Global Investment Committee capital markets overview. Cary advised that the U.S. economy is on a 2.0%-3% slow growth track but he does not see a recession in the U.S. or globally.

VII. EDUCATION

An overview of BTC's due diligence of Morgan Stanley's fund manager selection processes and monitoring disciplines was presented by Scott Rankin of BTC

VII. ADMINISTRATION

1. Annual Report on the Status of the Trust

- a. Roslyn Washington confirmed that the Annual Report has been posted to the District's website. Michael Adams Motioned to ratify that the Annual Report has been promulgated via the District's approved process, Motion was seconded by Mark Bryant.

2. Disbursement Report

- a. A Trust disbursement report reflecting expenses remitted to Keenan, BTC & Morgan Stanley for the period August 3, 2015-September 15, 2015 was presented. Michael Adams Motioned to acknowledge the fee remittance for the period; Motion was seconded by Mark Bryant.

3. Retirement Board of Authority (RBOA) Bylaws

- a. A Bylaws template was presented which Chuck Thompson of RPM Consultant Group advised were not the same Bylaw provisions previously approved by the District's legal counsel. Roslyn Washington explained that she will forward revised Bylaws to Chuck Thompson and he will work with the District to get them reviewed/approved by District legal counsel.

4. Updates to the Comprehensive Compliance Plan, Including the Substantive Plan.

- a. Roslyn Washington, Keenan reviewed the updated OPEB Questionnaire for fiscal year ended June 30, 2015 and advised of missing backup data. Mark Bryant instructed Roslyn to email a list of missing items and he will ensure the data gets to Keenan such that an updated e-Library can be delivered by Dec. 30, 2015.

5. Transfer of Assets Into the Trust

RBOA members were advised that a District deposit for 2015/2016 in the amount of \$387,113.00 has been posted to their OPEB Trust.

6. Actuarial Valuation Study Update

- a. Roslyn Washington advised that the District's new Actuarial Valuation Study is dated September 30, 2015 and has been delivered to the Program Coordinator, Keenan Financial Services.

7. GASB Issues Final OPEB Statements

Roslyn Washington reviewed Keenan & Associates Briefing on GASBs Final OPEB Standards. Roslyn explained that GASB Statement No 74 will replace Statement No. 43 effective June 15, 2016 and GASB Statement No 75 will replace Statement No 45 effective June 15, 2017.

VIII. INFORMATION REPORTS

1. Retirement Board of Authority Comments

- a. On behalf of the RBOA membership, Diana Keelen thanked everyone for their hard work.

2. Program Coordinator/Consultant Comments

- a. No comments

3. Date, Time and Agenda Items for Next Meeting

- a. January 12, 2016: 1:00 PM-3:00 PM.

4. Adjournment

- a. The Meeting was adjourned by Diana Keelen at 2:21 PM.

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-020
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 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.

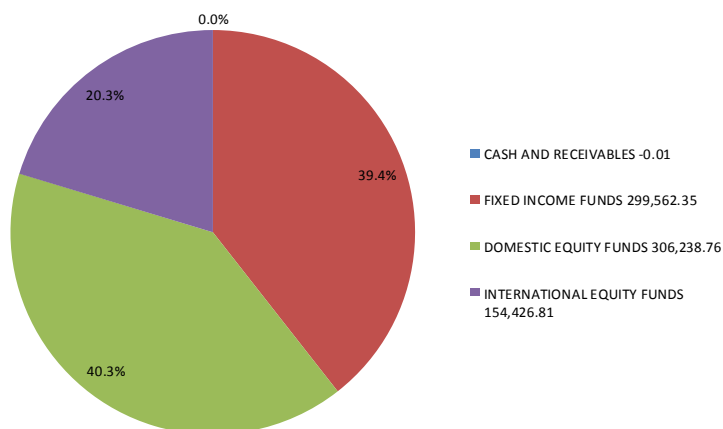
BENEFIT TRUST COMPANY AS TRUSTEE FOR ANTELOPE VALLEY COMMUNITY COLLEGE D
November 30, 2015

Change In Portfolio

Portfolio Value on 12-31-14	0.00
Contributions	778,067.57
Withdrawals	0.00
Change in Market Value	-18,895.40
Income Received	4,218.36
Portfolio Fees	-3,162.62
Portfolio Value on 11-30-15	<u>760,227.91</u> 760,227.91

Asset Allocation

PORTFOLIO SUMMARY
November 30, 2015



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	Inception To Date
Account	-0.10	4.13	-	-	-	-	-1.78
S&P 500 TR	0.30	8.77	3.04	2.78	16.10	14.40	-0.32
MSCI EAFE	-1.56	6.14	0.54	-2.94	6.60	5.52	-6.66
MSCI ACWI Ex US Net	-2.06	5.23	-3.86	-7.22	3.31	2.99	-7.32
Barclays Aggregate	-0.26	-0.24	0.89	0.99	1.51	3.10	0.30
Barclays Global Agg Bd Unhedged	-1.66	-1.45	-3.68	-4.34	-2.02	1.03	-0.83
50% MSCI ACWI/ 50% Barclays Agg	-0.54	3.37	0.41	-0.52	5.43	5.78	-1.72

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	Inception To Date
Account	-0.20	3.92	-	-	-	-	-2.13
S&P 500 TR	0.30	8.77	3.04	2.78	16.10	14.40	-0.32
MSCI EAFE	-1.56	6.14	0.54	-2.94	6.60	5.52	-6.66
MSCI ACWI Ex US Net	-2.06	5.23	-3.86	-7.22	3.31	2.99	-7.32
Barclays Aggregate	-0.26	-0.24	0.89	0.99	1.51	3.10	0.30
Barclays Global Agg Bd Unhedged	-1.66	-1.45	-3.68	-4.34	-2.02	1.03	-0.83
50% MSCI ACWI/ 50% Barclays Agg	-0.54	3.37	0.41	-0.52	5.43	5.78	-1.72

PORTFOLIO APPRAISAL

November 30, 2015

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		-0.01		-0.01	0.0	0.0
FIXED INC MUTUAL FUNDS								
Taxable Funds								
1,929.944	BLACKROCK STRATEGIC INCOME OPPS INSTL	BSIX.X	10.06	19,423.39	9.94	19,183.64	2.5	2.2
3,978.593	BLACKROCK TOTAL RETURN INSTL	MAHQ.X	11.75	46,746.05	11.65	46,350.61	6.1	3.0
4,411.363	DELAWARE DIVERSIFIED INC INSTL	DPFF.X	8.84	39,014.43	8.67	38,246.52	5.0	3.8
1,856.541	HARTFORD WORLD BOND I	HWDL.X	10.43	19,363.64	10.43	19,363.72	2.5	3.9
1,889.370	LEGG MASON BW ALT	LMAM.X	10.31	19,470.54	9.77	18,459.14	2.4	6.1
2,256.558	LEGG MASON BW GLOBAL OPPTS BD IS	GOBS.X	10.29	23,217.66	9.91	22,362.49	2.9	4.1
3,273.150	PRUDENTIAL TOTAL RETURN BD FD	PTRQ.X	14.28	46,737.15	14.14	46,282.34	6.1	3.2
3,571.638	TEMPLETON GLOBAL BOND ADV	TGBA.X	12.02	42,945.44	11.93	42,609.64	5.6	3.3
4,050.671	WESTERN ASSET CORE PLUS BOND INSTL	WACP.X	11.55	46,803.02	11.53	46,704.24	6.1	3.1
				303,721.32		299,562.35	39.4	3.5
				303,721.32		299,562.35	39.4	3.5
DOMESTIC EQUITY FUNDS								
Taxable Funds								
893.056	VANGUARD INDEX FDS MD CP STK INST	VMCLX	34.84	31,115.67	33.92	30,292.46	4.0	1.3
Large Cap Funds								
2,060.381	ALGER FDS II SPECTRA FD Z	ASPZ.X	18.71	38,548.75	18.94	39,023.62	5.1	0.0
1,696.425	COLUMBIA FDS SER TR I	COFY.X	22.72	38,548.38	22.92	38,882.06	5.1	0.9
				77,097.13		77,905.68	10.2	0.4
Mid Cap Funds								
1,956.044	COHEN & STEERS REALTY INCOME I	CSDLX	15.00	29,349.29	14.72	28,792.97	3.8	2.8
1,005.434	HARTFORD MIDCAP Y	HMDY.X	30.67	30,840.84	30.72	30,886.93	4.1	0.0
1,143.654	OAKMARK SELECT I	OAKL.X	40.45	46,255.88	40.25	46,032.07	6.1	0.0
1,122.065	PRUDENTIAL GLOBAL REAL ESTATE	PGRQ.X	24.28	27,241.12	23.96	26,884.68	3.5	2.5
				133,687.13		132,596.65	17.4	1.1
Small Cap Funds								
1,394.688	ROYCE SPECIAL EQUITY INSTL	RSELX	22.11	30,838.86	21.09	29,413.97	3.9	0.7
				272,738.78		270,208.76	35.5	0.9

PORTFOLIO APPRAISAL

November 30, 2015

Quantity	Security	Security Symbol	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
INTERNATIONAL FUNDS								
Small Cap Funds								
1,456.727	BRANDES INTERNATIONAL SMALL CAP EQUITY I	BISM.X	13.26	19,320.15	13.16	19,170.53	2.5	1.5
International								
600.847	AMERICAN FUNDS NEW PERSPECTIVE F2	ANWF.X	38.50	23,130.33	38.77	23,294.84	3.1	0.8
285.279	AMERICAN FUNDS NEW WORLD F-2	NFFF.X	54.03	15,413.99	51.39	14,660.49	1.9	1.3
2,282.729	BRANDES INSTL INTERNATIONAL EQUITY	BIEE.X	17.05	38,921.43	15.73	35,907.33	4.7	2.1
1,158.132	CLEARBRIDGE INTERNATIONAL SMALL CAP I	LCOLX	16.64	19,275.99	15.72	18,205.84	2.4	0.8
2,015.033	HARTFORD INTERNATIONAL VALUE I	HILI.X	15.30	30,830.01	14.39	28,996.32	3.8	0.0
				127,571.75		121,064.81	15.9	1.1
Emerging Markets								
2,134.056	BRANDES EMERGING MARKETS I	BEMI.X	7.29	15,546.81	6.65	14,191.47	1.9	2.2
				162,438.70		154,426.81	20.3	1.2
BALANCED EQUITY FUNDS								
Balanced Funds								
1,819.697	THORNBURG INVESTMENT INCOME BUILDER I	TIBLX	21.34	38,828.89	19.80	36,030.00	4.7	4.5
				38,828.89		36,030.00	4.7	4.5
TOTAL PORTFOLIO				777,727.68		760,227.91	100.0	2.1

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-021
Market Overview
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.



Asset Allocation and Portfolio Updates

Cary M. Allison, CIMA®
Senior Institutional Consultant
September 30, 2015

MODEL PORTFOLIO ALLOCATIONS

	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
EQUITIES						
Large Cap Growth	0%	1%	3%	5%	5%	7%
Large Cap Value	0%	4%	7%	8%	11%	14%
Small/Mid Growth	0%	0%	1%	2%	4%	6%
Small/Mid Value	<u>0%</u>	<u>2%</u>	<u>3%</u>	<u>5%</u>	<u>8%</u>	<u>10%</u>
	0%	7%	14%	20%	28%	37%
International	0%	7%	15%	19%	26%	31%
REITs	0%	2%	4%	6%	7%	8%
Total Equities	0%	16%	33%	45%	61%	76%
FIXED INCOME						
Domestic Intermediate	79.5%	61.8%	47.5%	40.0%	26.8%	15.3%
International Intermediate	<u>20.5%</u>	<u>22.3%</u>	<u>19.5%</u>	<u>15.0%</u>	<u>12.3%</u>	<u>8.8%</u>
Total Fixed Income	100%	84%	67%	55%	39%	24%
Grand Total	100%	100%	100%	100%	100%	100%
PORTFOLIO STATISTICS						
Avg Annual Return	4.98%	5.37%	6.47%	6.99%	7.69%	8.46%
Standard Deviation (Risk)	3.94%	4.26%	6.09%	7.41%	9.48%	11.89%
Nominal Benchmarks						
MSCI ACWI (All County World Index)	0%	15%	30%	45%	60%	75%
Barclay's Aggregate Bond	100%	85%	70%	55%	40%	25%

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

MODEL PORTFOLIOS										
EQUITIES	Style	Ticker	Expenses	Fixed	Conservative	Moderate	Moderate		Aggressive	
				Income			Growth	Growth	Growth	
<i>Domestic Equities</i>										
<i>Large Cap Domestic Equities</i>										
Alger Spectra	Large Growth	ASPZX	0.97%	0%	1%	3%	5%	5%	7%	
Columbia Contrarian Core	Large Blend	COFYX	0.68%	0%	2%	3%	4%	5%	7%	
Oakmark Select	Large Value	OAKLX	0.95%	<u>0%</u> 0%	<u>2%</u> 5%	<u>4%</u> 10%	<u>4%</u> 13%	<u>6%</u> 16%	<u>7%</u> 21%	
<i>Small/Mid Cap Domestic Equities</i>										
Hartford Midcap	Mid Growth	HMDYX	0.76%	0%	0%	1%	2%	4%	6%	
Vanguard Mid Cap Index	Mid Blend	VMCIX	0.08%	0%	1%	2%	3%	4%	5%	
Royce Special Equity	Small Blend	RSEIX	1.02%	<u>0%</u> 0%	<u>1%</u> 2%	<u>1%</u> 4%	<u>2%</u> 7%	<u>4%</u> 12%	<u>5%</u> 16%	
<i>Real Estate Investment Trusts</i>										
Cohen & Steers Realty Shares	Real Estate	CSDIX	0.95%	0%	1%	2%	3%	3.5%	4%	
Prudential Global Real Estate Q	Real Estate	PGRQX	0.83%	<u>0%</u> 0%	<u>1%</u> 2%	<u>2%</u> 4%	<u>3%</u> 6%	<u>3.5%</u> 7%	<u>4%</u> 8%	
<i>Total Domestic Equities & REITs</i>				0%	9%	18%	26%	35%	45%	
<i>International/Global Equities</i>										
Brandes International Small Cap	Int'l SMID	BISMX	1.15%	0%	1%	1.5%	2%	2.5%	3%	
Legg Mason ClearBridge International Small Cap	Int'l SMID	LCOIX	1.20%	0%	0%	1.5%	2%	2.5%	3%	
American Funds New Perspectives Fund	Global Growth	ANWFX	0.46%	0%	1%	2%	2%	3%	4%	
American Funds New World Fund	Emerging Markets	NFFFX	0.66%	0%	1%	1%	1.5%	2.0%	3%	
Brandes Emerging Markets Fund	Emerging Markets	BEMIX	1.12%	0%	0%	1%	1.5%	2.0%	3%	
Brandes International Equity	Int'l Value	BIEX	0.99%	0%	2%	3%	4%	5%	5%	
Hartford International Value	Int'l Value	HILIX	0.85%	0%	1%	2%	3%	4%	5%	
Thornburg Investment Income Builder	Global Blend	TIBIX	0.86%	<u>0%</u> 0%	<u>1%</u> 7%	<u>3%</u> 15%	<u>3%</u> 19%	<u>5%</u> 26%	<u>5%</u> 31%	
<i>Total Equities</i>				0%	16%	33%	45%	61%	76%	
FIXED INCOME										
BlackRock Total Return	Domestic Bond	MAHQX	0.53%	18%	13%	10%	8%	6%	3%	
Delaware Diversified Income	Domestic Bond	DPFFX	0.65%	18%	13%	10%	8%	5%	3%	
Prudential Total Return Bond Fund Q	Domestic Bond	PTRQX	0.49%	18%	13%	10%	9%	6%	4%	
Western Asset Core Plus Bond	Domestic Bond	WACPX	0.49%	18%	13%	10%	9%	6%	3%	
BlackRock Strategic Income Opps	Domestic Bond	BSIIX	0.60%	2.0%	6.5%	5.0%	4%	2.5%	1.5%	
Hartford World Bond Fund	Global Bond	HWDIX	0.74%	11.0%	6.5%	5.0%	4%	2.5%	1.5%	
Legg Mason Brandywine Global Opportunities Bond	Global Bond	GOBSX	0.58%	5%	6%	5%	4%	3%	2%	
Legg Mason Brandywine Alternative Credit	Global Bond	LMAMX	1.25%	3%	4%	4%	3%	2.5%	2.0%	
Templeton Global Bond Inst	Global Bond	TGBAX	0.64%	<u>7%</u>	<u>9%</u>	<u>8%</u>	<u>6%</u>	<u>5.5%</u>	<u>4.0%</u>	
<i>Total Bonds</i>				<i>Subtotals</i>	100%	84%	67%	55%	39%	24%
SUMMARY										
Total Equities				0%	16%	33%	45%	61%	76%	
Total Fixed Income				<u>100%</u>	<u>84%</u>	<u>67%</u>	<u>55%</u>	<u>39%</u>	<u>24%</u>	
Grand Total				100%	100%	100%	100%	100%	100%	
<i>Expense Ratio</i>				0.59%	0.63%	0.67%	0.69%	0.72%	0.74%	

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

Investment Perspectives

From the Global Investment Committee



Capital Markets Overview: 3Q 2015

Introduction

As of 3Q 2015

- Global risk markets were highly volatile in the third quarter of 2015. Over just five trading days, the S&P 500 Index fell approximately 11%—the first 10%+ correction in US equities in four years. Investor uncertainty was spurred by the Fed's delay of a much anticipated rate hike in September, global growth concerns, and volatility in emerging market currencies as well as commodities. For the quarter, government-related and investment grade bonds posted the strongest returns, while MLPs and emerging market equities registered the weakest performance among the major asset classes. For the one-year period ended September 30, 2015, US and Japanese equities were the top-performing asset classes.
- The Dow Jones Industrial Average decreased 7.0% in the third quarter. The NASDAQ Composite Index fell 7.1% for the quarter. The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.
- The only sector in the S&P 500 Index to generate a positive return in the third quarter was Utilities, which was up 5.4%. Consumer Staples and Consumer Discretionary fell modestly with a -0.2% and -2.6% return, respectively. The biggest laggards were Energy, which declined 17.4%, Materials, which fell 16.9%, and Health Care, which declined 10.7%.
- Morgan Stanley & Co. economists expect U.S. real GDP will be 2.4% in 2015 and 1.9% in 2016. They forecast global GDP growth to be 3.1% in 2015 and 3.4% 2016.
- Commodities registered negative returns in the third quarter; the Bloomberg Commodity Index fell 14.5%. For the quarter, gold was down 5.0%.
- For the third quarter of 2015, global mergers and acquisitions (M&A) deal volume was \$1.1 trillion, compared to \$889 billion for the third quarter of 2014. Global M&A activity increased to \$3.3 trillion in 2014 from \$2.3 trillion in 2013.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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Capital Markets Overview: 3Q 2015

The US Economy

As of 3Q 2015

The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 3.9% in the second quarter of 2015, in comparison to a 0.6% increase in the first quarter of 2015. Morgan Stanley & Co. economists forecast U.S. Real GDP will be 2.4% in 2015 and 1.9% in 2016.

The seasonally adjusted unemployment rate for September 2015 was unchanged at 5.1%. Job gains occurred in health care and information, while mining employment fell. The unemployment rate (5.1%) and the number of unemployed persons (7.9 million) changed little in September 2015. The number of long-term unemployed was also little changed at 2.1 million, and accounted for 26.6% of the unemployed.

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits increased 3.5% between the first quarter of 2015 and the second quarter of 2015, and increased 0.6% between the second quarter of 2014 and the second quarter of 2015.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index increased 0.1% in July and decreased 0.1% in August. Morgan Stanley & Co. economists forecast a 0.1% inflation rate for 2015 and 1.5% for 2016.

The Census Bureau reported that private-sector housing starts in August 2015 were at a seasonally adjusted annual rate of 1,126,000—17% above August 2014 housing starts. The rise in housing starts over the past several years indicates that despite some intermittent setbacks, the housing market is rebounding.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.2% between July 2015 and August 2015, and increased 2.2% between August 2014 and August 2015.

In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing sector index, was 50.2, down 0.9 from August, and down from July's 52.7. The latest PMI data indicates an expansion in the manufacturing sector for 30 consecutive months. Overall, PMI has been above 43 for 78 consecutive months. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding.

The NMI increased 4.3 points to 60.3 between June 2015 and July 2015, and fell 1.3 to 59.0 between July and August 2015. The index has now been above 50 for 66 consecutive months.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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Capital Markets Overview: 3Q 2015

US Equity Markets

As of 3Q 2015

The Dow Jones Industrial Average decreased 7.0% in the third quarter. The NASDAQ Composite Index fell 7.1% for the quarter. The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.

The only sector in the S&P 500 Index to generate a positive return in the third quarter was Utilities, which was up 5.4%. Consumer Staples and Consumer Discretionary fell modestly with a -0.2% and -2.6% return, respectively. The biggest laggards were Energy, which declined 17.4%, Materials, which fell 16.9%, and Health Care, which declined 10.7%.

Growth-style stocks of large-cap companies declined during the third quarter. The large-cap Russell 1000 Growth Index fell 5.3%. The Russell 1000 Index, a large-cap index, declined 6.8% for the quarter.

The Russell 1000 Value Index, also a large-cap index, decreased 8.4% for the quarter. The Russell Midcap Growth Index fell 8.0% for the quarter. The Russell Midcap Index also decreased 8.0% for the quarter. The Russell Midcap Value Index decreased 8.0% for the quarter. The Russell 2000 Growth Index, a small-cap index, declined 13.1% for the quarter. The small-cap Russell 2000 Index fell 11.9% for the quarter. The Russell 2000 Value Index, also a small-cap index, declined 10.7% for the quarter.

Key US Stock Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	-6.4%	-0.6%	13.3%	9.7%
Dow Jones	-7.0%	-2.1%	11.4%	8.9%
Russell 2000	-11.9%	1.2%	11.7%	8.6%
Russell Midcap	-8.0%	-0.2%	13.4%	11.4%
Russell 1000	-6.8%	-0.6%	13.4%	10.0%

Source: FactSet, Bloomberg

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Capital Markets Overview: 3Q 2015

Global Equity Markets

As of 3Q 2015

In the third quarter, emerging markets (EM) and global equities struggled. The MSCI EAFE Index (a benchmark for developed markets) declined 10.2% for U.S.-currency investors and fell 8.9% for local-currency investors, as the U.S. dollar strengthened in relation to the currencies of many nations in the index. In the second quarter of 2015, the MSCI EAFE Index rose 0.8% in U.S. dollar terms and decreased 1.6% in local currency terms.

For the third quarter, the MSCI Emerging Markets Index decreased 17.8% for U.S.-currency investors and fell 12.0% for local-currency investors, as the U.S. dollar strengthened in relation to emerging-market currencies. In the previous quarter, the MSCI Emerging Markets Index increased 0.8% for U.S.-dollar-based investors and also rose 0.8% for local-currency investors.

The MSCI Europe Index declined 8.7% for U.S.-currency investors and fell 7.0% for local-currency investors during the third quarter of 2015. In the previous quarter, the MSCI Europe Index increased 0.7% for U.S.-dollar-based investors and decreased 3.6% for local-currency investors.

The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.

More specific emerging economy equity market indices were also down in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 21.0% for the quarter in U.S. dollar terms and declined 16.4% in terms of local currencies. In comparison, for the third quarter, the MSCI EM Asia Index was down 17.0% in U.S. dollar terms and fell 13.4% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-10.2%	-8.3%	4.4%	4.2%
MSCI EAFE Growth	-8.7%	-4.3%	5.2%	4.9%
MSCI EAFE Value	-11.7%	-12.2%	3.6%	3.6%
MSCI Europe	-8.7%	-8.8%	4.9%	4.3%
MSCI Japan	-11.7%	-1.9%	5.1%	3.6%
S&P 500	-6.4%	-0.6%	13.3%	9.7%
MSCI Emerging Markets	-17.8%	-19.0%	-3.2%	2.9%

Source: FactSet, Bloomberg

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Capital Markets Overview: 3Q 2015

The US Bond Market

As of 3Q 2015

In the third quarter, bond market returns were mixed. The Barclays U.S. Aggregate Bond Index, a general measure of the bond market, rose 1.2% for the quarter. Interest rates decreased during the third quarter, as the yield on the 10-Year U.S. Treasury note fell to a quarter-end 2.04% from 2.35% at the end of the second quarter of 2015.

Riskier parts of the bond market such as U.S. High Yield debt declined in the third quarter. The Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, fell 4.9%.

Mortgage-backed securities increased modestly in the third quarter. The Barclays Capital Mortgage Backed Index rose 1.3% for the quarter. During the third quarter, the municipal bond market also increased. As a result, the Barclays Capital Muni Index generated a 1.7% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Barclays Capital US Aggregate	1.2%	2.9%	3.1%	4.8%
Barclays Capital High Yield	-4.9%	-3.4%	6.1%	10.0%
Barclays Capital Government/Credit	1.4%	2.9%	3.1%	5.0%
Barclays Capital Government	1.8%	3.8%	2.5%	3.7%
Barclays Capital Intermediate Govt/Credit	1.0%	2.8%	2.4%	4.2%
Barclays Capital Long Govt/Credit	2.2%	3.1%	6.0%	8.7%
Barclays Capital Mortgage Backed Securities	1.3%	3.4%	3.0%	4.4%
Barclays Capital Muni	1.7%	3.2%	4.1%	5.8%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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Asset Class Index Performance

Capital Market Returns

As of September 30, 2015

ASSET CLASS	INDEX IN USD	1-MONTH	YTD	1-YR	3-YR ANN	5-YR ANN
Global Equity						
Global Equity	MSCI All Country World	-3.6%	-6.6%	-6.2%	7.3%	7.4%
US Equity	S&P 500	-2.5%	-5.3%	-0.6%	12.3%	13.3%
International Equity	MSCI World ex US	-4.6%	-8.3%	-11.8%	2.5%	2.3%
Emerging Markets Equity	MSCI Emerging Markets	-3.3%	-17.2%	-21.2%	-7.6%	-5.9%
Global Fixed Income						
Investment Grade Fixed Income	Barclays Global Aggregate (H)	0.6%	0.9%	3.1%	3.0%	3.5%
Inflation-Linked Securities	Barclays Universal Govt Inflation-Linked	-1.3%	-5.7%	-6.3%	-1.9%	1.7%
High Yield	Barclays Global High Yield (H)	-2.1%	-0.4%	-2.0%	4.2%	6.5%
Emerging Markets Fixed Income	JP Morgan EM Bonds (UH in USD)	-3.0%	-14.9%	-19.8%	-8.8%	-3.6%
Alternative Investments						
Global REITs	FTSE EPRA/NAREIT Global REITs	0.9%	-5.0%	1.7%	5.9%	7.0%
Commodities	Bloomberg Commodities	-3.4%	-15.8%	-26.0%	-16.2%	-8.9%
MLPs	Alerian MLP	-15.3%	-30.7%	-39.2%	-3.9%	3.9%
Hedged Strategies	HFRX Global Hedge Fund Index	-2.1%	-3.1%	-4.7%	1.2%	0.0%
Managed Futures	HFRX Macro/CTA Index	-0.6%	-1.6%	1.0%	0.5%	-0.6%
Private Real Estate	NCREIF Private Real Estate	-	6.8%	10.1%	10.8%	11.9%
Global Cash						
Cash	Citigroup 3-month Treasury Bill	0.0%	0.0%	0.0%	0.0%	0.1%
Other Fixed Income						
Municipal Fixed Income	Barclays Municipal Bond	0.7%	1.8%	3.2%	2.9%	4.1%

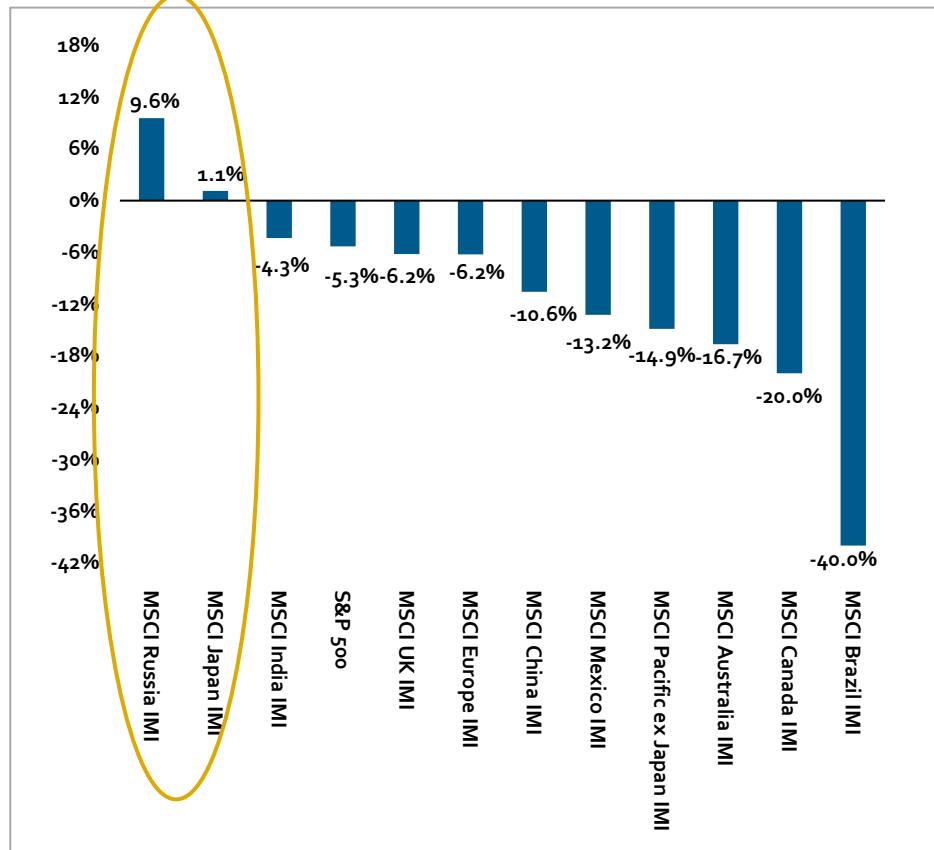
Source: FactSet, Morgan Stanley Wealth Management GIC. For more information about the risks to Master Limited Partnerships (MLPs), please refer to the Risk Considerations section at the end of this material.

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Russia and Japan Outperformers YTD; Discretionary Leading in US

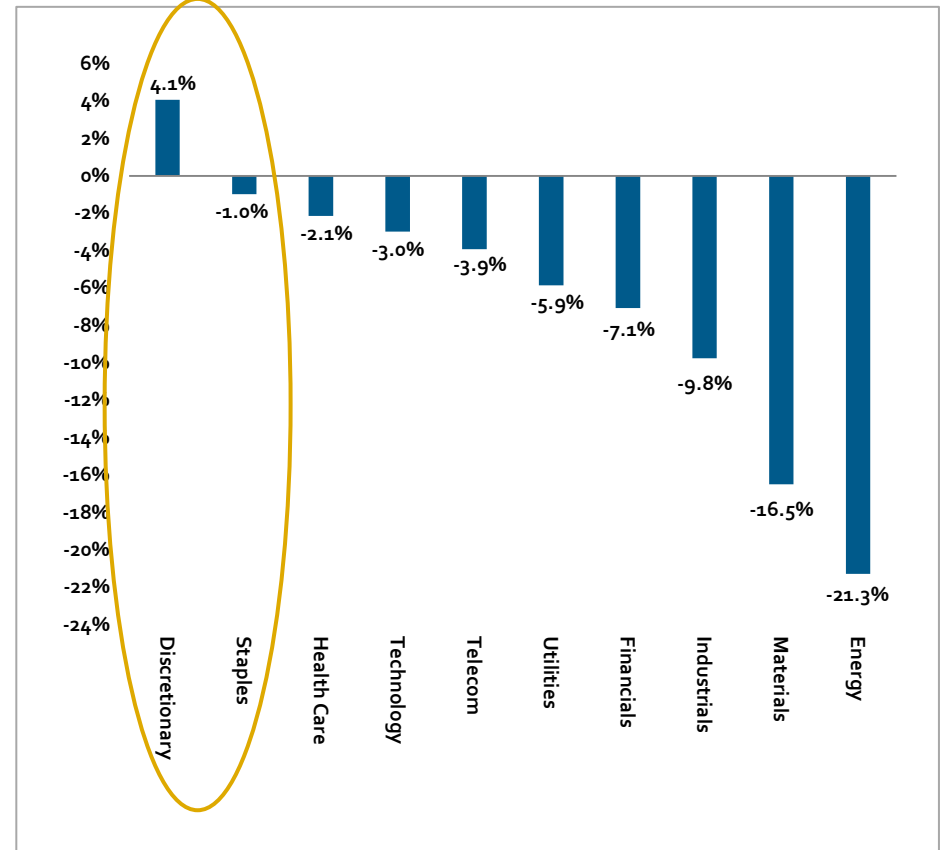
YTD Total Return

As of September 30, 2015



S&P 500 Sectors – YTD Total Returns

As of September 30, 2015

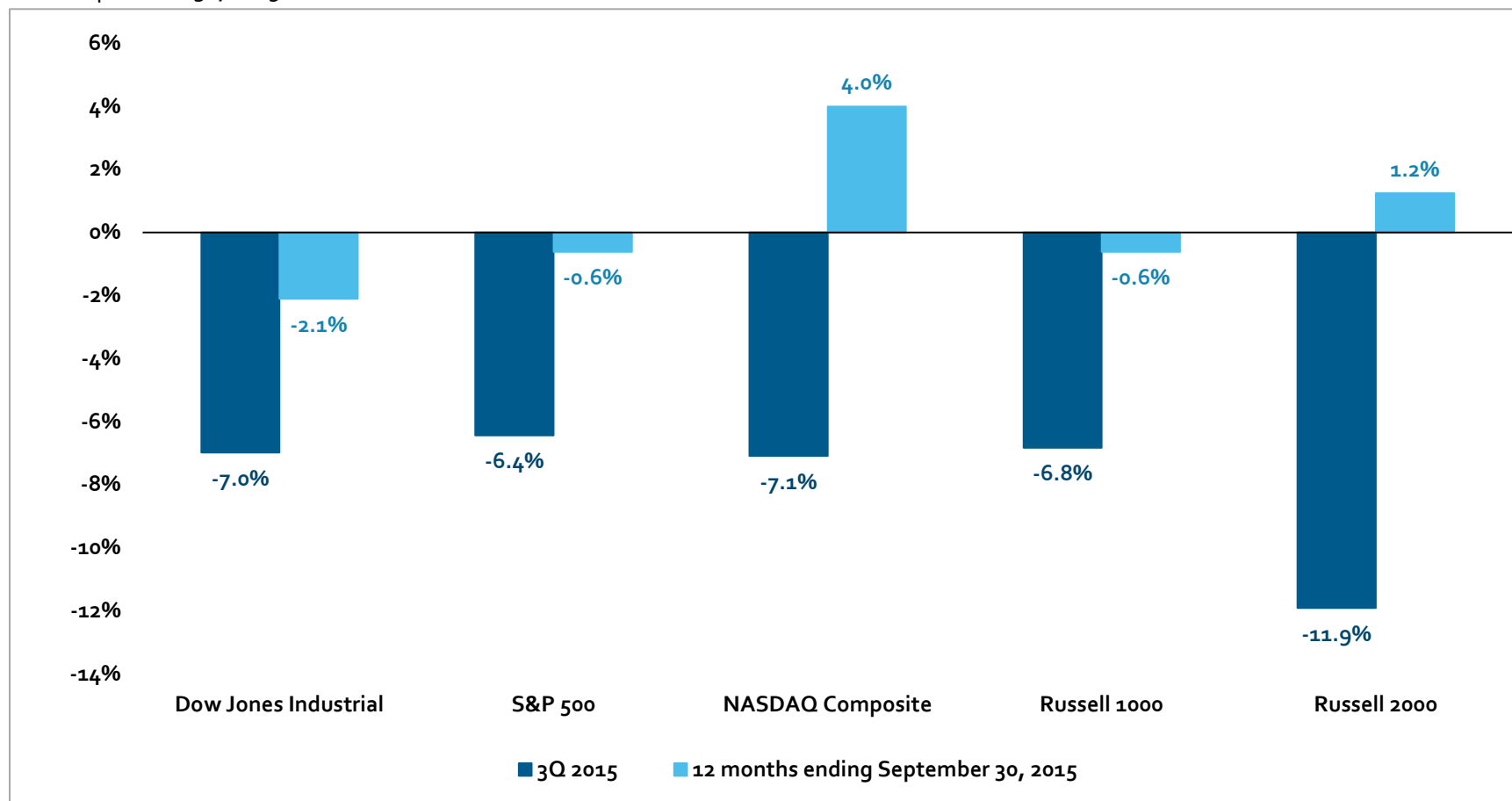


Source: FactSet, Morgan Stanley Wealth Management GIC

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Total Returns on Major US Stock Market Indices

As of September 30, 2015

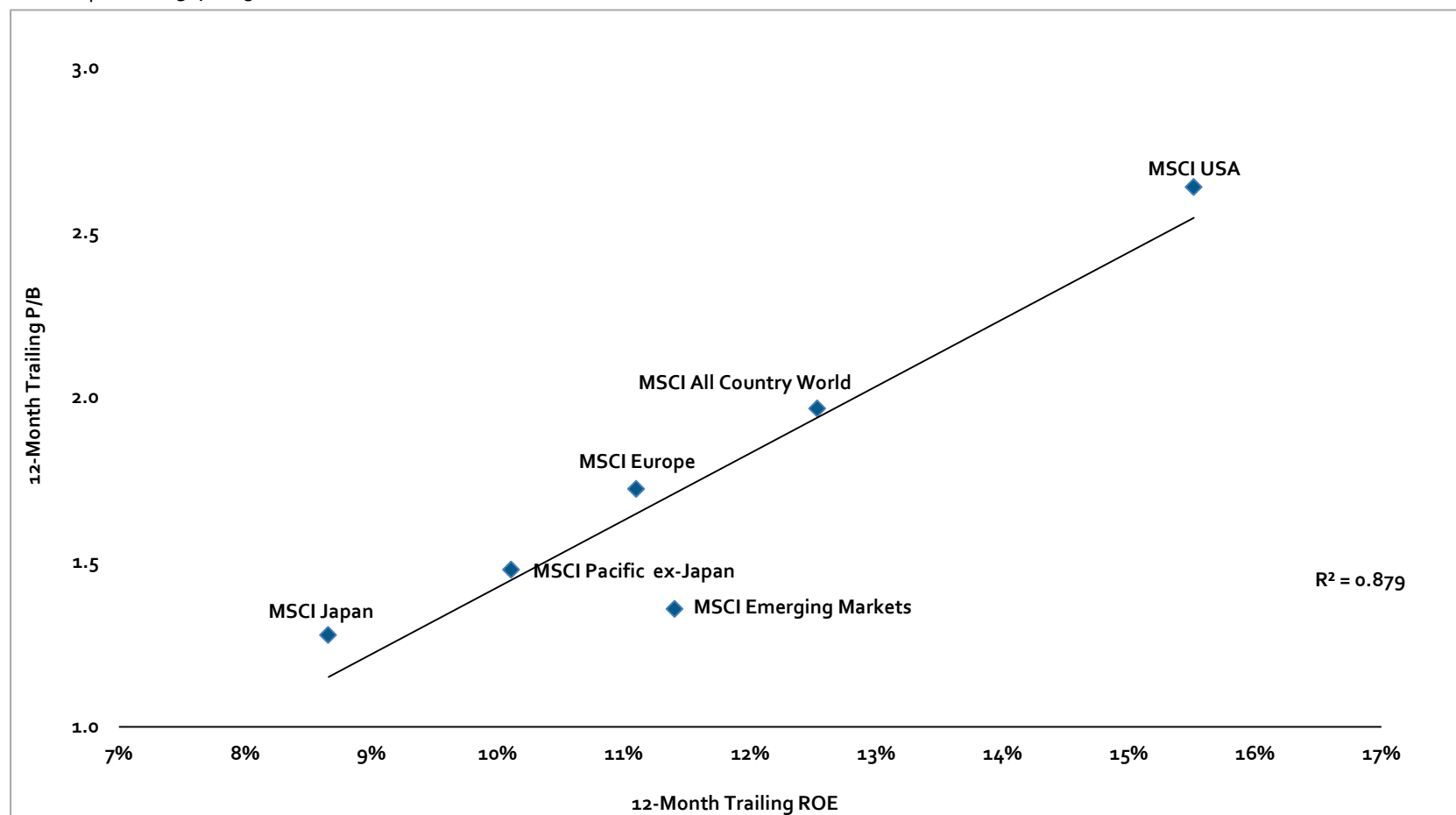


Source: Bloomberg

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Based on ROEs, Global Equity Relative Valuations Are Appropriate

As of September 30, 2015



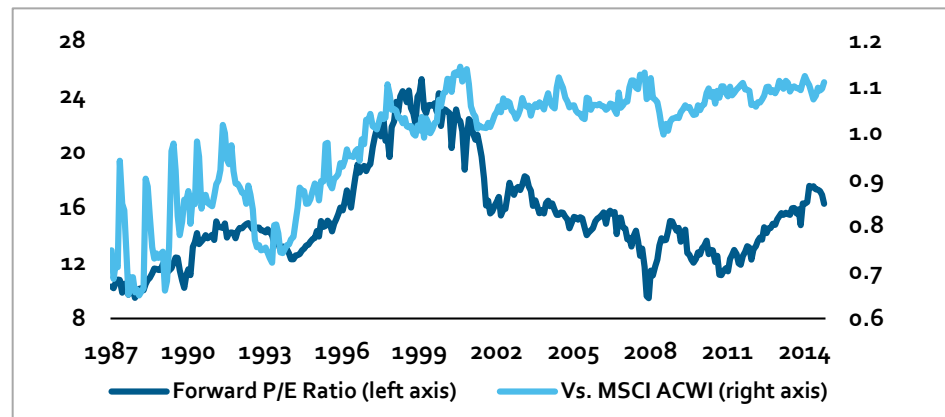
Source: FactSet. Return on Equity (ROE) = amount of net income returned as a percentage of shareholders' equity. Price-to-Book (P/B) = ratio used to compare a stock's market value to its book value.

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Valuation: 12-Month Forward P/E Ratios by Region¹

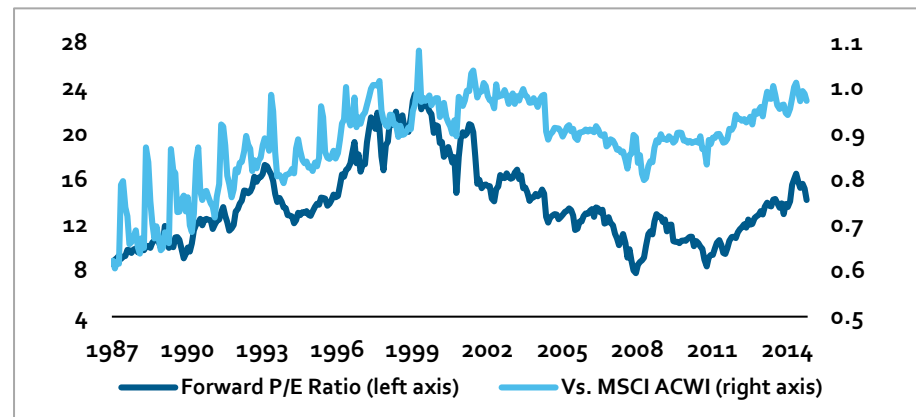
MSCI USA Forward P/E and Relative Valuation

As of September 30, 2015



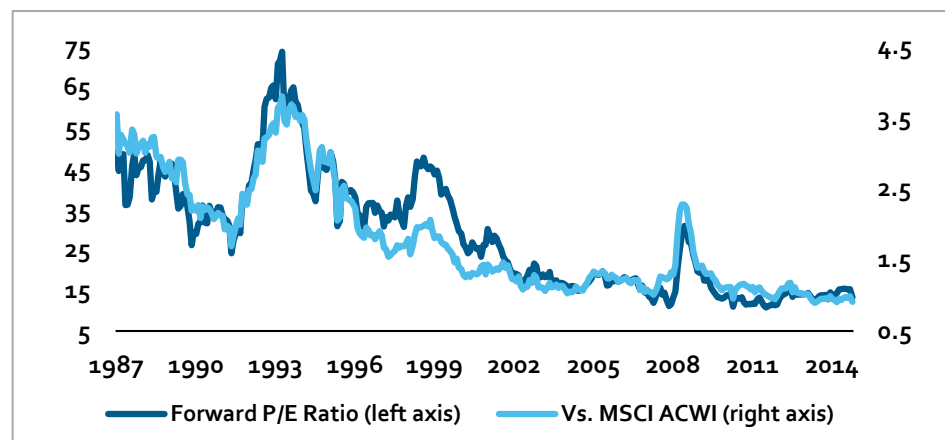
MSCI Europe Forward P/E and Relative Valuation

As of September 30, 2015



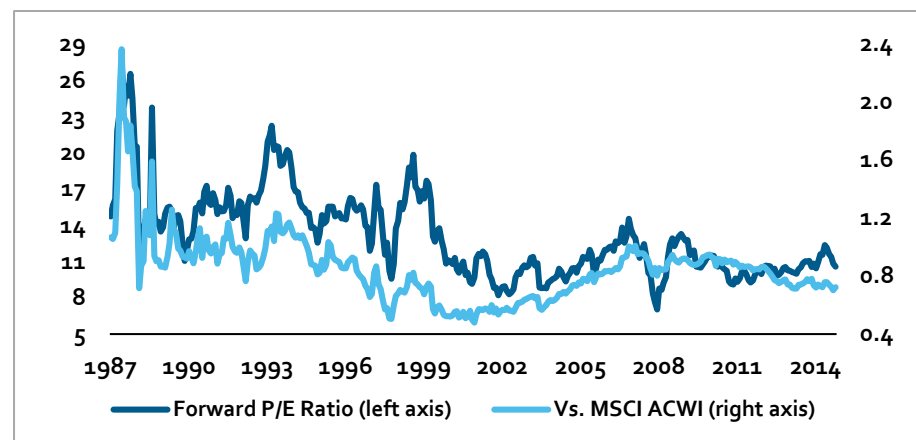
MSCI Japan Forward P/E and Relative Valuation

As of September 30, 2015



MSCI EM Forward P/E and Relative Valuation

As of September 30, 2015

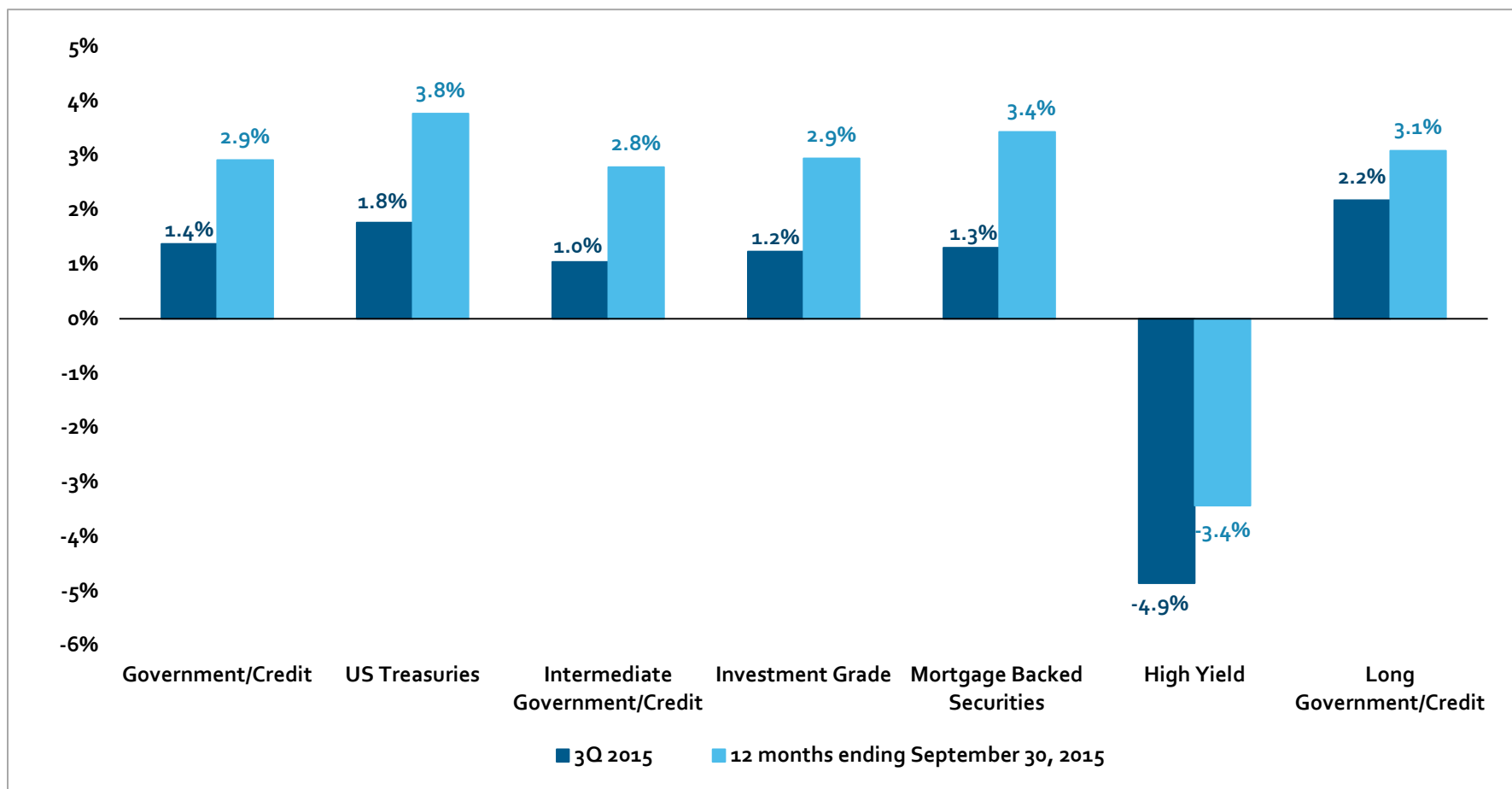


Source: FactSet, Morgan Stanley Wealth Management GIC. (1)Forward P/E = market price per share / expected earnings per share.

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US Bond Market Indices¹

As of September 30, 2015



Source: Bloomberg. (1) Represented by Barclays fixed income indices.

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Asset Allocation Models & Insurance Products Disclosures

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS

The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

CLIENTS TO CONSIDER THEIR OWN INVESTMENT NEEDS

The GIC Asset Allocation Models are formulated based on general client characteristics such as investable assets and risk tolerance. This report is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, do not use this report as the sole basis for investment decisions.

Clients should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation(s) results that are materially different from the asset allocation shown in this report. Clients should talk to their Financial Advisor about what would be a suitable asset allocation for them.

HYPOTHETICAL MODEL PERFORMANCE (GROSS)

Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight.

Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated.

Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects.

Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

Fees reduce the performance of actual accounts None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

INSURANCE PRODUCTS AND ETF DISCLOSURES

Morgan Stanley Smith Barney LLC offers **insurance products** in conjunction with its licensed insurance agency affiliates.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices.

Variable annuities, mutual funds and ETFs are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges and expenses, and other information regarding the variable annuity contract and the underlying investments, or the ETF, which should be considered carefully before investing. Prospectuses for both the variable annuity contract and the underlying investments, or the ETF, are available from your Financial Advisor. Please read the prospectus carefully before you invest.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options.

Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract.

If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection.

Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Asset Class Risk Considerations

For index definitions to the indices referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

Investing in foreign markets entails risks not typically associated with domestic markets, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. These risks may be magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

Investing in small- to medium-sized companies entails special risks, such as limited product lines, markets and financial resources, and greater volatility than securities of larger, more established companies.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer.

High yield bonds (bonds rated below investment grade) may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk, price volatility, and limited liquidity in the secondary market. High yield bonds should comprise only a limited portion of a balanced portfolio.

Interest on **municipal bonds** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

Treasury Inflation Protection Securities' (TIPS) coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation.

Ultrashort-term fixed income asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not suitable for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. **Master Limited Partnerships (MLPs)** Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage.

Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds.

Asset-backed securities generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Asset Class Risk Considerations (cont'd)

Floating-rate securities The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

Credit ratings are subject to change.

Companies paying **dividends** can reduce or cut payouts at any time.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates.

Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-022
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 CCD Disbursements 09/01/2015 – 01/05-2016

DISBURSEMENT TRANSACTIONS		
09/15/2015	MONTHLY FEE TO BENEFIT TRUST COMPANY AUGUST 2015	(\$187.12)
09/15/2015	MONTHLY FEE TO KEENAN AND ASSOCIATES AUGUST 2015	(\$448.93)
09/15/2015	MONTHLY FEE TO MORGAN STANLEY AUGUST 2015	(\$109.04)
10/08/2015	MONTHLY FEE TO BENEFIT TRUST COMPANY SEPTEMBER 2015	(\$184.42)
10/08/2015	MONTHLY FEE TO KEENAN AND ASSOCIATES SEPTEMBER 2015	(\$441.38)
10/08/2015	MONTHLY FEE TO MORGAN STANLEY SEPTEMBER 2015	(\$106.68)
11/17/2015	MONTHLY FEE TO BENEFIT TRUST COMPANY OCTOBER 2015	(\$189.47)
11/17/2015	MONTHLY FEE TO KEENAN AND ASSOCIATES OCTOBER 2015	(\$455.50)
11/17/2015	MONTHLY FEE TO MORGAN STANLEY OCTOBER 2015	(\$111.10)
12/10/2015	MONTHLY FEE TO BENEFIT TRUST COMPANY NOVEMBER 2015	(\$189.20)
12/10/2015	MONTHLY FEE TO KEENAN AND ASSOCIATES NOVEMBER 2015	(\$454.77)
12/10/2015	MONTHLY FEE TO MORGAN STANLEY NOVEMBER 2015	(\$110.87)
TOTAL FOR DISBURSEMENT		(\$2,988.48)

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-023
Retirement Board of Authority (RBOA) Bylaws Enclosure: Yes
Action Item Yes

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

BACKGROUND:

The District's Investment Trust Document provides general provisions for the operation of the Trust. RBOA Bylaws supply governance and operational procedures that facilitate the Board in the management of the Trust by providing additional direction for issues not discussed in the provisions of the Trust Document.

STATUS:

The Retirement Board of Authority (RBOA) membership will discuss and adopt final Bylaws provisions customized to District requirements and designed to supply governance and operational protocols to the District's Investment Trust.

RECOMMENDATION:

The Retirement Board of Authority shall take appropriate action as deemed necessary.

Call: Hengamah Safaei
(310) 981-2098



**SAMPLE COMMUNITY COLLEGE DISTRICT TRUST
RETIRMENT BOARD BYLAWS**

PREAMBLE

change to "District" throughout

The objectives of the Sample Community College District (~~Public Entity~~) in establishing a Trust for the pre-funding of its OPEB liabilities is to comply with the requirements of GASB Statements No. 43 & No. 45 and to create a retirement system that complies with the California Constitution and Government Code provisions related to such systems with a Governing Board (referred to as the "Retirement Board") consisting of officials of the public entity.
or Board

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

- ☛ Trust assets are managed in accordance with all applicable laws, trust documents, and a written Investment Policy Statement (IPS) for the exclusive benefit of eligible employees, former employees, their dependents and beneficiaries.
- ☛ Trust assets are diversified to a specific risk/return profile as determined by the RB and approved by the Public Entity.
- ☛ A written Investment Policy Statement (IPS) contains the detail to define, implement, and monitor the trust's investment strategy.
- ☛ Appropriate fiduciary standards are applied in the management of trust assets and the supervision of persons hired to assist in the management of the trust.
- ☛ Due diligence is documented.
- ☛ Control procedures are in place to monitor and account for trust investment and administrative expenses.
- ☛ There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

1: A Retirement Board

1.1: The Public Entity's governing body has established by resolution a Retirement Board (the "Board") to supervise the Trust.

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

1.3: The Board have and shall sign such documents as are necessary to adopt and maintain an irrevocable trust which complies with the California Constitution, California Government Code, GASB No. 43 & No. 45 and Section 115 of the Internal Revenue Code.

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

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

acting in a like capacity and familiar with these matters,



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

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

1.8: The Board shall facilitate and oversee the preparation and centralized maintenance of the Public Entity's Comprehensive Compliance Plan. To aid the Public Entity in meeting its fiduciary requirements, the Substantive Plan, as described in GASB 43 and 45, will be set forth as an essential element in the development of a Comprehensive Compliance Plan.

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

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

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

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

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

2: Retirement Board of Authority – Member Appointments

2.1: The members of the Board are appointed by resolution of the governing body of the Public Entity.

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

2.3: The number of Board members will consist of such number of individuals that are deemed necessary by the governing body of the Public Entity. The Board shall serve at the pleasure of the governing body.

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



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

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

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

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

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

2.10: Each Board member shall have one vote in accordance with the protocols of the Ralph M. Brown Act. No proxy votes shall be permitted unless approved by a majority of the Board members. If a member is attending by teleconference, all votes must be by roll-call. Decisions of the Board shall require an affirmative vote of at least a majority of the members of the Board and their decisions will be in accordance with the Ralph M Brown Act.

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

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

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

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

2.15: The Board shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Retirement Board of Authority.

2.16: In addition to the reporting requirements of Section 1.13 hereof, the Board shall provide information and copies of investment statements and other similar reports regarding the Trust and its applicable investment performance to the governing body on a not-less-than quarterly basis.

3: Retirement Board – Meeting Agendas

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



scheduled meeting.

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

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

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

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

4: Retirement Board – Actuarial, Contribution & Withdrawal Parameters

4.1: The Board will, at the direction of the Public Entity deliver contributions and allocation instructions to the Trustee. Such contributions and allocation instructions shall be delivered in accordance with the Trust's written provisions and agreements.

4.2: The Board will ratify the amount of any withdrawal by the Public Entity. Any withdrawal shall be in accordance with the Trust's written provisions and agreements. Expenditures paid for by the Trust shall require a signature from each of the four (4) constituencies.

4.3: In accordance with GASB Statement No. 45 schedules, the Board will work with the Public Entity's governing body in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" (APVTPB), the "Unfunded Actuarial Accrued Liability" (UAAL) and the "Annual Required Contribution" (ARC).

4.4: The Board will provide any necessary plan participant information to the Trustee on a timely basis. The Board shall provide response to all information requested by the Discretionary Trustee in a timely fashion in order to perform services outlined in the Trust Agreement.

5: Retirement Board -- Disclosure & Conflict of Interest

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

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

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

6: Retirement Board -- Rules of Order/Bylaws

6.1: Amendment of these Bylaws may be proposed by any member of the Board.



6.2: All amendments to the Bylaws must be approved by a majority vote of the Board members present, before the amendment shall become effective.

6.3: Such amendments shall be binding upon all members of the Board.

6.4: The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated

7: Retirement Board -- Appearance before the Board

7.1: All persons who wish to make appearances before the Board shall be scheduled in compliance with the provisions of the Ralph M. Brown Act.

7.2: Appearances before the Board may be in person or through a representative.

7.3: Communications with the Board may be in any form that complies with the provisions of the Ralph M. Brown Act.

8: Retirement Board – Fiduciary & Governance Parameters

8.1: The Trust will be structured so that the Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.

8.2: The Board shall delegate investment decision-making to a Trustee with a discretionary mandate and thereafter monitor the performance of the Discretionary Trustee. For the management of the Trust's assets, an appropriate Registered Investment Advisor (RIA) shall be selected and monitored by the Discretionary Trustee.

8.3: The Board will monitor the performance and acts of the Discretionary Trustee in accordance with the limits and constraints of applicable laws, trust documents and the written Investment Policy Statement (IPS) as well as the Trust's investment goals, objectives, fees and expenses.

8.4: The Board shall monitor the Discretionary Trustee to determine that Trust assets are diversified as directed by the Investment Policy Statement (IPS) and applicable laws.

8.5: The Board through periodic reports will compare investment performance against appropriate indices, peer groups and Investment Policy Statement (IPS) objectives.

8.6: The Board will require that all service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts and with all applicable laws.

8.7: Directors and Officers insurance shall be provided by the Public Entity for each Board member for indemnification and protection.

9: Discretionary Trustee & Investment Management

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



RPM Consultant Group

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

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

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

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

10: Registered Investment Advisor (RIA):

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

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

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

(c) It shall provide investment recommendations in accordance with the Investment Policy Statement (IPS) approved by the Board.

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

11: Program Coordinator

11.1: The Board ^{shall appoint} ~~has appointed~~ a Program Coordinator with responsibility to assist the Board with the processes, procedures and protocols of the Trust's fiduciary decision making.

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

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

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



12: Program Definitions:

12.1: "Actuarial Present Value of Total Projected Benefits" (APVTPB) shall mean the total projected costs to finance benefits payable in the future based on members' service through the valuation date and their future service, discounted to reflect the expected effects of the time value of money. It is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the total projected benefits when due.

12.2: "Annual Required Contribution" (ARC) is the actuarially-determined level of employer contribution that would be required on a sustained, ongoing basis to systematically fund the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) attributed to past service over a period not to exceed thirty years. It is the amount needed to pay benefits as they come due plus amortize the UAAL. The ARC has two components: Normal cost and amortization of the UAAL for both active employees and retirees.

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

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

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

12.6: "Registered Investment Advisor" (RIA) shall mean the investment entity charged with the responsibility for recommending comprehensive and continuous investment advice for the ~~TBD~~ Public Entity Investment Trust.

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

12.8: "Substantive Plan" shall mean the plan through which assets are accumulated and benefits are paid as they come due in accordance with the commitments or understandings between the employer, eligible employees and their beneficiaries.

12.9: "The Trust" shall mean the Public Entity's Investment Trust established for the pre-funding of its OPEB liabilities and maintained in compliance with GASB Statement No. 43 & No 45, the California Constitution and the California Government Code with a governing Retirement Board consisting of officials of the Public Entity.

12.10: "Unfunded Actuarial Accrued Liability" (UAAL) shall mean the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL can derive from three sources: unfunded Normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT TRUST
RETIREMENT BOARD OF AUTHORITY BYLAWS
PREAMBLE

The objectives of the Antelope Valley Community College District ~~“District”~~ establishing a Trust for the pre-funding of its OPEB liabilities is to comply with the requirements of GASB Statements No. 43 & No. 45 and to create a retirement system that complies with the California Constitution and Government Code provisions related to such systems with a Governing Board (Referred to as the Retirement Board of Authority ~~“RBOA” or “Board”~~ consisting of officials of the District.)

The Trust is to be managed with the following principles:

⊙Trust assets are managed in accordance with all applicable laws, trust documents, and a written Investment Policy Statement (IPS) for the exclusive benefit of eligible employees, former employees, their dependents and beneficiaries.

⊙Trust assets are diversified to a specific risk/ return profile as determined by the RBOA and approved by the District

⊙A written Investment Policy Statement (IPS) contains the detail to define, implement, and monitor the trust’s investment strategy.

⊙Appropriate fiduciary standards are applied in the management of trust assets and the supervision of persons hired to assist in the management of the trust. Due diligence is documented.

⊙Control procedures are in place to monitor and account for trust investment and administrative expenses.

⊙There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

I: Retirement Board of Authority

1.1: The District’s governing body ~~was~~has established by resolution ~~of the~~the Retirement Board of Authority (the “Board”,) to supervise the Trust.

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

1.3: The Board has and shall sign such documents as are necessary to adopt and maintain an irrevocable trust which complies with the California Constitution, California Government Code, GASB No. 43 & No. 45 and Section 115 of the Internal Revenue Code.

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

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

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

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

1.8: The Board shall facilitate and oversee the preparation and centralized maintenance of the District's Comprehensive Compliance Plan. To aid the District in meeting its fiduciary requirements, the Substantive Plan, as described in GASB 43 and 45, will be set forth as an essential element in the development of a Comprehensive Compliance Plan.

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

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

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

1.12: The Board shall abide by all applicable reporting requirements imposed by Sections 7500.0 through 7514.5 of the California Government Code, including but not limited to the preparation of an annual financial report of the Trust and retirement system of the District and the preparation of valuations of the Trust assets by qualified actuaries.

1.13: The Board shall present to the District's Board of Trustees, in public

session, an annual written report within 90 days of the completion of the annual audit of the retirement system, which shall include a summary of the investments and earnings of the system and other related matters, as well as the Board's proceedings and activities for the preceding year.

2: Retirement Board of Authority—Member Appointments

2.1: The members of the Board are appointed by resolution of the governing body of the District.

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

2.3: The number of Board members will consist of such number of individuals that are deemed necessary by the governing body of the District. The Board shall serve at the pleasure of the governing body.

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

2.5: The Chairperson and Vice Chairperson will serve in their capacity for two years at which time the Board will act again to select a Chairperson and Vice Chairperson. The Chairperson and Vice Chairperson can serve multiple terms. The first two year review of who will be the Chairperson and Vice Chairperson will take place by December 2016 and by each December in two year intervals from that point forward.

Comment [DCK1]: New language. It makes it more clear, but should be identified as a change.

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

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

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

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

business. (In order have a RBOA member attend a RBOA meeting by teleconference call a majority/quorum of the RBOA members must be at the official meeting place. Individuals not able to physically attend a RBOA meeting can participate in the RBOA meeting on a conference call only if there is a majority/quorum at the main meeting place.)

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2.10: Each Board member shall have one vote in accordance with the protocols of the Ralph M. Brown Act. No proxy votes shall be remitted unless approved by a majority of the Board members. If a member is attending by teleconference, all votes must be by roll-call. Decisions of the Board shall require an affirmative vote of at least a majority of the members of the Board and their decisions will be in accordance with the Ralph M Brown Act.

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

2.12: Board member shall have the authority to bind the Board to any contract or proper endeavor without the approval of the Board.

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

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

2.15: The Board shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Retirement Board. (Additionally, if a RBOA member cannot attend a RBOA meeting other than by teleconference as long as there is a quorum at the main meeting place and a copy of the meeting notice was posted at the place the conference call is taking place.)

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2.16: In addition to the reporting requirements of Section 1.13 herein, the Board shall provide information and copies of investment statements and other similar reports regarding the Trust and its applicable investment performance to the governing body on a not-less-than quarterly basis.

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2.17: By ~~January–March~~ of each year the ~~District Retirement Board (RBRBOA)~~ will conduct an overview of ~~the RB~~its activities and status of the ~~of the~~ prior year. A report will be made to the District’s governing body.

Comment [DCK2]: This is new language and should be identified as a change. I have also modified it to make it more clear. Earlier in section 1:13 it states that the report must be made to the board 90 days after the audit. The final audit is completed and presented in January to the board of trustees. 90 days thereafter puts us into March.

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3: Retirement Board -Meeting Agendas

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

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

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

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

3.5: If an RBOA member is attending the meeting via teleconference the address of that location must also be included on the Agenda and accessible by the public. and + The Agenda must also be posted in that teleconference location.

~~3.6~~ 3.5: Minutes recording deliberations and decisions from each meeting of the Board shall be maintained. Such records and documents shall be available to the public in accordance with the provisions of the Ralph M. Brown Act.

4. Retirement Board of Authority -Actuarial, Contributions & Withdrawal Parameters

4.1: The Board will, at the direction of the District deliver contributions and allocation instructions to the Trustee. Such contributions and allocation instructions shall be delivered in accordance with the Trust's written provisions and agreements.

4.2: The Board will ratify the amount of any withdrawal by the District. Any withdrawal shall be in accordance with the Trust's written provisions and agreements. Expenditures paid for by the Trust shall require a signature from each of the four (4) constituencies.

4.3: In accordance with GASB Statement No. 45 schedules, the Board will work with the District's governing body in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" (APVTPB), the "Unfunded Actuarial Accrued Liability" (UAAL) and the "Annual Required Contribution"(ARC).

4.4: The Board will provide any necessary plan participant information to the Trustee on a timely basis. The Board shall provide response to all information requested by the Discretionary Trustee in a timely fashion in order to perform services outlined in the Trust Agreement.

5. Retirement Board of Authority-- Disclosure & Conflict of Interest

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

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

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

6: Retirement Board of Authority -- Rules of Order /Bylaws

6.1: Amendment of these Bylaws may be proposed by any member of the Board.

6.2: All amendments to the Bylaws must be approved by a majority vote of the Board members present, before the amendment shall become effective.

6.3: Such amendments shall be binding upon all members of the Board.

6.4: The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated.

7: Retirement Board of Authority-- Appearance before the Board

7.1: All persons who wish to make appearances before the Board shall be scheduled in compliance with the provisions of the Ralph M. Brown Act.

7.2: Appearances before the Board may be in person or through a representative.

7.3: Communications with the Board may be in any form that complies with the provisions of the Ralph M. Brown Act.

8: Retirement Board of Authority - Fiduciary & Governance Parameters

8.1: The Trust will be structured so that the Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.

8.2: The Board shall delegate investment decision making to a Trustee with ~~to be determined~~ a discretionary mandate and thereafter monitor the performance of the ~~to be determined~~ Discretionary Trustee. For the management of the Trust's assets, an appropriate Registered Investment Advisor (RIA) shall be selected and monitored by the to-be- determined Trustee.

Comment [DCK3]: Not sure why this language was changed from discretionary to TBD. I've changed it back to the original intent approved by our attorney.

8.3: The Board will monitor the performance and acts of the ~~to be determined~~ Discretionary Trustee in accordance with the limits and constraints of applicable laws, trust documents and the written Investment Policy Statement (IPS) as well as the Trust's investment goals, objectives, fees and expenses.

8.4: The Board shall monitor the ~~to be determined~~ Discretionary Trustee to determine that Trust assets are diversified as directed by the Investment Policy Statement (IPS) and applicable laws.

8.5: The Board, through periodic reports, will compare investment performance against appropriate indices, peer groups and Investment Policy Statement (IPS) objectives.

8.6: The Board will require that all service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts and with all applicable laws.

8.7: Directors and Officers insurance shall be provided by the Public Entity for each Board member for indemnification and protection.

9: Trustee & Investment Management

9.1: The agreement appointing the Benefit Trust Company (BTC) Trustee as

| [the Discretionary Trustee](#) shall require the BTC Trustee to invest Trust assets in compliance with applicable laws, trust documents, and the written Investment Policy Statement (IPS).

| 9.2: The agreement appointing Benefit Trust Company (BTC) Trustee [as the Discretionary Trustee](#) shall require the BTC Trustee document the specific duties and requirements of the parties involved in the investment process.

| 9.3: The Board shall require BTC Trustee [as the Discretionary Trustee](#) to acknowledge, in writing, that it is a fiduciary to the Trust and to the Public Entity.

| 9.4: The Board shall prohibit the BTC Trustee [as the Discretionary Trustee](#) from investing trust assets in its own proprietary investment products or those of its Registered Investment Adviser (RIA) so as to avoid any potential conflicts of interest.

| 9.5: The Board shall require the BTC Trustee [as the Discretionary Trustee](#) to manage Trust assets with the care, skill and diligence of a prudent person under California law.

10: Registered Investment Advisor (RIA):

| 10.1: The RIA engaged by the BTC Trustee [as the Discretionary Trustee](#) (Morgan Stanley) must have the following qualifications and responsibilities:

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

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

(c) It shall provide investment recommendations in accordance with the Investment Policy Statement (IPS) approved by the Board.

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

11: Program Coordinator

11.1: The Board shall appoint Keenan & Associates/Keenan Financial Services as Program Coordinator ~~“(Program Coordinator)”~~ with responsibility to assist the Board with the processes; procedures and protocols of the Trust's fiduciary decision making.

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

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

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

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12: Program Definitions:

NOTE: THE RETIREMENT BOARD OF AUTHORITY WILL UTILIZE THE PROGRAM DEFINITIONS UNTIL THEY ARE MODIFIED BY THE GASB ORGANIZATION WHICH IS EXPECTED TO MAKE CHANGES TO THE GASB GUIDELINES IN 2015

12.1: "Actuarial Present Value of Total Projected Benefits" (APVTPB) shall mean the total projected costs to finance benefits payable in the future based on members' service through the valuation date and their future service, discounted to reflect the expected effects of the time value of money. It is the amount that would have to be invested on the valuation date so that the amount invested, plus investment earnings, will provide sufficient assets to pay the total projected benefits when due.

12.2: "Annual Required Contribution" (ARC) is the actuarially-determined level of employer contribution that would be required on a sustained, ongoing basis to systematically fund the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) attributed to past service over a period not to exceed thirty years. It is the amount needed to pay benefits as they come due plus amortize the UAAL. The ARC has two components: Normal cost and amortization of the UAAL for both active employees and retirees.

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

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

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

12.6: "Registered Investment Advisor" (RIA) shall mean the investment entity charged with the ability for recommending comprehensive and continuous investment advice for the District's Investment Trust.

12.7: "Retirement Board of Authority" is established by the governing body of the District and shall mean the entity charged with the discretion, responsibility and authority to oversee the management of the Public Entity Investment Trust. Specifically, the Retirement Board

shall determine the investment policy and strategy for the Trust and is empowered to inquire and resolve any matter it considers appropriate to carry out its responsibilities.

12.8: "Substantive Plan" shall mean the plan through which assets are accumulated and benefits are paid as they come due in accordance with the commitments or understandings between the employer, eligible employees and their beneficiaries.

12.9: "The Trust" shall mean the District's Investment Trust established for a pre-funding of its OPEB liabilities and maintained in compliance with GASB Statement No. 43 & No 45, the California Constitution and the California Government Code with a governing Retirement Board of Authority consisting of officials of the District.

12.10: "Unfunded Actuarial Accrued Liability" (UAAL) shall mean the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL can derive from three sources: unfunded normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-024
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 shall review updates to the Antelope Valley Community College District’s Comprehensive Compliance Plan including the “Substantive Plan” for Plan Year ending June 30, 2015.

RECOMMENDATION:

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

Other Post Employment Benefits (OPEB) Questionnaire

PUBLIC ENTITY EMPLOYER NAME: Antelope Valley College

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

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

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

OTHER POST EMPLOYMENT BENEFITS QUESTIONNAIRE

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

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

QUESTIONNAIRE

COMPLETED BY: Ana Patin, Human Resources Technician

DATE: August 20, 2015

OTHER POST EMPLOYMENT BENEFITS QUESTIONNAIRE

Copies of Benefit Information Needed

Please provide copies of the following materials for any items that are marked Yes or that has been listed in response to a question on this questionnaire

Received

Plan Documents and Summary Plan Descriptions (SPDs)

Yes *send*

Current copies of Benefit booklets or handouts that are provided to employees or retirees

Yes *send*

Copies of any employment contract that obligates the Employer to any Other Post Employment Benefit (OPEB) to any employee, dependent after the employee retires from the Employer

send a copy of Admin + Faculty contracts

Yes

Copies of any Bargaining Agreement that obligates the Employer to any Other Post Employment Benefit (OPEB) to any employee, dependent after the employee retires from the Employer

Yes

Copies of Board Meeting Notes that outline benefits to be provided to any current or future retiree of the Employer

Yes

Description of benefits provided to non-bargained employees (e.g. management, confidential, etc.)

Yes

Financials

Most recent Actuary Report (if available)

✓ w/Diana

Received

Yes

Investment Policy Statement (if available)

approved Investment Policy Statement

Yes

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-025
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: 1/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-026
Annual Report to the Governing Board of Trustees Enclosure: Yes
Action Item No

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

BACKGROUND:

The current status of the District's OPEB Investment Trust is to be periodically provided to the Antelope Valley Community College District Board of Trustees.

STATUS:

The RBOA membership anticipates a presentation as to the status of the District's OPEB Trust to the Antelope Valley CCD Governing Board of Trustees on **February 8, 2016**. Schedules for the preparation of presentation materials should be identified and accepted by all the presentation functionaries.

RECOMMENDATION:

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

Retirement Board of Authority 2015 Annual Progress Report

February 8, 2015 Board of Trustees Meeting

Presented by:

- Diana Keelen, Executive Director of Business Services &
- Chuck Thompson, RPM Consultant Group's, President/CEO

Retirement Board Members

Antelope Valley Community District Retirement Board Members:

- Diana Keelen, Executive Director of Business Services, Chairperson
- Mark Bryant, Vice President Human Resources, Vice Chairperson
- Michael Adams, Elected Official/Board of Trustees Member, Retirement Board Member

RPM Consultant Group:

- Chuck Thompson, President/CEO, District Retirement Board Consultant

Agenda

- Background
- Retirement Board Formation & Responsibilities
- Irrevocable Trust Performance
- Actuarial Valuation
- 2015 Accomplishments
- 2016 Goals & Objectives
- Summary

Background

- Received accreditation recommendation during the October 2010 site visit
 - To comply with GASB 45 OPEB, the college should consider the long-range financial obligations to pay OPEB costs and is encouraged to prepare a comprehensive plan to prevent disruption of services offered to students by paying the annual required contribution (ARC) through an irrevocable trust
- *Status update: Mid-term report completed and submitted in December 2015 showing this accreditation recommendation has been resolved.*

Retirement Board Formation & Responsibilities

- Established October 14, 2013 through the Board of Trustees; Elected Official/Board Member appointed March 10, 2014
- Meetings Requires Brown Act Compliance
- Adopt the Investment Policy & Risk Tolerance
- Adopt & Execute the Terms of the Trust
- Provide Oversight of the Compliance Program
- Ensure Compliance with Accreditation Standards
- Monitor the Performance of the Irrevocable Trust
- Ensure Completion of the Irrevocable Trust Annual Audit

Retirement Board Formation & Responsibilities

- Mitigating Conflict of Interest/Fiduciary Liability
- Evaluating Vendor Structure of Trust
 - Program Coordinator, Trustee and Registered Investment Advisor (RIA) roles to be separate
- Creating Oversight of All Parties
- Ensuring Conflict of Interest Does Not Exist by Each Party Having Their Own Distinct Responsibility
- Not accepting or allowing the following:
 - Pay-to-Play Program Fees
 - 12b-1 Marketing Fees
 - Sub Transfer Agency Fees
 - Net Asset Value (NAV) Revenue Sharing
 - Proprietary Investment Funds

Retirement Board Formation & Responsibilities

- 2015 Meetings Held:
 - January 22, 2015
 - April 16, 2015
 - April 30, 2016
 - May 21, 2015
 - June 11, 2015
 - October 15, 2015
 - January 12, 2016

- 2014 Meetings Held:
 - April 24, 2014
 - June 26, 2014
 - August 26, 2014
 - October 30, 2014
 - December 4, 2014

Irrevocable Trust Performance

Actuarial Valuation

- Report Date July 1, 2015*
- Actuarial Present Value of Total Projected Benefits (APVTPB) \$17,164,282
- Actuarial Accrued Liability (AAL) \$10,385,223
- Annual Required Contribution (ARC) \$ 1,389,475
- Pay-as-you-Go \$ 482,158

- Next Required porting Period July 1, 2017

- **A contract has been issued for an updated valuation report to include the contributions into the trust which will significantly affect the above figures.*



2015 Accomplishments

- Issued RFP, evaluated & selected Keenan's Futuris Program
- Established & Start Funding Irrevocable Trust
- Complete Updated Actuarial Study
- Assessed the Impact of GASB 67 & 68 Pension Liability. Included in 2014-2015 audited financial statements. Net position of the District still shows positive.
- Reviewed the recently released the June 2015 GASB 74 & 75 guideline modifications for impact on the District's management of the OPEB GASB 43 & 45 compliance process.

2016 Goals/Objectives

- Complete actuarial valuation showing affect of trust contributions on long-term OPEB liability
- Develop and Install the “Management Plan” for Funding OPEB GASB 43, 45, 74 and 75 Liability
- Develop Policies & Procedures for the Maintenance of GASB 43, 45, 74 and 75 Compliance to include the “Substantive Plan”
- Prepare to implement GASB 74 & 75 guidelines issued June 2015 and to be installed in 2016 and 2017

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

PRESENTED TO: DATE: 01/12/2016
Retirement Board of Authority

SUBJECT:	ITEM #:	<u>2015/2016-027</u>
Retirement Board of Authority Comments	Enclosure:	<u>No</u>
	Action Item	<u>No</u>

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: 01/12/2016
Retirement Board of Authority

SUBJECT: ITEM #: 2015/2016-028
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: Retirement Board of Authority DATE: 01/12/2016

SUBJECT: Date, Time and Agenda Items for Next Meeting ITEM #: 2015/2016-029
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.