

**OHLONE COMMUNITY COLLEGE DISTRICT
FUTURIS TRUST RETIREMENT BOARD OF AUTHORITY
BYLAWS**

PREAMBLE

The objectives of Ohlone Community College District (OCCD) in establishing an irrevocable Trust for the pre-funding of its Other Post Employment Benefits (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) consisting of officials of the OCCD.

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

- ❑ Trust assets are managed in accordance with all applicable laws, trust documents, and a written Investment Policy Statement (IPS).
- ❑ Trust assets are diversified to a specific risk/return profile.
- ❑ A written 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 of Authority

1.1: The OCCD Board of Trustees has established by resolution, a Retirement Board of Authority (RBOA) to supervise the Trust.

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

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

1.5: The RBOA 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.

1.6: The RBOA shall oversee the operation of the Trust as outlined in the Trust agreement. The RBOA 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 appointed and monitored by the Discretionary Trustee.

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

1.8: The RBOA shall facilitate and oversee the preparation and centralized maintenance of the OCCD's Comprehensive Compliance Plan, including the Substantive Plan. To aid the OCCD 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 RBOA will have the exclusive authority to establish, execute and interpret the Trust's written IPS, which profiles the long-term investment objectives of the Trust.

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

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

1.12: The RBOA will report the status of the Trust to the Board of Trustees at least annually.

1.13: The RBOA will have the authority to request an audit on the performance of the vendors through an independent audit twice during the term of the contract.

2: Retirement Board of Authority (RBOA) – Member Appointments

2.1: The members of the RBOA are appointed by resolution of the Board of Trustees of the OCCD. RBOA members may be replaced or terminated by the Board of Trustees of the OCCD at any time as RBOA members serve at the pleasure of the OCCD.

2.2: RBOA members shall be appointed to the RBOA by the OCCD Board of Trustees. The RBOA will consist of three appointees of the district based solely on their titles, one recommended by UFO and one recommended by CSEA, both approved by the OCCD Board of Trustees. If the title of an existing RBOA member changes and that new title is not one of the designated titles included in the resolution of the Board of Trustees of the OCCD, the RBOA member will no longer be an RBOA member unless there is a new resolution from the Board of Trustees of the OCCD. If deemed necessary, alternates may be appointed by the Board of Trustees.

2.3: The number of RBOA members will consist of such number of individuals that are deemed necessary by the Board of Trustees of the OCCD.

2.4: The RBOA 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 RBOA will act again to select a Chairperson and Vice Chairperson for a second term. The Chairperson and Vice Chairperson can serve multiple terms.

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

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

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

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

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

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

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

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

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

2.15: The RBOA shall designate the OCCD, 43600 Mission Blvd., Fremont CA 94539 as the location at which it will receive notices, correspondence, and other communications and shall designate the Chairperson of the RBOA as the officer for the purpose of receiving service on behalf of the RBOA.

3: Retirement Board of Authority (RBOA) – Meeting Agendas

3.1: All RBOA meeting agendas shall be prepared and posted in a public location, to comply with the Ralph M. Brown Act

3.2: The RBOA shall hold their meetings at a minimum of once a year, giving advanced notice to comply with the Ralph M. Brown Act.

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

3.4: Full and complete minutes detailing records of deliberations and decisions from each meeting of the RBOA shall be maintained in compliance with the Ralph M. Brown Act.

4: Retirement Board of Authority (RBOA) – Actuarial, Contribution & Withdrawal Parameters

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

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

4.3: In accordance with GASB Statement No. 45 schedules, the RBOA will work with the OCCD's Board of Trustees 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 RBOA will provide any necessary plan participant information to the Trustee on a timely basis. The RBOA shall provide response to all information requested by the Discretionary Trustee in a timely fashion.

5: Retirement Board of Authority (RBOA) - Disclosure & Conflict of Interest

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

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

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

6: Retirement Board of Authority (RBOA) - Rules of Order/Bylaws

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

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

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

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 (RBOA) - Appearance before the RBOA

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

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

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

8: Retirement Board of Authority (RBOA) – Fiduciary & Governance Parameters

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

8.2: The RBOA 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 RIA shall be appointed and monitored by the Discretionary Trustee.

8.3: The RBOA 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 IPS as well as the Trust's investment goals, objectives, fees and expenses.

8.4: The RBOA shall monitor the Discretionary Trustee to determine that Trust assets are diversified as directed by the IPS and applicable laws.

8.5: The RBOA through periodic reports will compare investment performance against appropriate indices, peer groups and IPS objectives.

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

9: 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 IPS.

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

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

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

9.5: The RBOA 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 OCCD's time horizon of investment, as well as its attitudes and capacity for risk.

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

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

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

11: Program Coordinator

11.1: The RBOA has appointed a Program Coordinator with responsibility to assist the RBOA with the processes, procedures and protocols of the Trust's fiduciary decision making.

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

11.3: The RBOA 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 RBOA in the preparation and centralized maintenance of the OCCD'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 OCCD’s substantive plan obligations; the actuarial cost of those obligations; the plan for meeting those costs; the fiduciary strategies and steps in meeting plan requirements.

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

12.5: “Investment Policy Statement”(IPS) shall mean a written statement that establishes the Futuris OCCD 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: “Quorum” shall mean the majority of the Board members as are required to conduct a Board meeting or to transact business on behalf of the Board.

12.7: “Registered Investment Advisor” (RIA) shall mean the investment entity charged with the responsibility for recommending comprehensive and continuous investment advice for the Futuris OCCD Investment Trust.

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

12.9: “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.

12.10: “The Trust” shall mean the OCCD’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 Board consisting of officials of the OCCD.

12.11: “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 past Normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.