

San Mateo County Community College District

GASB 43 & 45 Comprehensive Compliance Plan and “Substantive Plan” Policies, Procedures and On-going Maintenance (DRAFT 9/10/10)

Introduction

As stated in the Public Entity’s Retirement Board of Authority’s (RBOA) By-law objectives the Public Entity establishes a Trust for the pre-funding of its OPEB liabilities and 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 public entity.

In order to capture the full essence of the “Process” the Public Entity has decided to implement, in order to be in full compliance with the GASB guidelines, the development of a GASB 43 & 45 Comprehensive Compliance Plan and “Substantive Plan” policies, procedures and on-going maintenance process which is the step that is to be taken in order to accumulate the documentation for the understanding between the employer and the plans eligible members which consist of retirees and possibly the dependents of the Public Entity.

What are the Comprehensive Plan and “Substantive Plan”?

What are the GASB 43 & 45 Comprehensive Compliance Plan and “Substantive Plan?” GASB 43, Paragraphs 4, 16-40 defines the “Substantive Plan” as a plan through which assets are accumulated and benefits are paid as they come due in accordance with an agreement or understanding between the employer, eligible plan members and potentially their eligible beneficiaries.

Pursuant to the Implementation Guide for GASB 43 & 45 Q. 213, a Written Comprehensive Plan Document “may provide the best evidence of what the “Substantive Plan” is ... as it fully and accurately reflects the understandings of the parties.” (Parties being the employer and eligible plan members)

The GASB Implementation Guide Page 18 Q. 56 states, “Usually, the written plan is the best evidence of the terms of the exchange.” (I.e. employee service requirements for plan benefits)

The Comprehensive Compliance Plan is an extension of and inclusion of the “Substantive Plan” that incorporates the on-going documentation of the Public Entities development and implementation of a GASB compliance plan. As the development of a GASB plan rolls out there is more activity to be documented that was anticipated under the GASB guidelines. The Comprehensive Compliance Plan is a summary of the GASB guidelines and additional activities that go into the makeup of a Public Entities GASB compliance process

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Components of the Comprehensive Compliance Plan and “Substantive Plan” Process

- > The Comprehensive Compliance Plan and “Substantive Plan” must reflect the understandings of the parties.
- > A comprehensive written plan document will be established that fully and accurately reflects the understandings of the parties as the "...best evidence of what the Comprehensive Compliance Plan and Substantive Plan is."
- > A comprehensive written plan document must reflect a financial structure and also a benefit design structure per GASB 43 & 45 mandates.
- > A comprehensive written plan document should integrate all "understandings of the parties" including Financial, Benefit Design, Regulator, Fiduciary and Conflict of Interest specifications.
- > Specifics of the Comprehensive Compliance Plan and “Substantive Plan” are to be communicated to all.
- > The Comprehensive Compliance Plan and “Substantive Plan” are to be updated as necessary.
- > A copy of the Comprehensive Compliance Plan “Substantive Plan” is to be made available upon request

What is included in the Comprehensive Compliance Plan and “Substantive Plan”?

A comprehensive written plan document should integrate all "understandings of the parties" including Financial, Benefit Design, Regulatory, Fiduciary and Conflict of Interest specifications

A. GASB positions Financial Reporting & Accounting in context of the Comprehensive Compliance Plan and “Substantive Plan.”

GASB Statement 43, Paragraph 4 & 16-33 references defined accounting and financial reporting schedules in the framework of the “Substantive Plan.”

Financial reporting and accounting schedules would best be understood as written provisions of a comprehensive plan document, as stated in the GASB Implementation Guide Q 213.

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B. GASB positions Benefits to be provided in the context of the Comprehensive Compliance Plan and “Substantive Plan.”

GASB Statement 43, Paragraphs 33-40 and the applicable Appendix 3 #13 states that “the actuarial present value of total projected benefits should include all benefits to be provided to plan members or beneficiaries in accordance with the current “Substantive Plan” at the time of each valuation, including any changes to the plan terms that have been made and communicated to employees.”

C. GASB positions Core Funding Standards in relation to the Annual Required Contribution (ARC) in the context of the Comprehensive Compliance Plan and “Substantive Plan.”

GASB 43, Paragraph 4 presents the core funding requirements for meeting the standards in relation to the Annual Required Contribution (ARC). These standards are set forth in the framework of the “Substantive Plan” and the best evidence of this is a Comprehensive Compliance Plan Document.

D. Integration of GASB 43 & 45 with required California Government Code Provisions.

A written Comprehensive Plan Document is the only means of integrating the required provisions of California Government Code regulatory standards for the payment of retiree healthcare benefits with GASB Statement guidelines (California Government Code Sections 53620-53622)

A written Comprehensive Plan Document is the only means of integrating defined Fiduciary Standards for plan asset stewardship & investment management per the California Government

Code with GASB 43 & 45 Statement Guidelines (California Government Code Sections 53601, 53608, 53620, 53622, and 53635)

Based on the above cited authority, the totality of the GASB 43 & 45 Statements & Implementation Guide, an outline of what is understood directly and by reference which items are to be located in the Public Entities multiple Comprehensive Compliance Plan and “Substantive Plan” Volume binders is attached to the White Paper”.

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What is the Process for Maintaining Volume’s I, II III and IV of the Public Entities Comprehensive Compliance Plan and “Substantive Plan”?

Development of the Public Entities Comprehensive Compliance Plan and “Substantive Plan” does not cease once Volume’s I, II, II and IV are created and finalized as illustrated above. The Comprehensive Compliance Plan and “Substantive Plan” process of “On-going Maintenance” for the Public Entities Comprehensive Compliance Plan and “Substantive Plan” Process is the

responsibility of the RBOA members. The following process is to be implemented, in order, to ensure that the diligent updating of the Comprehensive Compliance Plan and “Substantive Plan” takes place:

- > All Retirement Board of Authority (RBOA) members will read and review each binder of documentation maintained in the District’s three ring binders
- > All GASB compliance pertinent memos, letters and other internal communications are to be directed to and saved electronically whenever possible in a “To Be Reviewed Comprehensive Compliance Plan and “Substantive Plan” folder”.
- > Copies of GASB compliance pertinent memos, letters and other internal and external communications are to be distributed electronically when possible to the RBOA members prior to the next scheduled RBOA meeting for review and recommendation by the RBOA members as to which communication pieces are to be placed in one of the Public Entities binders.
- > Service Vendor Account Manager will visit the Public Entity approximately twice a year about four weeks after each RBOA meeting to update the Comprehensive Compliance Plan and “Substantive Plan” binders.

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THE SUBSTANTIVE PLAN VOLUME I A, B & C GASB 43 & 45 COMPLIANCE VENDOR SELECTION PROCESS

TABLE OF CONTENTS

Section 1 Request for Proposal (RFP) for Vendor Selection of Services Process

Step 1 Discuss RFP Process Objective

- Identification of Issues
- Establish Long Term and Short Term Goals
- Liability Cost Reduction Strategy Review
- Evaluation of Status Quo
- Accesses to Potential Funding Methods
- Status Presentations to Board/Council/Administration/Union Communication Meetings

Step 2 Conduct RFP Process

- Approve Template
- Approve Potential Vendor List
- Deliver Template to Vendors
- Receive Responses
- Spreadsheet Response Results
- Prepare Analysis of Vendor Responses
- Interview Vendors
- Negotiating Changes to Fees and Documents
- Final Recommendations

Section 2 Pre-installation Services

Step 1 Conduct Meetings with Vendor Finalist

- Finalize Contracts and Agreements
- Discuss Investment Policy Development

Step 2 Assist with the Formation/Selection of a “Retirement Board of Authority”

- Outline Duties of Board
- Discuss “Substantive Plan” Development
- Review Installation & “Brown Act” Meeting Procedures

Step 3 Coordinate GASB Plan Interface with Current Service Providers

- Actuarial Services
- Legal Services
- Financial
- Accounting

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THE SUBSTANTIVE PLAN
FOR
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

VOLUME II
Plan Structure and Financials

- A Note on “Plan Documents”
- A Brief History of GASB 43 and 45
- A Substantive Plan as Part of a Comprehensive Compliance Plan
- Futuris
- Selected Definitions
- Plan Agreements, Resolutions and Statements
 - Folder 1
 - Board Resolution or Consent Item Documentation
 - Keenan Program Services Agreement
 - Signature Authorization Form
 - Folder 2
 - Benefit Trust Company (BTC) Administrative Services Agreement
 - Adoption Agreement
 - Trust Agreement
 - Fee Schedule
 - Folder 3
 - Internet Account Access Agreements
- Legal Standards / Futuris Comfort Letter
 - California Government Code
 - GASB Statements 43 & 45
 - Internal Revenue Code Section 115 Trust
- Fiduciary Protocols and Processes
- Trust Structure Overview
 - Plan Sponsor Employer / Governing Board
 - Retirement Board of Authority
 - Trustee
 - Registered Investment Advisor
- Private Letter Ruling

THE SUBSTANTIVE PLAN
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VOLUME II
Plan Structure & Financials
(Continued)

- Financial Structure & Specifications
 - Annual Required Contributions (ARC)
 - Risk Tolerance Questionnaire
 - Investment Policy Statement (IPS)

- Retirement Board of Authority Meeting Agendas and Minutes
 - Most Recent Meeting Agenda
 - Most Recent Meeting Minutes
 - Prior Meeting Agendas
 - Prior Meeting Minutes

- Financial Reports
 - Most Recent Actuary Report
 - Statements
 - Portfolio Summary
 - Portfolio Detail
 - Transactions Detail

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THE SUBSTANTIVE PLAN VOLUME III

TABLE OF CONTENTS

- Bargaining Unit Agreements
 - San Mateo Community College Federation of Teachers (AFT)
 - CSEA
 - AFSCME

- Other Post Employment Benefits – SMCC FT Retirees
 - PPO – CalPERS Anthem Blue Cross PERS Select
 - PPO – CalPERS Anthem Blue Cross PERS Choice
 - PPO – CalPERS Anthem Blue Cross PERS Care
 - HMO – CalPERS Kaiser Permanente
 - HMO – CalPERS Blue Shield NetValue
 - HMO – CalPERS Blue Shield Access
 - Dental – Delta Dental PPO Incentive Plan
 - Dental – Delta Dental PMI

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 - Dental – Delta Dental PMI

- Benefit Booklets/ Plan Information