Board of Trustees Updates

OPEB TRUST FUND ACTUALS
50% LAW UPDATE
FEE SCHEDULE

BOARD OF TRUSTEES MEETING
3-11-14
California Employers’ Retiree Benefit Trust (CERBT)
# CERBT Asset Allocation Strategies

<table>
<thead>
<tr>
<th></th>
<th>Strategy 1</th>
<th>Strategy 2</th>
<th>Strategy 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Long-term</td>
<td>7.61%</td>
<td>7.06%</td>
<td>6.39%</td>
</tr>
<tr>
<td>Rate of Return*</td>
<td></td>
<td></td>
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<tr>
<td>Standard Deviation</td>
<td>11.73%</td>
<td>9.46%</td>
<td>7.27%</td>
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<tr>
<td>Of Expected Returns</td>
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**MCCD selected Strategy 2**

* * Uses Annual General Inflation Rate Assumption of 3.0%
## MCCD Investment

<table>
<thead>
<tr>
<th></th>
<th>First Quarter:</th>
<th></th>
<th>Second Quarter:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin Balance, Original invest</td>
<td>Beginning Balance, Original investment $2,167,491</td>
<td></td>
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</tr>
<tr>
<td>Earnings</td>
<td>$100,053</td>
<td>$75,746</td>
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</tr>
<tr>
<td>Admin Fee</td>
<td>$841</td>
<td>$(872)</td>
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</tr>
<tr>
<td>First Quarter, net</td>
<td>$99,212</td>
<td>$74,874</td>
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<tr>
<td>Ending Balance, 12/31/13</td>
<td>$2,341,577</td>
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</table>
MCCD Return on Investment

- First Quarter, annualized 18.3%
- Second Quarter, annualized 13.2%
- Year-to-Date, annualized 16.1%

Return has exceeded the expected rate of return
50% Law Update
50% Law Update

• In September the District notified parties of the reasoning why we did not meet the 50% law for the 12/13 fiscal year.

• In October application was made to the state to request for an exemption from the 50% law based on data that represented the cohort of similar colleges.

• December, rationale and evidence was provided to the state for exemption.

• Subsequent communications with the state chancellors office.
50% Law Update

- 3 colleges filed for an exemption to the 50% law
- Brice Harris, Chancellor personally reviewed the exemptions and noted the stance of the BOG in regards to the 50% law itself.
- COM had the most compelling argument for a waiver.
- Subsequently 2 colleges withdrew their exemption requests.
- As such, COM followed suit
50% Law Next Steps

- Exemption was for 443k for the 12/13 fiscal year
- Reserves will be used to create a trust fund within COM to set aside those funds for the purposes of Instruction directly related to the 50% law.
- These are one time dollars and any annualized decisions will have to be budgeted

- Continue to monitor the 50% law equation as it relates to the current 13/14 year.
- Vet methodologies to meet 50% law in current year with executive staff
- Bring an update to the April/May board meeting on our progress to maintain compliance with Ed Code.
Fee Schedule
Fee Schedule

- Many fees are outdated or not up to date with Ed Code – Parking Fee, Health Fee etc.
- Facilities Fees have not been updated in 10 years
- Other cost recovery fees
- Instructional Technology Fees are out of date in some areas
- Parking Fines need to coincide with local jurisdictions
- All fees are governed by BP’s, AP’s, Student Fee Handbook, and Ed Code.