

Memorandum

TO: OPEB Trust Retirement Board
Peralta Community College District

FROM: Judith W. Boyette 
Liz Masson

DATE: April 6, 2016

RE: **Draft Revised Bylaws for Retirement Board**

It is our understanding that the current Peralta Community College District Retirement Board Bylaws ("Bylaws") were adopted in 2011. Pursuant to Article 7 of those Bylaws, the Retirement Board may amend the Bylaws by a majority vote of Retirement Board members present when the amendment is proposed to take effect. As discussed at the February 25, 2016 Retirement Board meeting, we have drafted the attached revised Bylaws to reflect recommended changes, including:

1. Conform provisions with applicable laws;
2. Clarify that fiduciary and administrative functions are the responsibility of the Retirement Board, while settlor functions are the responsibility of the District;
3. Clarify the nature of the OPEB Trust as revocable;
4. Clarify that the funds held in the current OPEB Trust were intended to fund liabilities associated with eligible retirees who were employees hired prior to July 1, 2004, and include possible establishment of a second, irrevocable trust, that the District may form to fund benefits for eligible retirees who were employees hired on or after July 1, 2004;
5. Incorporate provisions from the Indenture of Trust governing the bond funds used to establish the OPEB Trust regarding use of the OPEB Trust assets to defease or pay off bonds when required conditions are met, or in the event of default;
6. Conform provisions regarding investment by the trustee under Discretionary Trust Agreement in proprietary funds of the trustee;
7. Incorporate provisions to reflect current administrative procedures and operational provisions from original 2006 Bylaws; and
8. Make minor language changes for consistency and clarity.

POSSIBLE ACTION ITEM:

While we have not recommended any specific changes to Section 9.2 regarding the engagement of a Registered Investment Advisor by the Discretionary Trustee, we note that this section may require amendment, given the current arrangement under which these services are being provided. After discussion of these issues at the Retirement Board meeting, we will determine if further amendments may be necessary to address this issue. We anticipate bringing proposed amendments to the Bylaws for action at the next Retirement Board meeting.

JWB:EJM