

San Bernardino Community College District
Employer Pension Rates
2013-14 to 2020-2021

Revised: 10/10/16

Employer Rates by Fiscal Year								
System	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
PERS	11.44%	11.77%	11.85%	13.89%	15.50%	17.10%	18.60%	19.80%
STRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%

Rate Increases by Fiscal Year								
System	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
PERS	Base year	0.33%	0.08%	2.04%	1.61%	1.60%	1.50%	1.20%
STRS	Base year	0.63%	1.85%	1.85%	1.85%	1.85%	1.85%	0.97%

Estimated Amount Increases by Fiscal Year							
Classification	Base Salary	2016-17	2017-18	2018-19	2019-20	2020-21	
Confidential	\$ 1,063,022	\$ 21,686	\$ 17,115	\$ 17,008	\$ 15,945	\$ 12,756	
Classified	\$ 18,750,244	\$ 382,505	\$ 301,879	\$ 300,004	\$ 281,254	\$ 225,003	
Academic	\$ 22,974,940	\$ 425,036	\$ 425,036	\$ 425,036	\$ 425,036	\$ 222,857	
Management	\$ 10,735,765	\$ 219,010	\$ 172,846	\$ 171,772	\$ 161,036	\$ 128,829	
Totals	\$ 53,523,971	\$ 1,048,237	\$ 916,876	\$ 913,821	\$ 883,272	\$ 589,445	
Cummulative Total Increase		\$ 1,048,237	\$ 1,965,112	\$ 2,878,933	\$ 3,762,205	\$ 4,351,650	*

Note:

* The estimated increases for all 4 years could be higher due to Step & Column Increases



San Bernardino County Pool Summary (as of 6/30/2016)

Security Type	Par Value	Amortized Cost	Market Value	Market % of Portfolio	Yield to Maturity At Cost	Weighted Avg. Maturity	Modified Duration
Bankers Acceptances	0.00	0.00	0.00	0.0%			
Certificates of Deposit	1,355,000,000.00	1,355,000,232.25	1,355,020,470.50	23.8%	0.73%	124	0.33
Collateralized CD	0.00	0.00	0.00	0.0%			
Commercial Paper	925,000,000.00	924,484,951.50	924,581,025.00	16.3%	0.53%	32	0.08
Corporate Notes	117,311,000.00	117,471,862.99	117,650,676.91	2.1%	0.81%	285	0.77
Federal Agencies	1,818,791,000.00	1,820,465,572.98	1,827,299,985.94	32.2%	0.87%	455	1.23
Money Market Funds	230,000,000.00	230,000,000.00	230,000,000.00	4.0%	0.26%	1	0.01
Municipal Debt	0.00	0.00	0.00	0.0%			
Repurchase Agreements	0.00	0.00	0.00	0.0%			
Bank Deposit Account	50,000,000.00	50,000,000.00	50,000,000.00	0.9%	0.35%	1	0.01
Joint Powers Authority	192,000,000.00	192,000,000.00	192,000,000.00	3.4%	0.51%	1	0.01
Supranationals	690,000,000.00	688,668,818.50	694,330,180.00	12.2%	1.16%	866	2.33
U.S. Treasuries	290,000,000.00	290,484,750.10	291,846,145.00	5.1%	0.84%	357	0.96
Total Securities	5,668,102,000.00	5,668,576,188.32	5,682,728,483.35	100.0%	0.77%	311	0.84
Cash Balance	29,556,351.23	29,556,351.23	29,556,351.23				
Total Investments	5,697,658,351.23	5,698,132,539.55	5,712,284,834.58				
Accrued Interest		9,081,844.30	9,081,844.30				
Total Portfolio	5,697,658,351.23	5,707,214,383.85	5,721,366,678.88				

1. Yield for the money market funds is a weighted average of the month-end yields for the Federated, Goldman, and Fidelity money market funds.

2. Statistics for the total portfolio include money market funds.

3. Market prices are derived from closing bid prices as of the last business day of the month as supplied by F.T. Interactive Data, Bloomberg, or Telerate. Prices that fall between data points are interpolated.

PARS AND CCLC PENSION RATE STABILIZATION PROGRAM

BACKGROUND OF RATE INCREASES

- CalSTRS employer rates will double to 19.10% and CalPERS rates to 20.40% by FY '20-21.
- This will result in the District's pension costs rising by over \$6 million in the next 5 years.
- The Chancellor's office recently recommended that colleges plan ahead for long-term, ongoing liabilities such as for pension and retiree healthcare by setting dedicated funds aside.

OVERVIEW OF PENSION RATE STABILIZATION PROGRAM

- In an effort to assist California Community College Districts with managing these pension rate increases, the Community College League of California joined with Public Agency Retirement Services (PARS) to provide the Pension Rate Stabilization Program (PRSP).
- PRSP is a first-of-its kind, IRS approved program, which allows public agencies to set aside and dedicate funds to a locally controlled trust account to prepare for these rate increases.
- In this way, PRSP is similar to the District's OPEB trust which is dedicated to pre-funding its long-term retiree healthcare obligations.
- The trust program is administered by PARS, with U.S. Bank as discretionary trustee and investment manager – just like with the District's current OPEB trust.
- It is an IRS Section 115 irrevocable trust dedicated solely for pension costs – the District can be reimbursed for its annual pension costs or can be used to pay the retirement systems directly.

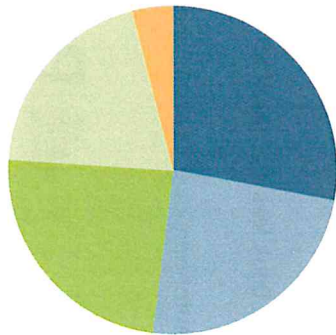
ADVANTAGES OF PENSION RATE STABILIZATION PROGRAM

- The funds contributed to PRSP act as rate stabilization since they can be used to cover contribution rate cost increases at any time.
- Assets in the trust can be used as a rainy day source of funds for pension-related costs during difficult economic and budgetary times.
- U.S. Bank offers a variety of investment strategies based on risk tolerance levels, including conservative options that comply with state government codes. Diversified investing is also permitted to achieve longer term rates of return.
- Government Accounting Standards Board Statement No. 68 requires that government employers recognize net pension liabilities on their balance sheet as of this fiscal year.
- All funds contributed into the trust program are considered assets that will offset the net pension liability on the District's financial statements.
- Pre-funding helps the District show good fiduciary stewardship as pension costs rise. It could also be a factor in the District's accreditation and credit ratings.
- Since the District already has OPEB funds with PARS, PARS and U.S. Bank fees are based on total PRSP and OPEB assets, allowing for economies of scale.
- PRSP is centered on local control – the District always maintains autonomy over its assets and funding decisions.

PARS Investment Partnership - Fixed Income Portfolio

Portfolio holdings

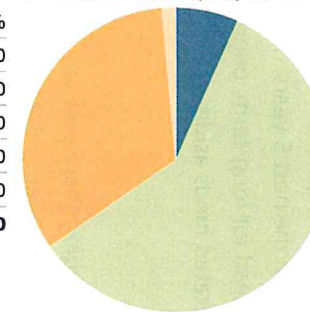
Portfolio Date: 6/30/2016



	%
Vanguard Short-Term Investment-Grade Adm	28.0
Vanguard Total Bond Market Index Adm	24.0
Vanguard Total Intl Bd Idx Admiral™	24.0
Vanguard Interm-Term Investment-Grde Adm	20.0
Vanguard Shrt-Term Infl-Prot Sec Idx Adm	4.0
Total	100.0

Asset allocation

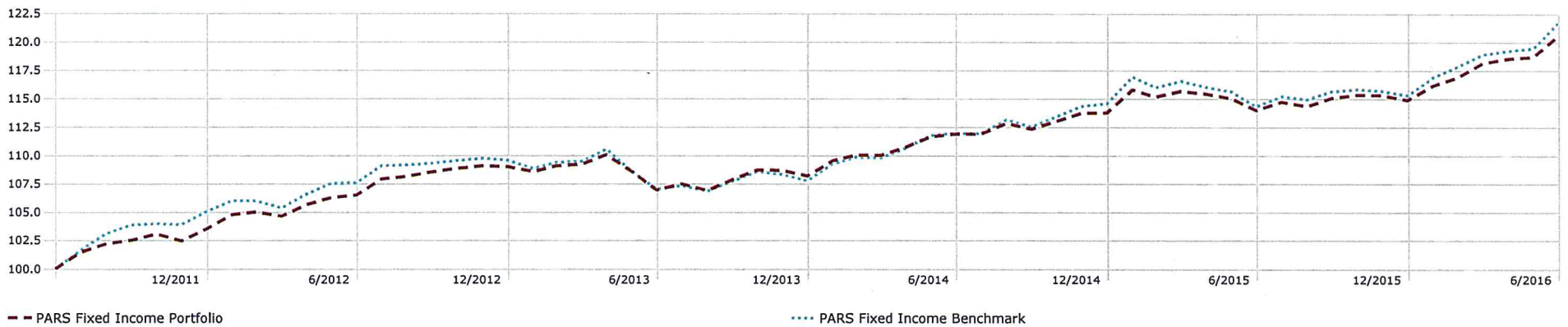
Portfolio Date: 6/30/2016



	%
Cash	6.7
US Equity	-
Non-US Equity	-
US Bond	58.7
Non-US Bond	33.3
Other	1.4
Total	100.0

Investment growth

Time Period: 7/1/2011 to 6/30/2016

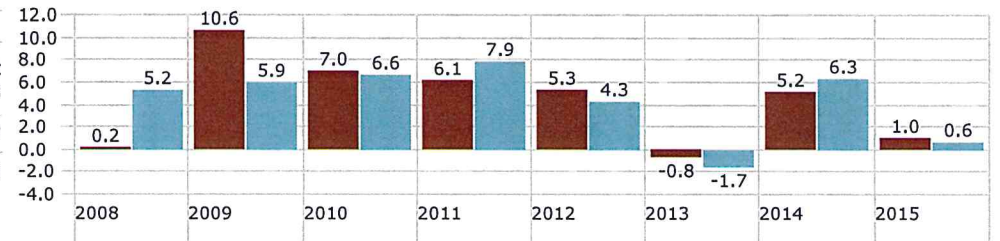


Trailing Returns - Annualized after one year

As of Date: 6/30/2016

	YTD	One Year	Three Years	Five Years	Eight Years
PARS Fixed Income Portfolio	4.94	5.77	4.09	3.82	4.77
PARS Fixed Income Benchmark	5.56	6.49	4.39	4.02	4.93

Annual returns



Portfolio

52% Total Bond Market Index Admiral, 20% Intermediate-Term Investment Grade Admiral, 28% Short-Term Investment Grade Admiral through October 16, 2012/ 48% Total Bond Market Index Admiral, 20% Intermediate-Term Investment Grade Admiral, 28% Short-Term Investment Grade Admiral, 4% Short-Term Inflation-Protected Securities Index Admiral through May 31, 2013/ 24% Total Bond Market Index Admiral, 24% Total International Bond Index Admiral, 20% Intermediate-Term Investment Grade Admiral, 28% Short-Term Investment Grade Admiral, 4% Short-Term Inflation-Protected Securities Index Admiral thereafter.

Benchmark

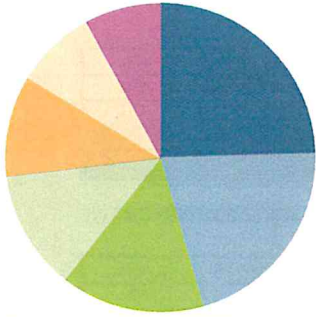
100% Spliced Barclays US Aggregate Float-Adjusted Bond Index through October 16, 2012/ 96% Spliced Barclays US Aggregate Float-Adjusted Bond Index, 4% Barclays US 0-5 Year TIPS Index through May 31, 2013/ 72% Spliced Barclays US Aggregate Float-Adjusted Bond Index, 24% Barclays ex-USD Flood Adjusted Index Hedged, 4% Barclays US 0-5 Year TIPS Index thereafter.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

PARS Investment Partnership - Conservative Portfolio

Portfolio holdings

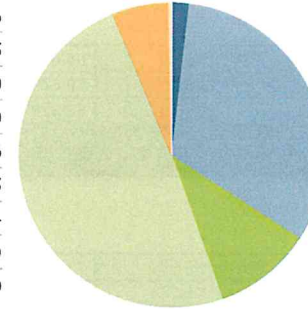
Portfolio Date: 6/30/2016



	%
Vanguard Total Stock Mkt Idx Adm	24.5
Vanguard Total Bond Market Index Adm	21.0
Vanguard Inflation-Protected Secs Adm	15.0
Vanguard Interm-Term Investment-Grde Adm	12.6
Vanguard Total Intl Stock Index Inv	10.5
Vanguard Short-Term Investment-Grade Adm	8.4
Vanguard REIT Index Adm	8.0
Total	100.0

Asset allocation

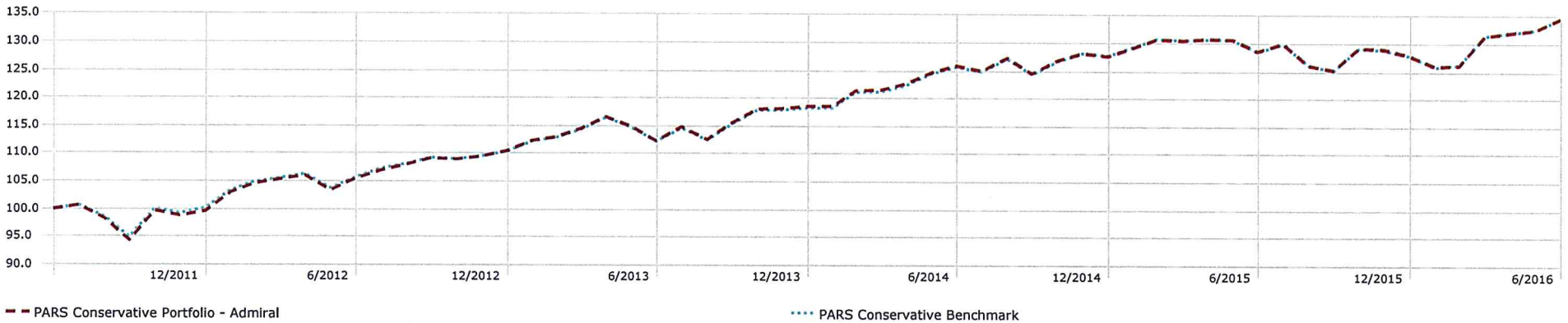
Portfolio Date: 6/30/2016



	%
Cash	1.8
US Equity	32.3
Non-US Equity	10.4
US Bond	49.2
Non-US Bond	6.0
Other	0.3
Total	100.0

Investment growth

Time Period: 7/1/2011 to 6/30/2016

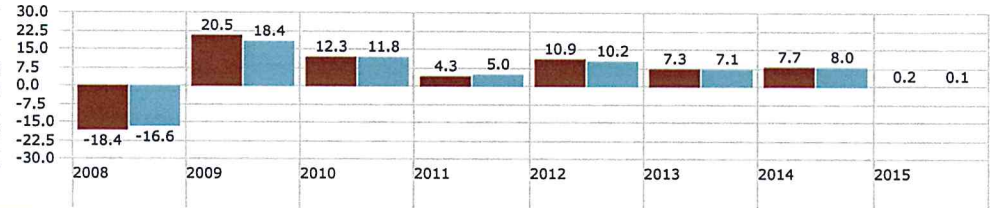


Trailing Returns - Annualized after one year

As of Date: 6/30/2016

	YTD	One Year	Three Years	Five Years	Eight Years
PARS Conservative Portfolio - Admiral	5.23	4.67	6.21	6.13	6.06
PARS Conservative Benchmark	5.26	4.76	6.23	6.12	6.07

Annual returns



Benchmark

24.5% Spliced Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/2/13, MSCI US Broad Market Index through 4/22/05, prior DJ Wilshire 5000 Index) / 10.5% Spliced Total International Composite Index (Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA IMI Index through 6/2/13; and the FTSE Global All Cap ex US Index thereafter) / 42% Spliced Barclays US Aggregate Float-Adjusted Bond Index / 15% Barclays US Treasury Inflation-Protected Securities Index / 8% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position though 4/30/2009; MSCI US REIT Index thereafter).

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

Source: Morningstar Direct

San Bernardino Community College District
Pension Rate Stabilization Program (PRSP)
PARS Return and Fee Analysis
September 6, 2016

San Bernardino County Treasury Pool (0.77% Return)

Period	Beginning Balance	Interest	Subtotal	PARS Fees	Investment Mgmt Fees	US Bank Trustee Fees	Ending Balance	PARS Fees (% of Assets)	Investment Mgmt Fees (% of Assets)	Trustee Fees (% of Assets)	Total Fees (% of Assets)
Year 1	\$5,500,000.00	\$42,350.00	\$5,542,350.00	\$0.00	\$0.00	\$0.00	\$5,542,350.00	0.00%	0.00%	0.00%	0.00%
Year 2	\$5,542,350.00	\$42,676.10	\$5,585,026.10	\$0.00	\$0.00	\$0.00	\$5,585,026.10	0.00%	0.00%	0.00%	0.00%
Year 3	\$5,585,026.10	\$43,004.70	\$5,628,030.80	\$0.00	\$0.00	\$0.00	\$5,628,030.80	0.00%	0.00%	0.00%	0.00%

Vanguard Fixed Income (4.09% Return)

Period	Beginning Balance	Interest	Subtotal	PARS Fees	Investment Mgmt Fees	US Bank Trustee Fees	Ending Balance	PARS Fees (% of Assets)	Investment Mgmt Fees (% of Assets)	Trustee Fees (% of Assets)	Total Fees (% of Assets)
Year 1	\$5,500,000.00	\$224,566.16	\$5,724,566.16	\$14,028.78	\$3,928.06	\$2,805.76	\$5,703,803.57	0.25%	0.07%	0.05%	0.37%
Year 2	\$5,703,803.57	\$232,887.50	\$5,936,691.07	\$14,548.61	\$4,073.61	\$2,909.72	\$5,915,159.12	0.25%	0.07%	0.05%	0.37%
Year 3	\$5,915,159.12	\$241,517.19	\$6,156,676.31	\$15,087.72	\$4,224.56	\$3,017.54	\$6,134,346.49	0.25%	0.07%	0.05%	0.37%

US Bank Fixed Income (3.33% Return)

Period	Beginning Balance	Interest	Subtotal	PARS Fees	Investment Mgmt Fees	US Bank Trustee Fees	Ending Balance	PARS Fees (% of Assets)	Investment Mgmt Fees (% of Assets)	Trustee Fees (% of Assets)	Total Fees (% of Assets)
Year 1	\$5,500,000.00	\$182,686.29	\$5,682,686.29	\$13,961.34	\$16,753.60	\$0.00	\$5,651,971.35	0.25%	0.30%	0.00%	0.55%
Year 2	\$5,651,971.35	\$187,734.12	\$5,839,705.00	\$14,347.10	\$17,216.53	\$0.00	\$5,808,141.37	0.25%	0.30%	0.00%	0.55%
Year 3	\$5,808,141.37	\$192,921.43	\$6,001,063.00	\$14,743.53	\$17,692.24	\$0.00	\$5,968,627.23	0.25%	0.30%	0.00%	0.55%

Vanguard Conservative (6.21% Return)

Period	Beginning Balance	Interest	Subtotal	PARS Fees	Investment Mgmt Fees	US Bank Trustee Fees	Ending Balance	PARS Fees (% of Assets)	Investment Mgmt Fees (% of Assets)	Trustee Fees (% of Assets)	Total Fees (% of Assets)
Year 1	\$5,500,000.00	\$340,965.09	\$5,840,965.09	\$14,183.93	\$3,971.50	\$2,836.79	\$5,819,972.88	0.25%	0.07%	0.05%	0.37%
Year 2	\$5,819,972.88	\$360,801.38	\$6,180,774.00	\$15,009.10	\$4,202.55	\$3,001.82	\$6,158,560.53	0.25%	0.07%	0.05%	0.37%
Year 3	\$6,158,560.53	\$381,791.68	\$6,540,352.00	\$15,882.29	\$4,447.04	\$3,176.46	\$6,516,846.22	0.25%	0.07%	0.05%	0.37%

US Bank Conservative Income (4.07% Return)

Period	Beginning Balance	Interest	Subtotal	PARS Fees	Investment Mgmt Fees	US Bank Trustee Fees	Ending Balance	PARS Fees (% of Assets)	Investment Mgmt Fees (% of Assets)	Trustee Fees (% of Assets)	Total Fees (% of Assets)
Year 1	\$5,500,000.00	\$223,282.52	\$5,723,282.52	\$14,015.66	\$16,818.79	\$0.00	\$5,692,448.06	0.25%	0.30%	0.00%	0.55%
Year 2	\$5,692,448.06	\$231,095.30	\$5,923,543.00	\$14,506.08	\$17,407.29	\$0.00	\$5,891,629.63	0.25%	0.30%	0.00%	0.55%
Year 3	\$5,891,629.63	\$239,181.45	\$6,130,811.00	\$15,013.65	\$18,016.38	\$0.00	\$6,097,780.96	0.25%	0.30%	0.00%	0.55%

Assumptions:

1. Ending balances are net of PARS and Investment Management fees except for the San Bernardino County Treasury Pool.
2. Portfolio returns are based on 3-year returns as of June 30, 2016.