

Total Compensation Systems, Inc.

March 23, 2023

David Martin
Chancellor
City College of San Francisco
33 Gough St.
San Francisco, CA 94103

Dear David,

This is in response to your request for additional clarification and detail from our letter to Dianna Gonzalez dated September 25, 2020. That letter contained analysis of the potential effect of SFCCD withdrawing \$21 million from the Retiree Health Care Trust Fund (RHCTF), and it also outlined a potential strategy for future contributions to the trust. This letter focuses on the latter of those two items. It will describe our understanding of the contributions required under Charter Section A8.432 and how those contributions were to be altered for 2019-20 and 2020-21.

We are not legal experts nor do we provide legal services. Therefore, our description of how we believe Charter Section A8.432 should be interpreted should not be exclusively relied upon by the College or any other group.

Contributions Required by Charter Section A8.432

Sections (a) and (b) of A8.432 describe the contributions to the trust required from participating employers. Section (a) applies for employees hired on or after January 10, 2009 while section (b) applies for employees hired on or before January 9, 2009. Each section describes two independent sources of annual contributions to the trust which are additive with one another.

For section (a), those sources are:

- 1) Employee contributions equal to the Normal Cost (limited to 2% of compensation)
- 2) Employer contributions equal to 1% of compensation

