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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES STUDY MEETING

MINUTES
April 4, 2017

PLACE

Las Positas College, 3000 Campus Hill Dr., Livermore, CA, Room 1620A&B

CALL TO ORDER

The study meeting was called to order at 5:00 p.m. by Trustee Gin. Volunteer Recording Secretary Guisselle Nunez called the roll. At the time of roll, Trustee Gelles and Trustee Maduli were absent and excused.

PUBLIC COMMENTS

There were no Public Comments offered at this time.

ADJOURN TO CLOSED SESSION

Motion No. 1

Motion made to adjourn made by Trustee Mitzman, and seconded by Trustee Dvorksy, the Board immediately adjourned to a Closed Session, which ended at 5:02 p.m.

Motion carried unanimously, 5-0 with Trustee Gelles and Trustee Maduli absent.

OPEN SESSION

The Board readjourned in Open Session at 6:30 p.m. Volunteer Recording Secretary Guisselle Nunez called the roll. At the time of roll, Trustee Gelles and Trustee Maduli were absent and excused.

ATTENDANCE

Members Present:

Trustee Arnulfo Cedillo
Trustee Mrs. Isobel F. Dvorksy
Trustee Dr. Hal G. Gin
Trustee Dr. Marshall Mitzman

Trustee Mr. Carlo Vecchiarelli

Members Absent: Trustee Mr. Donald L. "Dobie" Gelles (Excused)
Trustee Mr. Edralin "Ed" Maduli (Excused)
Student Trustee Mr. David Truelove
Student Trustee Ms. Zainab "Z" Dogar

Recording Secretary: Ms. Guisselle Nunez

Managers Present: Dr. Jannett Jackson, Chancellor (absent and excused)
Dr. Susan Sperling, President, Chabot College
Ms. Diane Brady, Vice President, Business Services, Las
Positas College (reprenting Dr. Susan Cota, Interim
President)
Mr. Wyman Fong
Mr. Doug Horner
Dr. Krista Johns
Mr. Lorenzo Legaspi
Ms. Jeannine Methe
Ms. Diane Brady
Ms. Guisselle Nunez
Mr. Rajinder Samra

Others Present: Ms. Melissa Korber, President, Las Positas College Faculty
Senate
Mr. Larry Aguiar, Retired

GOOD OF THE ORDER

PLEDGE TO FLAG

Dr. Susan Sperling led the pledge to the flag.

REPORT OUT: NO ACTION TAKEN IN CLOSED SESSION

1.6 PUBLIC COMMENTS

No Public Comments

2.0 PRESENTATION:

2.1 Budget Update: (FY 2016-17/17-18) and other post-employment benefits (opeb)

Vice Chancellor Legaspi provided a PowerPoint presentation, "Budget Update (FY 2016-17/FY 2017-18) and other Post Employment Benefit (OPEB), which was included with the Board agenda packet. Vice Chancellor Legaspi presented information on OPEB and its impact on the district. He highlighted the following areas:

OPEB and GASB 45

Primer (Definitions and District Numbers)

- OPEB refers to "other post-employment benefits", meaning other than pension benefits
- GASB 45 requires districts to account for OPEB liabilities
- Actuarial Valuation: \$138 Million (at 4.5% discount rate)
- Annual Required Contribution: \$13,053,241
- Pay-As-You-Go \$6.0 Million 2017-18
\$8.0 Million 2023-24

RUMBL Fund (Retiree Unfunded Medical Benefit Liability)
District set-aside of \$4.6 million

The Challenge

- Pay-As-You-Go retiree health costs are expected to consume a greater percentage of the General Fund Budget
- Rising Medical Costs
- Longer Life Expectancy

The district offers post-employment benefits (lifetime medical benefits) to employees hired before January 1, 2013 who meet certain eligibility requirements.

Setting up an Irrevocable Trust for OPEB (October 18, 2016)

- With an irrevocable trust for OPEB, the district may use a higher discount rate in calculating the OPEB liability. The higher the discount rate, the lower the liability.
- The discount rate is the expected return over the long term. The reduction in OPEB liability ranges from 15%-30% for those districts that establish and fund an irrevocable trust.
- The district currently pays the annual cost of OPEB from the operating budget
- Trust assets are restricted to pay for OPEB obligations
- Other reasons to set up an irrevocable trust:
 - Accreditation
 - Rating agencies

Where We Are

- Completed Draft OPEB Trust Program
- Completed Draft Request for Proposal (RFP) for Management Service
- Discussed with Shared Governance body, Planning and Budget Committee (PBC)
- Selected PBC members to serve on committee
- Goal is to have an OPEB Trust in place in 2017 or 2018
- Set up Trust with dollars from RUMBL Fund

In addition, Vice Chancellor Legaspi provided an update on the district budget for fiscal years 2016-17 and 2017-18. He briefly reviewed the Budget Allocation Model (BAM) and its benefit as a financial tool. He highlighted the following budget information:

- For FY 2016-17, the district's financial position improved. The projected ending balance increased from \$27.8 million to about \$28.1 million.
- For FY 2017-18, the district will be using the information from the Governor's January Budget proposal which includes the following:
 - Budget Update for 2017-18
 - 1.48% Cost of Living Adjustment (COLA)
 - \$23.6 million increase in base allocation funding
 - \$79.3 million for 1.34% growth funding
 - \$150 million of one-time money for Guided Pathways
 - Same level of funding for Student Success and Support Programs; Student Equity, Strong Workforce and Basic Skills

District Budget Assumptions

- 1.48% Cost of Living Adjustment (COLA)
- 1% Growth
- Base Allocation Increase
- Serving 17,400 Full Time Equivalent Students (FTES)
 - Chabot College 10,200; Las Positas College 7,200
- Step and Column Increases
- STRS/PERS Rate Increases
- 3% COLA for Faculty; Other Employee Groups to be Determined
- Retiree Medical Increases of 6.88%
- Insurance; Utilities @ 5.0%
- Stability Year of 2016-17
- Restoration Year 2017-18 first year of Restoration

Questions from the Board included:

- Trustee Vecchiarelli asked: “We are not adding anybody new to the liability?” Vice Chancellor Legaspi responded affirmative.
- Trustee Vecchiarelli asked: “If we set up an irrevocable trust would it be a liability to lock up this money? Could we set up a revocable trust?” Vice Chancellor Legaspi he can bring to the Board a summary of the pros/cons on irrevocable and revocable trusts.
- Vice Chancellor Johns added a comment that if you have an irrevocable trust, and the purpose no longer exists, then you can change the trust.
- Trustee Vecchiarelli: asked “Who is disappearing from this population that we are liable for?” Vice Chancellor Legaspi responded that the actuarial study to be done will include that information, including eligible population, anticipated rate increases, life expectancies and the value of unfunded liabilities.
- Trustee Mitzman complimented the presentation. Additionally he asked for the Vice Chancellor’s opinion of the state of the budget. Vice Chancellor Legaspi responded that in his 30+ years of experience, he feels that there will be another recession. 2018-2019 he feels a mild recession will occur and that may provide us some challenges with the budget. But with our 2017-2018 reserves and other financial tools we have, he feels we will be OK.
- Trustee Vecchiarelli asked if it would it have been to our advantage to pick up the 1% growth? Vice Chancellor Legaspi responded that it would be have maximized all of our funds.
- Trustee Cedillo complimented the Vice Chancellor’s work and information shared.
- Trustee Gin also added his thanks for a job well done.

GOOD OF THE ORDER

3.0 ADJOURNMENT

Motion No. 2

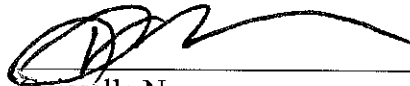
Trustee Cedillo made a motion, seconded by Trustee Vecchiarelli, to adjourn the meeting at 6:53 p.m.

Motion carried unanimously, 5-0 with Trustee Gelles and Trustee Maduli absent.

5.0 NEXT MEETING OF THE BOARD OF TRUSTEES

The next Meeting of the Board is a regular meeting scheduled for April 18, 2017, 6:30 p.m. at the District Office.

Minutes prepared by:



Guisselle Nunez

"Volunteer" Recording Secretary



Secretary, Board of Trustees

Chabot-Las Positas Community College District