



**BUDGET COMMITTEE MEETING**

November 15, 2017

Board Room

2:00-3:30 p.m.

**MINUTES**

**CALL TO ORDER:** The meeting was called to order at 2:00 p.m. by Committee Chair, Morris Rodrigue.

**ROLL CALL:**

x	Jill Ault	x	Sue Loring	x	Kathy Royce		Student Rep.
	Don Cingrani	x	Tom Masulis	x	Susan Schroth		
x	Sara Holmes	x	Morris Rodrigue	x	Tom Simpson		

**APPROVAL OF MINUTES:** 10/4/17-Tabled until the next meeting.

**PUBLIC COMMENTS:** None

**REPORTS:** None

**DISCUSSION/ACTION:**

**A. OPEB Actuarial Report**

Morris explained the OPEB liability and STRS and PERS financial obligations. The actuarial report is now available and he shared the following highlights with the committee.

- There are changes in the net OPEB liability
- The roll back balance is an estimate
- The current liability is \$38.7M
- As of June 30, 2017, \$14.2M was in the OPEB trust
- The current investment report states there is \$15M
- Service Cost is what we are accruing based on the liability for this year
- We are at a point when the OPEB liability should start decreasing
- The ARC is used to calculate the annual contribution
- We don't want more in the fund than our obligational liability
- We need to be cautious that we don't over fund
- We know the projected amounts will start to peak in early 2020, and then should decline
- Potentially we could draw out money now and still be funded in 15 years
- At the rate we are currently paying we could be fully funded sooner, possibly 10 years
- If interest rates hold, we could just do pay as you go and in 10 years the trust could be used to pay the OPEB.

- The ARC includes all the current pay as you go costs and incorporates how far away we are from being fully funded.
- The overall liability has drop because we were paying more than the minimum, we now have other options:
  - 1)Decide we have enough in the trust now, let it sit and have pay as we go costs
  - 2) Flatten our cost, and take more time to fund
  - 3) Continue to fund until we hit the point where we would have to draw out some of the dollars

**B. Update on STRS/PERS account options**

Morris said he is less concerned about the OPEB now and more concerned about STRS and PRS obligations, and if we continue to do the pay as you go and put the extra money into STRS and PERS it will help if there are major cuts. Morris suggested that if there are one-time monies or excess dollars those dollars could be put into a different account. An account that could only be used for STRS and PERS obligations. There are other groups/pools that do this. It is set up as an investment fund that is irrevocable, but there is a cost associated with being a part of the pool. Jill said there are not a lot of community colleges in the pool yet, but with the impact of the STRS and PERS rates the pool may grow.

Morris said at the last meeting they talked about putting dollars in a separate fund. Now there is an option of putting dollars in a PARS fund, and the interest rates are better. The OPEB group is invested in hiring the right firms to invest the dollars, it is an active and ongoing process. Jill said it would be nice to get this study every two years.

Tom said the upside with PARS is it's a better return for the investment. The downside is the expense is coming and it will continue to increase. Morris said with the OPEB we have some control over it, the liability is going down, and we have been good about putting money into it. With STRS and PERS it's more about preparing for a really bad day. Morris said he doesn't see the District ever having enough dollars in the fund to truly flatten our costs, but he does believe there could be enough put into the fund to weather a damaging storm when we have absorbent STRS and PERS rates.

Jill said it is a unique way of providing some stabilization during bad economic times. The thought process is if we are taking expense on and we are not getting enough dollars from the state to fund them, then we must manage our expenses. Morris and Jill will continue to bring back information on the PARS fund and the discussion will continue at future meetings. The Governor proposes his budget in January and the work picks up in the spring during budget development and planning. Also inn spring the committee will do the risk analysis worksheet. The December meeting may need to be cancelled since there isn't too much on the horizon.

**OTHER/ANNOUNCEMENTS: None**

**ADJOURNMENT: 2:35 p.m.**

**NEXT MEETING: TBD**

Recorded by:

Sherry Nicholas

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