

**Fiscal Resources Committee**  
Executive Conference Room – District Office  
1:30 p.m. – 3:00 p.m.

**Meeting Minutes for January 23, 2019**

**FRC Members Present:** Morrie Barembaum, Peter Hardash, Bart Hoffman, Thao Nguyen, Adam O'Connor

**Alternates/Guests Present:** Jose Vargas, James Kennedy, John Hernandez, Enrique Perez, Roy Shabazian, George Walters

1. Welcome: Mr. Hardash called the meeting to order at 1:33 p.m.

2. State/District Budget Update

Mr. Hardash pointed out the handouts and links provided. He noted the following:

- Governor Newsom released the 2019-20 State Budget
  - i. The Joint Analysis of the State Budget was developed by ACCA, ACBO, CCCCCO and the League
  - ii. The minimum funding guarantee is being lowered
  - iii. The Governor is proposing a COLA of 3.46%
  - iv. The COLA is an estimate, the actual COLA isn't calculated until the end of March
  - v. Governor Newsom is proposing a \$3 billion one-time non-Prop 98 contribution to CalSTRS. \$700 million of that would be provided to buy down the employer contribution rates

3. Presentation to Board Fiscal Audit Committee

Mr. Hardash noted the Board Fiscal Audit Committee met November 20, 2018 with the auditor to present the prior year audit before it goes to the Board of Trustees.

4. Retiree Health Benefits Other Post-Employment Benefits (OPEB) – Establishment of Irrevocable Trust  
20min – 34min

Mr. Hardash discussed the presentation from the January 7, 2019 Joint Benefits Committee Meeting and the timeline of OPEB Retiree Health Benefits and noted the following:

- RSCCD provides full time employees with two forms of Retiree Health Benefits at retirement
  - i. Lifetime Health Benefits – F/T employees hired prior to 1986/87 after 15 years of service
  - ii. Up to age 70 Health Benefits – F/T employees hired after 1986/87 after 15 years of service
- RSCCD pays annual retiree health premiums out of general fund
- Creates a huge unfunded liability to district's year to year budget as limited funding is set aside for this future obligation
- OPEB liability is now \$167.3 million
- The Board Fiscal Audit Committee approved investing \$40 million to Irrevocable Trust

5. Board Recommendations for Increase to Board Policy Contingency

Mr. O'Connor discussed the presentation from the January 18, 2019 RSCCD Board Policy Committee Meeting and noted the following:

- Current Board Policy Contingency is at 5%
- State recommended "prudent reserves"
- That amount is currently at \$9.3 million
- Several other neighboring community college districts have increased their Board Policy Contingency from 7% - 20%
- GFOA recommends that Districts have a minimum of two months of expenses in reserve
- School Services recommends a minimum of 10%
- Staff recommendation to Board Fiscal/Audit Committee on November 20th - Increase the Board Policy Contingency from 5% to 10%
- Board Fiscal/Audit Committee recommendation to increase from 5% to 12.5%

6. Mid-Year Updates

The following updates were provided:

- Unrestricted General Fund Expenditure Update
- FTES Update as of January 8, 2019 at (P1)

7. RSCCD 2017-18 Audit Reports Link

- Link provided to reports

8. Continued Discussion of SCFF and review of BAM – Cambridge West Partnership Consultants

Mr. Walters distributed a spreadsheet with campus data and discussed the District's data versus the State's data.

9. Standing Report from District Council

No update provided.

10. Informational Handouts

The following handouts were distributed:

- District-Wide Expenditure Report
- Vacant Funded Position List as of January 17, 2019
- Measure "Q" Project Cost Summary December 31, 2018
- Monthly Cash Flow Summary as of December 31, 2018
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

11. Approval of FRC Minutes – November 14, 2018

Mr. Hardash called for a motion to approve the minutes from the November 14, 2018 meeting. A motion was made by Mr. Hoffman seconded by Mr. Vargas and approved unanimously.

12. Other

No other items were discussed.

Next meeting reminder: Wednesday, February 20, 2019, 1:30 – 3:00 in the Executive Conference Room #114, District Office

The meeting was adjourned at 3:06 p.m.