

<b>BOARD OF TRUSTEES</b>	<b>INFORMATION</b>
Santa Monica Community College District	June 3, 2014

MAJOR ITEMS OF BUSINESS

**INFORMATION ITEM 5**

**SUBJECT:                    OTHER POST RETIREMENT BENEFITS (OPEB)**

**SUBMITTED BY:**            Vice-President, Business/Administration

**INTRODUCTION:**            Introduction: On September 3, 2013, the SMCCD Board of Trustees approved the District’s plan to fund the OPEB obligation. Adherence to this plan would guarantee the District’s generous health benefits for all past, current, and future employees. This is the initial review of the District’s plan compared to the Actuarial Study of Health Benefits completed in October 2013.

**SUMMARY:**                    The plan calls for an annual commitment of \$500,000, and an additional \$500,000 each succeeding year until approximately the eighth year, at which time the Annual Required Contribution (ARC) of \$8.1 million will be met. The latest actuarial study calculates the ARC at \$8.5 million. Thereafter, the District would no longer need to allocate any new monies for the OPEB obligation. Also according to the recent actuarial study, the District’s total OPEB unfunded actuarial accrued liability (UAAL) is \$87,166,553. The UAAL is still projected to be funded in approximately 20 years. Because this is the first year of implementation, it is too early to determine any definitive trend; although the initial results are encouraging. After each actuarial study, a review of plan will be conducted. The next study is scheduled for 2015.

The adopted plan would meet the requirements for ACCJC Accreditation standard 3D.3c as a plan for funding the District’s OPEB obligation. In addition, adherence to the plan in succeeding years would improve the District’s audited financial statement and assist in sustaining the District’s rating for issuing bonds and Certificates of Participation.

The plan was reviewed by consultants from Total Compensation, Inc. and School Services of California and deemed to be a realistic plan for funding the District’s OPEB obligation.

Santa Monica College  
Update on Trust and OPEB Liability

Report Date	AAL	Trust	UAAL
7/1/2011	94,103,186	1,787,488	92,315,698
7/1/2013	89,242,676	2,076,123	87,166,553
3/31/2014	89,242,676	3,227,302	86,015,374