

Board of Trustees Updates



**OPEB TRUST FUND ACTUALS
50% LAW UPDATE
FEE SCHEDULE**

**BOARD OF TRUSTEES MEETING
3-11-14**



California Employers' Retiree
Benefit Trust
(CERBT)

CERBT Asset Allocation Strategies



Strategy 1

Strategy 2

Strategy 3

Expected Long-term

Rate of Return*

7.61%

7.06%

6.39%

Standard Deviation

Of Expected Returns

11.73%

9.46%

7.27%

MCCD selected Strategy 2

* Uses Annual General Inflation Rate Assumption of 3.0%

MCCD Investment



Beginning Balance, Original investment	\$2,167,491
First Quarter:	
Earnings	\$ 100,053
Admin Fee	<u>\$ (841)</u>
First Quarter, net	<u>\$ 99,212</u>
Second Quarter:	
Earnings	\$ 75,746
Admin Fee	<u>\$ (872)</u>
Second Quarter, net	<u>\$ 74,874</u>
Ending Balance, 12/31/13	<u>\$2,341,577</u>

MCCD Return on Investment



- **First Quarter, annualized** **18.3%**
- **Second Quarter, annualized** **13.2%**
- **Year-to-Date, annualized** **16.1%**

Return has exceeded the expected rate of return

50% Law Update



50% Law Update



- In September the District notified parties of the reasoning why we did not meet the 50% law for the 12/13 fiscal year.
- In October application was made to the state to request for an exemption from the 50% law based on data that represented the cohort of similar colleges
- December, rationale and evidence was provided to the state for exemption
- Subsequent communications with the state chancellors office

50% Law Update



- 3 colleges filed for an exemption to the 50% law
- Brice Harris, Chancellor personally reviewed the exemptions and noted the stance of the BOG in regards to the 50% law itself.
- COM had the most compelling argument for a waiver.
- Subsequently 2 colleges withdrew their exemption requests.
- As such, COM followed suit

50% Law Next Steps



- Exemption was for 443k for the 12/13 fiscal year
- Reserves will be used to create a trust fund within COM to set aside those funds for the purposes of Instruction directly related to the 50% law.
- These are one time dollars and any annualized decisions will have to be budgeted
- Continue to monitor the 50% law equation as it relates to the current 13/14 year.
- Vet methodologies to meet 50% law in current year with executive staff
- Bring an update to the April/May board meeting on our progress to maintain compliance with Ed Code.

Fee Schedule



Fee Schedule



- Many fees are outdated or not up to date with Ed Code – Parking Fee, Health Fee etc.
- Facilities Fees have not been updated in 10 years
- Other cost recovery fees
- Instructional Technology Fees are out of date in some areas
- Parking Fines need to coincide with local jurisdictions
- All fees are governed by BP's, AP's, Student Fee Handbook, and Ed Code.