

**BOARD OF TRUSTEES
MT. SAN ANTONIO COLLEGE**
DATE: June 22, 2016
ACTION
SUBJECT: Resolution No. 15-11 - Authorization to Establish a Section 115
Mt. San Antonio College STRS/PERS Pension Trust
BACKGROUND

In recent years, California's two largest pension systems, the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), have faced growing unfunded liabilities, which were exacerbated during the recession. As a result, the Governor, the Legislature, and the CalPERS Board have scheduled increases in contribution rates from the State, employers, and employees. The following table shows the actual and projected CalPERS and CalSTRS employer contribution rates and amounts for the College:

Fiscal Year	CalSTRS	CalPERS	Total Increase
2014-15 ⁽¹⁾	08.88%	11.771%	711,771
2015-16	10.73%	11.847%	2,033,571
2016-17	12.58%	13.888%	3,045,038
2017-18	14.43%	15.500%	1,987,940
2018-19	16.28%	17.100%	1,983,379
2019-20	18.13%	18.600%	1,945,373
2020-21	19.10%	19.800%	1,177,164
Total			\$12,884,236
⁽¹⁾ Actual Expenditures			

The increased employer contributions rate creates financial pressure to the College. While the State has provided some increases to the general apportionment, it will not cover the entire cost associated with the pension fund increases in the coming years. In addition, these increases coincide with the sunset of the Proposition 30 revenues. Given these concerns, the California Community College Chancellor's Office System is requiring Districts to have a plan in place to fund these obligations through full implementation.

ANALYSIS AND FISCAL IMPACT

The College staff is requesting that the Board of Trustees approves the attached Resolution in order for Mt. San Antonio College to establish an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, in which funds will be deposited for employer's pension obligations. The initial transfer for the 2015-16 fiscal year will be a total of \$4,000,000.

 Prepared by: Rosa M. Royce

 Reviewed by: Michael D. Gregoryk

 Recommended by: Bill Scroggins

 Agenda Item: Consent #8

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This Resolution further authorizes the Vice President, Administrative Services as the "Administrator" and to execute all documents necessary for the establishment of the trust.

Funding Source

Unrestricted General Fund.

RECOMMENDATION

It is recommended that the Board of Trustees approves Resolution No. 15-11, which authorizes the Vice President, Administrative Services as the "Administrator" and to execute all documents necessary for the establishment of the trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, in which funds will be deposited for employer's pension obligations.

RESOLUTION NO. 15-11
MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
REGARDING ESTABLISHMENT OF A SECTION 115 MT. SAN ANTONIO COLLEGE
STRS/PERS PENSION TRUST

WHEREAS, Mt. San Antonio College needs to have a plan to meet its employer pension obligation with CalSTRS and CalPERS as a result of rate increases in the coming years;

WHEREAS, Mt. San Antonio College desires to establish an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, in which funds will be deposited to fund employer's pension obligations and reasonable administrative fees and expenses of the trust;

WHEREAS, Mt. San Antonio College (The College) intends that the Trust hereby established shall be a governmental trust created under the law of the State of California and that all Trust income shall be excluded from the College's gross income and shall not be subject to federal income tax under Section 115 of the Internal Revenue Code of 1986, as amended; and

NOW, THEREFORE, BE IT RESOLVED THAT, Mt. San Antonio College establish an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, in which funds will be deposited to fund employer's pension obligations and reasonable administrative fees and expenses of the trust;

THEREFORE, BE IT FURTHER RESOLVED THAT, the Vice President, Administrative Services be, and hereby is, authorized to be the "Administrator" and to execute any and all such documents necessary in order to effectuate the establishment of the trust;

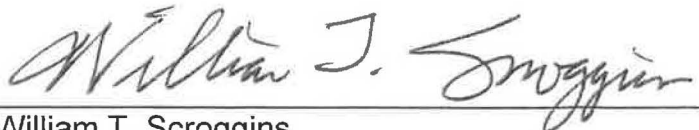
I HEREBY CERTIFY THAT the foregoing is a full, true, and correct copy of a Resolution adopted by the Governing Board of the Mt. San Antonio Community College District of Los Angeles County, California, at its regular meeting on June 22, 2016.

AYES: Baca, Bader, Chen, Chen Haggerty, Hall, Hidalgo, Santos

NOES: None

ABSENT: None

ABSTAINED: None



William T. Scroggins
President & CEO and
Secretary, Governing Board
Mt. San Antonio Community College District