



Special Meeting

Board Work Session

February 6, 2019

6:00 pm – 8:00 pm

Board Room (AC 2359)

Agenda – Session #974

Time	Item	Topic	Speaker
6:00 pm	1.0	Call to Order	Diane McKeel
6:00 pm – 6:15 pm	2.0	PERS Update	Jennifer DeMent
6:15 pm – 6:45 pm	3.0	Budget	Lisa Skari Jennifer DeMent
6:45 pm – 7:30 pm	4.0	KMHD Update	All
7:30 pm – 8:00 pm	5.0	Review By-Laws	All
8:00 pm	6.0	Adjourn	

NOTE: Public comment will not be taken during the Board Work Session

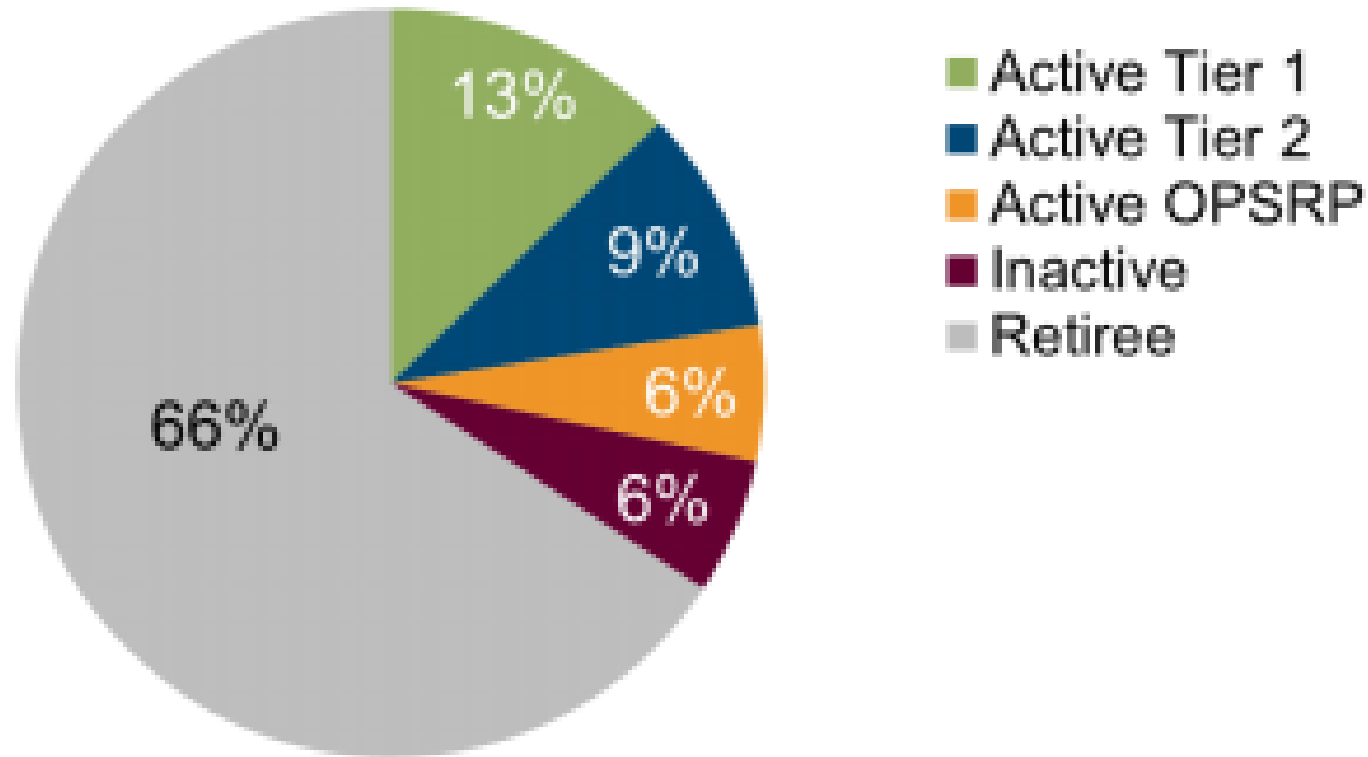
*Individuals requiring accommodations due to disability should contact
Accessible Education Services at 503-491-6923 or aes@mhcc.edu*



Public Employee Retirement System Update

January 2019

Actuarial Accrued Liability by Member Category



72% of liability is for current retirees or inactive PERS members

2017-2019 Rate Breakdown

Current Employees:

35% are Tier 1 or 2

65% are Tier3/OPSRP

About half of our part-time employees are eligible for PERS

2017/18 total PERS expense for MHCC was \$7.7 million

	Tier 1/2 Rate	Tier 3/OPSRP Rate
Side Account Credit	-15.94%	-15.94%
Employer Contribution	24.09%	17.51%
Net Employer Rate:	8.15%	1.57%
PERS Bonding Assessment	12.00%	12.00%
Employee Pickup	6.00%	6.00%
Total:	26.15%	19.57%

Net Employer Rate Increase for Next Biennium

2017-19 Rates	
Tier 1/2 Rate	Tier 3/OPSRP Rate
8.15%	1.57%
2019-21 Rates	
Tier 1/2 Rate	Tier 3/OPSRP Rate
11.81%	5.72%

Tier 1/2 Increase: **3.66%**

Tier 3/OPSRP Increase: **4.15%**

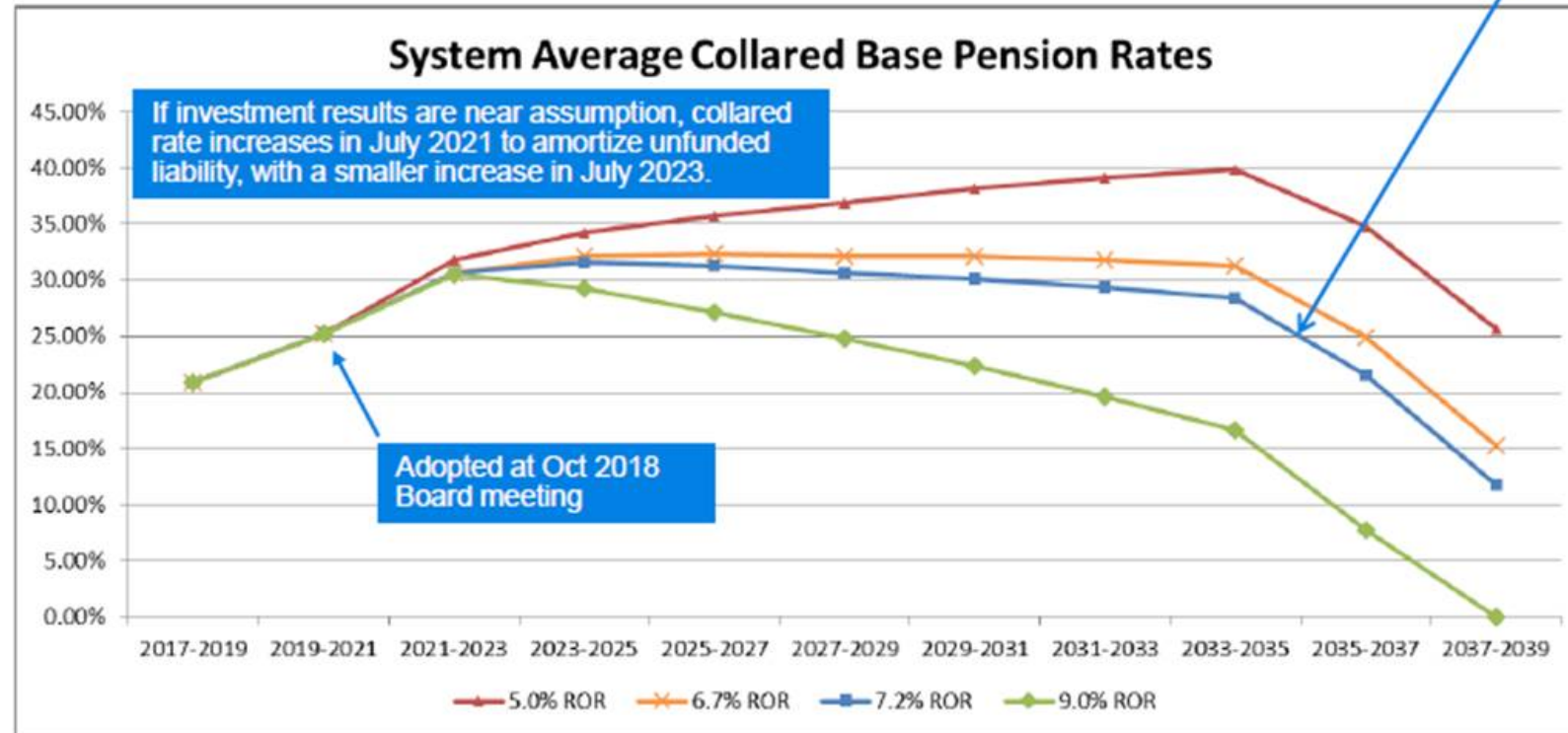
Collared Base Pension Rates

Current Rate Setting Structure

At assumed return:

- Rate declines after 2023-2025 as new OPSRP members replace retiring Tier 1/Tier 2 members
- Significant rate drops at 7/1/2035 after large portion of current UAL completes amortization

The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



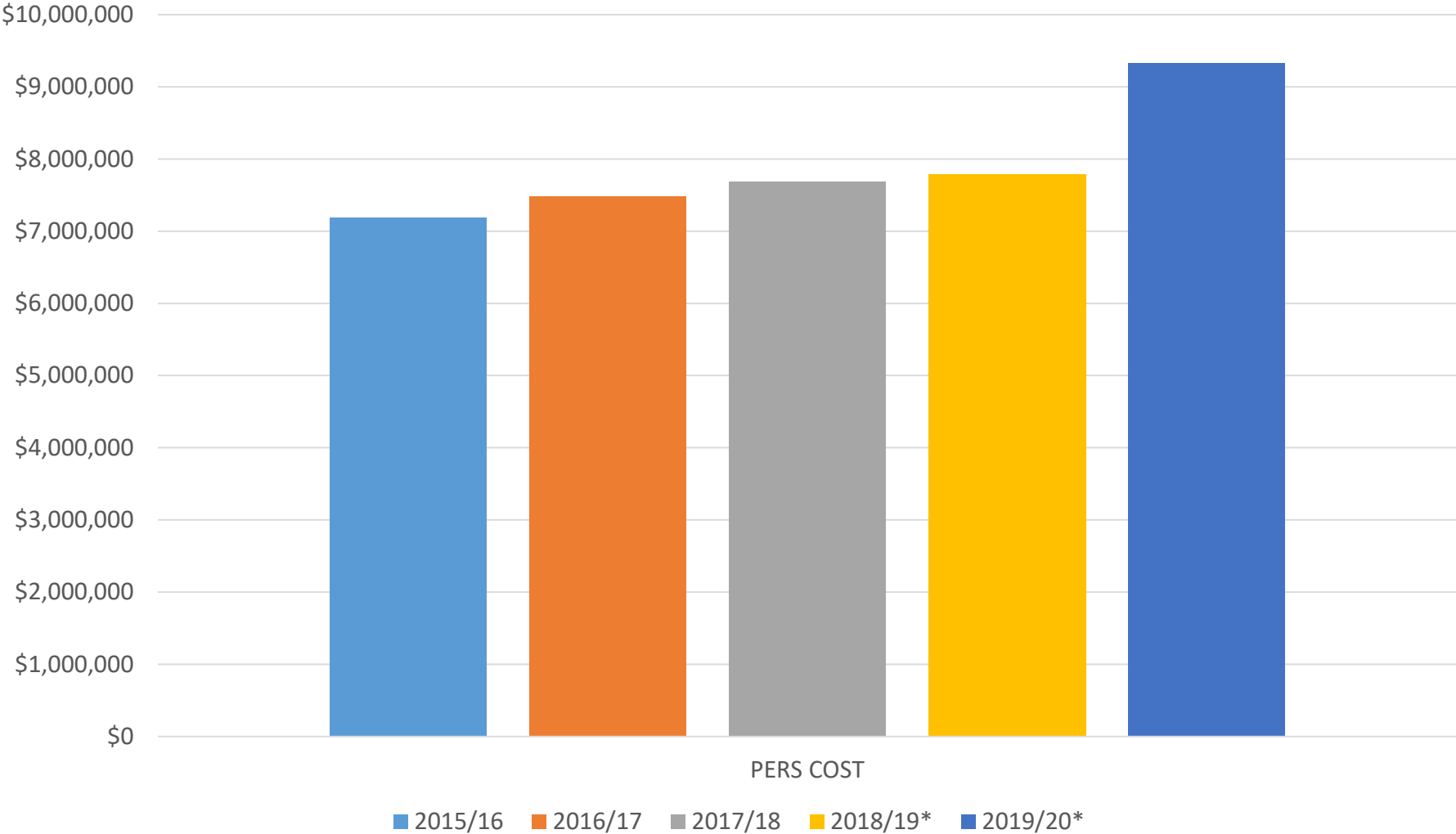
At assumed rate of return (blue line):

- Rates projected to increase FY21-23 another 5%
- A smaller increase for FY23-25
- Then declining slowly until 2035 when current UAL is fully amortized

What Will This Cost MHCC?

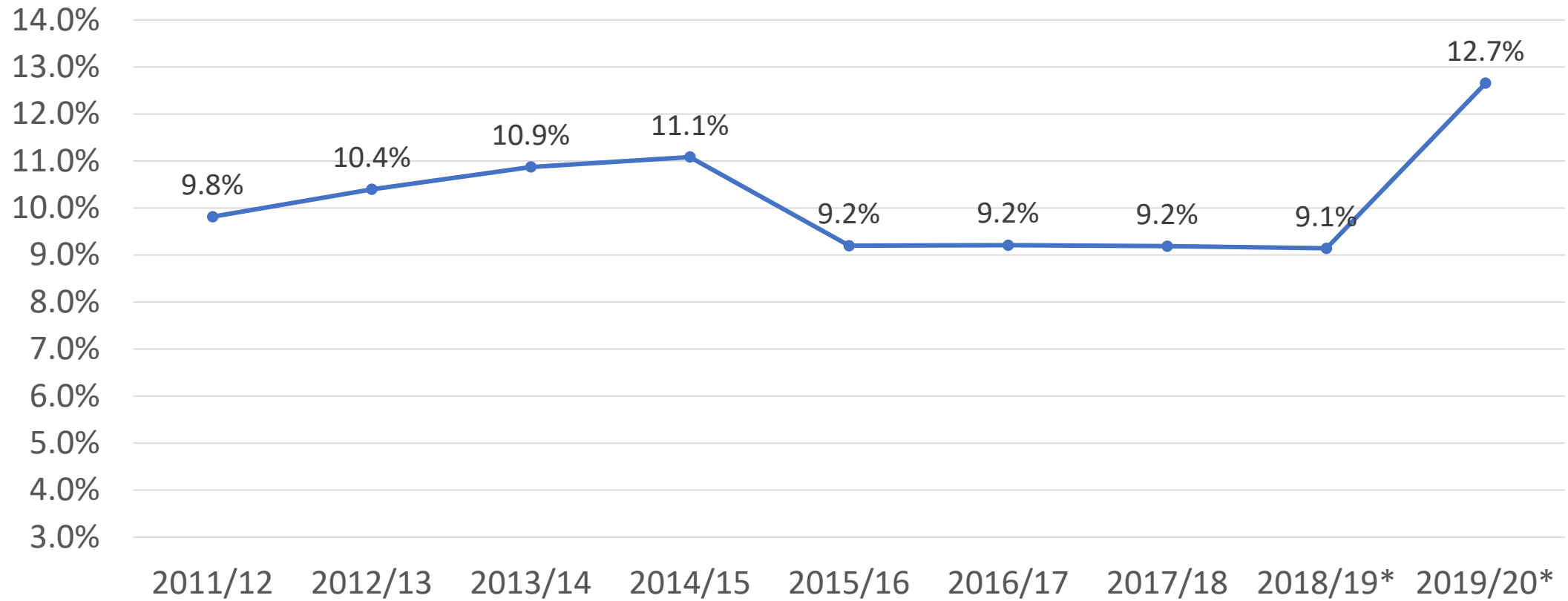
The “blended rate” between Tier 1/2 employees and Tier 3/OPSRP employees will **increase 7.8%**

Based on estimated subject payroll, this would cost MHCC an additional **\$1.5 million, per year**



*Estimated

General Fund PERS Expense as a Percentage of Total Expenditures



*Estimated