ZOOM MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, August 19, 2020 – 9:00 A.M.

Present: Lydia Hernández Vélez, Esq. (Chair), Mr. Rob Dubow, Mr. Steve Herzog, Mr. Harold Epps, Mr. Michael Soileau, Mr. Jeremiah J. White, Jr., Dr. Donald Guy Generals, Mr. Jacob Eapen, Ms. Carol de Fries, Mr. Michael Fohner, Dr. Judith Gay, Ms. Marsia Henley, Dr. Samuel Hirsch, Ms. Lisa Hutcherson, Mr. Gim Lim, Ms. Sharon Rooney, Mr. Derrick Sawyer, Dr. Mellissia Zanjani, Victoria L. Zellers, Esq., and Guests: Ms. Sabrina Maynard, City of Philadelphia, Mr. Andre Allen, Principal, Phoenix Capital Partners, LLP, Mr. Noel Eisenstat, NMTC Consultant for CATC, and Miska L. Shaw, Esq., Bond Counsel, Ahmad Zaffarese, LLC.

Ms. Hernández Vélez called the meeting to order at 9:03 A.M. and asked Mr. Eapen to begin with the first agenda item.

AGENDA – PUBLIC SESSION

(1) New Market Tax Credit (Information Item):

Mr. Eapen stated that the College has been exploring New Market Tax Credit (NMTC) for the Career & Advanced Technology Center (CATC). He mentioned that Mr. Noel Eisenstat, NMTC Consultant, Mr. Andre Allen, Financial Advisor, and Ms. Miska Shaw, Bond Counsel will brief the Trustees. Mr. Eapen stated that Mr. Eisenstat will talk about the structure of a NMTC transaction, the financial benefits of using the NMTC and the next steps. Mr. Allen will discuss the financial options and Ms. Shaw, along with Ms. Zellers, will comment on any legal actions that the Committee may have.

Mr. Noel Eisenstat, NMTC Consultant for CATC briefed the Committee on the background of the NMTC and stated that the NMTC is a project which helps properties that are qualified in highly distressed areas which will include 4725 Chestnut Street. He then discussed the parties involved with a NMTC transaction. He referred the Committee to Attachment A and explained that the College will be the sponsor, acts as the Leverage Lender and will have control of the QALICB (Qualified Active Low-Income Community Business). The tax credit investor will either be J.P. Morgan Chase or U.S. Bank. The tax credit investor will receive approximately $8.6M in tax benefits for 7 years and on the first day of closing will contribute approximately $6.8M (79%) which will then go into an investment fund. The investment fund will invest the tax credit equity along with the proceeds of a leverage loan in two or three community development entities which will use such proceeds to provide a 7-year NMTC loan to a new project owner entity which will be a joint venture that is 80% owned by the College and 20% by a new 501(c)(3) with trustees appointed by the College. At the end of the 7 years, the project will 'unwind' and revert back to the College. At that point, the portion of the NMTC loan being funded by the investor net equity ($6.8M less the allocation fees) will be 'forgiven.'

Mr. Eisenstat asked if anyone had any questions about the chart. Ms. de Fries asked if the 79 cents was an estimate. Mr. Eisenstat stated that Chase provided the estimate and should be providing term sheets by the end of the month.

Mr. Eisenstat explained the next steps towards closing and related issues. He stated that each of the CDEs and Investors is completing its internal and advisory board approvals. While each CDE has a slightly different process, term sheets from each CDE and the Investor are anticipated before the end of August. It is anticipated that it should take about 60 days to close with the parties once term sheets are executed by the parties. Closing should occur by late October or early November. The CDEs and Investor need to close the transaction before the end of the year. The College will have to ensure it has all building permits and licenses in place before closing. The funding of the loan and any other funding by the College should be coordinated with the College's financial advisor and Bond Counsel.

Mr. Eapen requested that Mr. Eisenstat provide the Committee with his NMTC experience in the City. Mr. Eisenstat stated the NMTC has existed for 15 years, and that he has been working in this field for 10 years. He mentioned his experience in the City with places such as Drexel University, Children's Hospital, New Home for Horizon House, PATH (behavior health provider covering Northeast Philadelphia), 4601 Market Street, and New Courtland. Ms. de Fries added the Ronald McDonald House in West Philadelphia.

Mr. Herzog asked what were the risks associated with this type of lending. Mr. Eisenstat stated that the risks are much less since in this type of lending, the loan should be forgiven in 7 years. Mr. Dubow asked if the funds are to be spent in 24 months, does the overall construction need to be paid for in 24 months. Mr. Eisenstat stated that the first $22M coming out of the NMTC was originally scheduled with the completion of the building in August 2021; however, due to demolition issues and the pandemic this may not occur. Mr. Eapen stated that the completion should occur in Spring 2022. Mr. Dubow asked about staff running the project since it is 80% owned by the College, and 20% owned by Newco. Mr. Eisenstat stated that there will be an operating agreement that vest most of the authority with the College. Dr. Generals asked what types of seamless business will the Newco board be handling. Mr. Eisenstat stated that the seamless activities that will occur will be *via* a tax return, unaudited financial statements that rollup to the College's financial statements and a footnote inserted in order to receive the funds.

Mr. Andre Allen, Principal, Phoenix Capital Partners, LLP referred the Committee to Attachment B and reviewed the three financing options. He stated that Option A is the Traditional Tax-Exempt financing which was done similar in 2019 to finance the completion of this project that would result in the issuance of $16.4M. The following sources will cover the cost of the project: the 2020 Tax-Exempt Proceeds which will yield $19,860,350; the 2019 Tax-Exempt Proceeds which will yield $10,000,000 and the RACP which will yield $4,250,000. The total debt service will equal $24.7M and the yield on the 2020 bonds will equal 1.7%. Mr. Dubow asked Mr. Allen if he was assuming level debt. Mr. Allen stated just for the tax-exempt option. The level debt that was issued in 2019 assumes the traditional debt service for 20 years. For NMTC structure, he recommends a sinking fund be setup for the first seven years to level out the back loaded debt service. Mr. Allen stated that Option B is the NMTC taxable structure. Part of the financing associated with the NMTC is no debt amortization and no principal amortization for 7 years. This option assumes zero amortization for 7 years; the principal starts to amortize in year 8. The NMTC equity is $5.8M which represents the net of the $16.8M minus the CDE fees. The Total Debt Service is close to $21M for a total debt service of $3.7M. Mr. Allen stated that Option C is a NMTC hybrid structure. In this option over $2M in tax-exempt bonds was issued to help reduce the debt service cost. The total debt service benefit is $4.2M. He pointed out that Options B & C will change on market conditions, CDEs and the 79 cents assumption year.

Miska L. Shaw, Esq., Bond Counsel, Ahmad Zaffarese, LLC stated that the 2019 bonds were issued through the State Public School Building Authority. She explained that the 2019-A bond is the tax-exempt portion and the other part which will be owned by the 'new entity' will be the taxable portion. She stated that it was important to keep these two portions separate to get the benefit of the tax exemption as well as the NMTC. She mentioned that various agencies expressed interest to issue the bonds.

Mr. White suggested that the NMTC should be discussed at the Audit Committee meeting scheduled in September considering Mr. Simonetta's experience with PIDC.

AGENDA - EXECUTIVE SESSION

An Executive Session took place following Agenda Item 1 to discuss personnel and legal matters.

AGENDA – PUBLIC SESSION

The Business Affairs Committee returned into Public Session at 9:38 A.M.

(2) Award to Kronos, Incorporated for the Time and Attendance System (Action Item):

Discussion: Mr. Eapen explained that as part of the contract negotiations, the College and Federation agreed to the implementation of an electronic time and attendance system. The selected time and attendance system would replace a system dependent on paper forms and manual entries currently used to track and report an employee's hours worked, absences, paid time off accruals and leave time. Additionally, the selected time and attendance system would allow employees to clock in and out electronically via time clocks, internet-connected computers, mobile apps; and provide functionality for supervisors to approve time off requests and manage employee work schedules electronically.

Mr. Eapen stated that the College initiated an RFP for a Workforce Management Timekeeping System on January 28, 2020 and invited eight companies to participate: TimeClock Plus, Kronos, Incorporated, Andrews Technology/Novatime, Ceridian/Dayforce, Namely, ADP Workforce, Clockwork Enterprise USA, and JetPay. We received responses from TimeClocks Plus, Kronos Incorporated, Andrews Technology/Novatime, and Ceridian/Dayforce.

Each system was evaluated based on the following criteria:

- Pricing Structure
- Implementation Plan and Timeline
- Experience of Project Team
- Past Performance of Team on Similar Projects
- Method of Accomplishing the Work/Proposed Organization of Work/Unique Capabilities
- Commitment to Diversity & Inclusion
- Functionality

Mr. Eapen stated that after an initial round of presentations and demonstrations from the four responsive vendors, Kronos and Andrews Technologies were selected as finalists. Both vendors were asked to submit responses to additional questions concerning their pricing structure and functionality specific to the unique needs of the College. Ultimately, Kronos demonstrated the ability to provide the best pricing structure, experience with other higher education institutions of similar size and complexity, ease of use, and the functionality needed to implement a comprehensive solution to the College's timekeeping needs. Additionally, Kronos Incorporated has partnered with WorldGate LLC, a MWBE firm with offices in Philadelphia, for project implementation services.

Price Comparison:

	Kronos, Incorporated	Andrews Technology
Timekeeping System Yr. 1 Includes one-time implementation fees	$82,970	$88,730
Years 2 – 5 fixed fee Kronos $50,370/yr. Andrews Tech $51,650/yr.	$201,480	$206,600
5 Yr. totals	$284,450	$295,330

Mr. Soileau asked if any user testing was done with Kronos. Mr. Eapen stated that a demo was done with College staff, and that staff felt comfortable with Kronos' ability in fulfilling the College's time and attendance needs. Mr. Soileau asked if anyone on the team explored the complexity of the Kronos' system. Mr. Eapen mentioned that Mr. Sawyer was part of the implementation team at Temple. Mr. Sawyer mentioned that Mr. Roger Miller in the College's Human Resources Office was also familiar with the Kronos system.

<u>Action:</u> Mr. Herzog moved and Mr. Epps seconded the motion that the Committee recommend to the full Board that the College enter into a 5-year contract with Kronos, Incorporated in the amount of $284,450. The motion passed unanimously.

(3) **<u>Stop Loss Insurance (Action Item)</u>**:

<u>Discussion</u>: Mr. Eapen stated that Trion, the College's benefits consultant, completed an RFP process for stop loss coverage for prescription and medical plans. As a self-insured employer for medical and prescription benefits, stop loss insurance coverage provides reimbursement for catastrophic claims exceeding predetermined levels. The RFP requested quotes based on a specific stop loss deductible of $250,000 and $1,000,000 aggregate stop loss maximum for active employee and retiree populations.

The incumbent carrier for stop loss coverage is Sun Life. The following vendors were included in the RFP process:

- HMIG
- Optum
- QBE
- Reliance Standard
- Sun Life
- SwissRe
- Symetra
- Toko Marine HCC
- Unum Voya

Given the current market trend, more stop loss companies are declining to quote and more companies are including the "lasering" of claims to address known risk of high cost patients. Most of the carriers who responded to the RFP declined to quote because they were unable to provide a competitive offer. Only HMIG, QBE and Sun Life submitted offers. HMIG and QBE provided competitive rates, but included "lasering" of our high cost claimants (the College had three high cost claimants during the 2019/2020 plan year), which further increased the cost.

Mr. Eapen stated that staff is requesting to renew the stop loss with Sun Life for a one-year term in amount of $1,543,301 which represents a 13.2% increase or $179,951.

<u>Action</u>: Mr. Dubow moved and Mr. Epps seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees to renew the College's stop loss with Sun Life for a one-year term in the amount of $1,543,301. The motion passed unanimously.

(4) **<u>Life and Disability Insurance (Action Item)</u>**:

<u>Discussion</u>: Mr. Eapen stated that Trion, the College's benefits consultant, completed a full marketing for Life & Disability coverage. All quoting carriers were asked to match the current life and disability contract with the incumbent – Sun Life. Below are the vendors and the results of the quotes received:

Carrier	Result
Cigna	Quote Received – Not Competitive
Guardian	Quote Received – Competitive, but did not match current contract exactly
The Hartford	Quote Received – Not Competitive
Prudential	Quoted Received – Competitive, but did not match current contract exactly
Reliance Standard	Declined to quote
Sun Life (Incumbent)	Best and Final Renewal Received
Unum	Quote Received – Competitive, but did not match current contract exactly

While Prudential, UNUM & The Guardian provided competitive quotes compared, they could not match the current coverages for LTD, Life and AD&D.

Mr. Eapen reported that Trion was able to renegotiate with Sun Life on the original cost of $934,181. The new cost is $771,422 which represents the same rate as last year. Ms. Hernández Vélez commented that the negotiated cost was a significant decrease and asked what were the items that led to the decrease. Ms. Hutcherson explained that the other competitors were not able to match the current coverages and the ongoing relationship that the College has with Sun Life were the factors that led to the flat decrease.

Action: Mr. Dubow moved and Mr. Epps seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees to renew the Life and Disability Insurance contract with Sun Life for one year with an annual premium of $771,422. The motion passed unanimously.

(5) Actuarial Analysis for Other Post-Employment Benefits (OPEB) (Information Item):

Mr. Eapen explained that GASB 75 requires a full actuarial valuation of our Other Post-Employment Benefits (OPEB) once every 24 months. Attached is the latest actuarial report prepared by SageView Consulting which includes changes in retiree benefits agreed upon with the three bargaining units on April 3, 2019 and as revised for the non-bargaining unit employees by Board resolution. (Please refer to Attachment C.) The outcome of the agreements and other changes in our employee demographics resulted in a decrease of our OPEB liability from $175.5 million to $139.5 million, a decrease of $36.0 million.

(6) Appointment of the Tucker Law Group as Counsel for a Pennsylvania Human Relations Charge and Potentially Related Labor Arbitrations (Action Item):

Discussion: Mr. Eapen stated that the College has insurance through United Educators (UE) for employment practices liability with a deductible of $75,000 for the charge and any subsequent litigation. UE has approved appointing the Tucker Law Group as counsel at UE approved rates for the firm. The Tucker Law Group is a Minority and Women Owned Law Firm.

There is also one other pending labor arbitration and a potential additional labor arbitration related to the same personnel.

Because all three matters are related and have the potential to exceed $100,000 in professional services, College staff request that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees approval to appoint the Tucker Law Group as counsel for the three legal matters.

Action: Mr. Dubow moved and Mr. Epps seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees approval to appoint the Tucker Law Group as counsel for three legal matters. The motion passed unanimously.

(7) Grant Thornton -- Reserves Planning Project Description (Information Item):

Mr. Eapen reported to the Committee that Grant Thornton submitted a proposal which consists of a project description detailing proposed scope and activities to assist the College with reserves planning advisory services. The services would be billed on a fixed price basis totaling $81,900. Mr. Soileau expressed his reservations on spending this sum of money on consulting. Mr. White agreed to discuss the reserves planning advisory services at the next Audit Committee meeting scheduled in September.

(8) Approval of New Age Development Group Change Order Two for the Library & Learning Commons Project (Action Item):

Discussion: Mr. Eapen stated that this is the second change order request on this project. The first change order in the amount of $124,949 was approved by the Board of Trustees on June 24, 2020. This change order request is in the amount of $133,417. The combination of these two change orders amounts as a percentage, when compared to the award amount for New Age Development Group's general construction contract amount of $7,693,491, is 3.4%. Please refer to Attachment D.

This change consists of fifteen (15) line item changes that occurred on the project due to customer request, unforeseen conditions, and/or omissions from the design. The change order includes demolition work and lead based paint removal from the existing steel in the project. This steel was buried in the drywall and plaster walls, and not a known condition until the steel was exposed during demolition.

Action: Mr. Herzog moved and Mr. Epps seconded the motion that the Committee recommend to the full Board the approval of the New Age Development Group Change Order Two for the Library & Learning Commons Project in the amount of $133,417. The motion passed unanimously.

(9) Next Meeting Date:

Ms. Hernández Vélez reminded the Committee that the next meeting date is scheduled for Wednesday, September 23rd at 9:00 A.M.

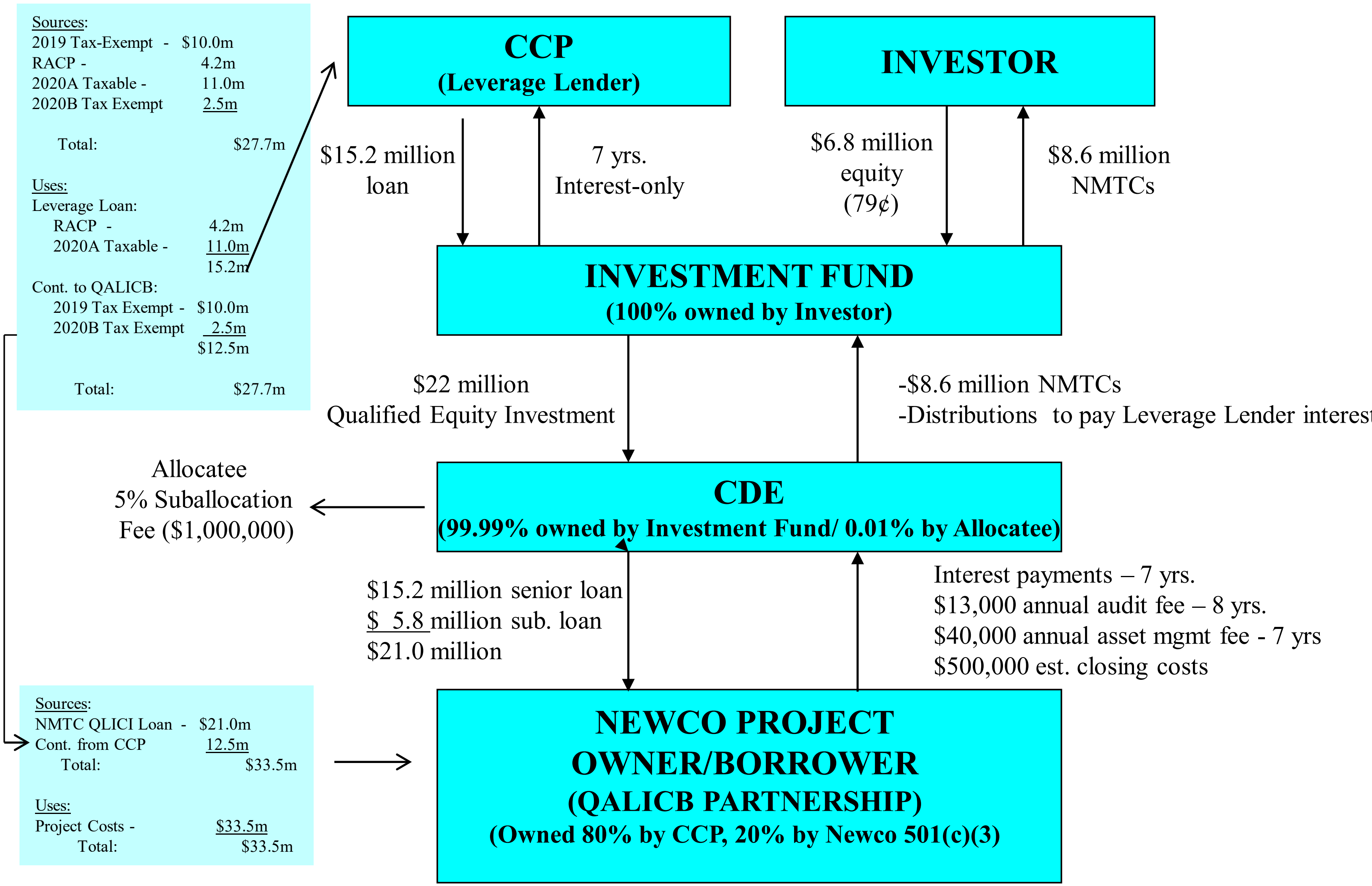
The meeting adjourned at 10:17 A.M.

JE/lm

ATTACHMENT A

NMTC Structure Example - $22 Million NMTC Allocation

NMTC STRUCTURE EXAMPLE - $22 MILLION NMTC ALLOCATION



***Note*: All amounts in this chart, including allocation amount, purchase price, fees and loan amounts are hypothetical and are for illustrative purposes only.**

NAGLE LAW, LLC
ATTORNEYS AT LAW

ATTACHMENT B

Community College of Philadelphia
CATC Financing Options

Community College of Philadelphia
West Regional Campus
FINANCING OPTIONS
August 19, 2020

	OPTION A Traditional Tax-Exempt	**OPTION B NMTC Taxable**	**OPTION C NMTC Hybrid**
SOURCES OF FUNDS			
2020 Taxable Proceeds	$ -	$ 14,550,000	$ 9,400,000
2020 Tax-Exempt Proceeds	$ 19,860,350		5,144,517
2019 Tax-Exempt Proceeds	10,000,000	10,000,000	10,000,000
RACP	4,250,000	4,250,000	4,250,000
NMTC Equity	-	5,793,200	5,793,200
Total Sources	$ 34,110,350	$ 34,593,200	$ 34,587,717
USES OF FUNDS			
Project Costs	$ 33,500,000	$ 33,500,000	$ 33,500,000
Bond Insurance	123,568	104,999	99,806
Costs of Issuance	486,782	988,201	987,910
Total Uses	$ 34,110,350	$ 34,593,200	$ 34,587,717
Average Annual Debt Service	$ 1,259,473	$ 1,070,201	$ 1,017,279
Total Debt Service	$ 24,713,653	$ 20,999,712	$ 19,961,278
Final Maturity	6/15/2040	6/15/2040	6/15/2040
Yield on the 2020 Bonds	1.717%	3.204%	2.848%
DEBT SERVICE BENEFIT		**$ (3,713,941)**	**$ (4,752,375)**

ATTACHMENT C

SageView Consulting Report
Other Post-Employment Benefits

Community College of Philadelphia

Community College of Philadelphia
Retiree Medical Plan

GASB 75 Actuarial Valuation Report for the Fiscal Year Beginning July 1, 2019 and Ending June 30, 2020

June 2020

TABLE OF CONTENTS

ACTUARIAL CERTIFICATION

We are pleased to present this report that contains the results of valuation of the Community College of Philadelphia Retiree Medical Plan as of July 1, 2019 to meet the requirements of the Governmental Accounting Standards Board Statement No. 75 (GASB 75). This valuation is based on census data provided by Community College of Philadelphia, the plan as described in the official plan document as summarized in this report and the stated actuarial assumptions. This information is presented for the fiscal year ending June 30, 2020.

Community College of Philadelphia has retained Sageview Consulting Group to perform an actuarial valuation of the plan for the purposes of:

- Determining the OPEB expense for the fiscal year ending June 30, 2020 under GASB 75,
- Provide the note disclosures and required supplementary information for the fiscal year ending June 30, 2020 under GASB 75.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices including the Actuarial Standards of Practice (ASOPS) relating to Other Post Employment Benefit (OPEB) plans. The employee census data, provided by the Community College of Philadelphia, has been reviewed for reasonableness but no attempt has been made to audit such information. The valuation was based on the provisions of the plan as amended through the beginning of the plan year. In our opinion, the actuarial assumptions used in this valuation are reasonably related to the past experience of the plan and represent reasonable expectations of future experience under the plan.

These results are for the purposes of financial reporting and may not be appropriate for funding purposes or other types of analysis. The use of this report for any other purpose other than those expressed here may not be appropriate.

The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services, that could create a conflict of interest or that would impair the objectivity or independence of our work.

We appreciate the opportunity to be of service to Community College of Philadelphia and are available to answer questions regarding this report or to provide further details as may be requested.

Respectfully submitted,
SageView Consulting Group

Dan L. Homan

Daniel L. Homan, EA, MAAA
Principal

D. Sherman

Dmitriy Sherman, ASA, MAAA
Consulting Actuary

VALUATION SUMMARY

Presented in this report are the results of the actuarial valuation as of July 1, 2019 for the Community College of Philadelphia Retiree Medical Plan.

A. Net OPEB Liability

Under GASB 75, the Net OPEB Liability is the excess, if any, of the Total OPEB Liability over the Fiduciary Net Position. The Total OPEB Liability is determined under the Entry Age Normal actuarial cost method. The Net OPEB Liability as of June 30, 2020 and June 30, 2019 is as follows:

	June 30, 2020	June 30, 2019
1. Total OPEB Liability (TOL)	$139,511,074	$175,548,288
2. Fiduciary Net Position (FNP)	$0	$0
3. Net OPEB Liability (NOL)	$139,511,074	$175,548,288
4. FNP as a percentage of TOL (Funded Level)	0.00%	0.00%

B. OPEB Expense / (Income)

Under the new accounting standards, the OPEB Expense / (Income) for the fiscal year is determined at the end of the fiscal year to reflect any plan amendments, assumption changes and gain and losses during the fiscal year. The OPEB Expense / (Income) for the fiscal years ending June 30, 2020 and June 30, 2019 is as follows:

	June 30, 2020	June 30, 2019
1. OPEB Expense / (Income)	($19,931,116)	($1,353,247)

SECTION I - FINANCIAL STATEMENT

Summary of Results

A.	Report Dates		
1.	Valuation Date	07/01/2019	07/01/2017
2.	Reporting Date for Employer Under GASB 75	06/30/2020	06/30/2019
3.	Measurement Date for Employer Under GASB 75	06/30/2019	06/30/2018
B.	Participant Counts for the Plan Year Beginning July 1:	**2019**	**2017**
1.	Actives	833	878
2.	Retirees (including spouses)	594	515
3.	Total participants: (1) + (2)	1,427	1,393
C.	Disclosure Elements for the Fiscal Year Ending June 30:	**2020**	**2019**
1.	Service cost	$5,862,664	$6,425,503
2.	Total OPEB liability (TOL)	139,511,074	175,548,288
3.	Plan fiduciary net position (FNP)	0	0
4.	Net OPEB liability (NOL): (2) - (3)	139,511,074	175,548,288
5.	OPEB expense / (income)	($19,931,116)	($1,353,247)
6.	FNP as a percentage of TOL (funded status): (3) ÷ (2)	0.00%	0.00%

SECTION I - FINANCIAL STATEMENT

Summary of Results (continued)

		2020	2019
E.	Single Equivalent Interest Rate Determined for the Fiscal Year Ending June 30:	**2020**	**2019**
1.	Investment rate of return	N/A	N/A
2.	Municipal bond index interest rate at measurement date	3.50%	3.87%
3.	Fiscal year in which plan's fiduciary net position is projected to be depleted	N/A	N/A
4.	Single equivalent interest rate	3.50%	3.87%
F.	Key Assumptions for the Valuation Beginning on July 1:	**2019**	**2017**
1.	Investment rate of return	N/A	N/A
2.	Rate of inflation	2.50%	2.50%
3.	Rate of salary inflation	3.00%	3.00%

SECTION I - FINANCIAL STATEMENT

Table 1 - OPEB Expense

		Fiscal Year Ending	
		06/30/2020	06/30/2019
A.	OPEB Expense / (Income)		
1.	Service cost	$5,862,664	$6,425,503
2.	Interest on the total OPEB liability	6,925,232	5,696,499
3.	Current period benefit changes	(11,026,241)	0
4.	Projected earnings on plan assets (negative for credit against expense)	0	0
5.	Recognition of Outflow (Inflow) of resources due to differences between expected and actual experience in the measurement of the total OPEB liability	(16,190,288)	(7,818,408)
6.	Recognition of Outflow (Inflow) of resources due to assumption change	(5,502,483)	(5,656,841)
7.	Recognition of Outflow (Inflow) of resources due to differences between projected and actual earnings on plan investments	0	0
8.	OPEB administrative expense if not included in claims costs	0	0
9.	Other changes in plan fiduciary net position	0	0
10.	Total OPEB expense / (income): sum of (1) through (9)	($19,931,116)	($1,353,247)

Table 2 - Increase (Decrease) in OPEB Expense From Recognizing the Effect of Differences Between Expected and Actual Experience

Plan Year Ending	Differences Between Expected & Actual Experience	Recognition Period (Years)	Annual Recognition Amount for Fiscal Year Ending 2020	2021	2022	2023	2024
2018	($47,379,552)	6.06	($7,818,408)	($7,818,408)	($7,818,408)	($7,818,408)	($8,287,512)
2019							
2020	(33,487,521)	4.00	(8,371,880)	(8,371,880)	(8,371,880)	(8,371,881)	0
2021							
2022							
2023							
2024							
2025							
Total			($16,190,288)	($16,190,288)	($16,190,288)	($16,190,289)	($8,287,512)

Table 3 - Deferred Outflows of Resources and Deferred Inflows of Resources From The Differences Between Expected and Actual Experience

Plan Year Ending	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense Through June 30, 2020 (c)	Balances as of June 30, 2020: Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018		($47,379,552)	($15,636,816)		($31,742,736)
2019					
2020		($33,487,521)	($8,371,880)		($25,115,641)
2021					
2022					
2023					
2024					
2025					
Total Deferred Outflows and Inflows				$0	($56,858,377)

SECTION I - FINANCIAL STATEMENT

Table 4 - Increase (Decrease) in OPEB Expense From Recognizing the Effect of Changes in Assumptions

Plan Year Ending	Change in Assumptions	Recognition Period (Years)	Annual Recognition Amount for Fiscal Year Ending 2020	2021	2022	2023	2024
2018	($19,250,954)	6.06	($3,176,725)	($3,176,725)	($3,176,725)	($3,176,725)	($3,367,329)
2019	($9,920,463)	4.00	($2,480,116)	($2,480,116)	($2,480,115)	$0	$0
2020	$617,431	4.00	$154,358	$154,358	$154,358	$154,357	$0
2021							
2022							
2023							
2024							
2025							
Total			($5,502,483)	($5,502,483)	($5,502,482)	($3,022,368)	($3,367,329)

Table 5 - Deferred Outflows of Resources and Deferred Inflows of Resources From The Effect of Changes in Assumptions

Plan Year Ending	Increase in The Total OPEB Liability (a)	Decrease in The Total OPEB Liability (b)	Amounts Recognized in OPEB Expense Through June 30, 2020 (c)	Balances as of June 30, 2020: Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018		($19,250,954)	($6,353,450)		($12,897,504)
2019		($9,920,463)	($4,960,232)		($4,960,231)
2020	$617,431		$154,358	$463,073	
2021					
2022					
2023					
2024					
2025					
Total Deferred Outflows and Inflows				$463,073	($17,857,735)

SECTION II - NOTES TO FINANCIAL STATEMENT

Net OPEB Liability Assumptions

The College's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Salary increases	3.00% per year
Investment rate of return	N/A

Mortality rates were based on the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for faculty participants and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019 for all other participants.

We are not aware of the last time an experience study was performed for this plan.

Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the Bond Buyer 20-Bond GO index as of the measurement dates.

Actuarial Standards of Practice

Actuarial Standards of Practice No. 6 (“ASOP 6”) provides guidance on measuring retiree group benefits obligations and determining retiree group benefits periodic costs or actuarially determined contributions.

Actuarial Standards of Practice No. 35 (“ASOP 35”) requires that each demographic and other noneconomic assumption should be reasonable individually and in conjunction with one another. At each measurement date, the actuary should consider whether the selected assumptions continue to be reasonable. If the actuary determines that one or more of the previously selected assumptions are no longer reasonable, the actuary will perform an experience study to determine the best estimate for the Plan’s population.

Actuarial Standards of Practice No. 27 Revised (“ASOP 27”) requires that each economic assumption be reasonable based on the following characteristics: (a) appropriate for the purpose of the measurement; (b) reflects the actuary's professional judgement; (c) takes into account historical and current economic data that is relevant as of the measurement date; (d) reflects the actuary's estimate of future experience, observation of the estimates inherent in market data, or a combination thereof; and (e) has no significant bias. Given the uncertain nature of the items for which assumptions are selected, different actuaries will apply different professional judgement and may choose different reasonable assumptions. As a result, a range of reasonable assumptions may develop both for an individual actuary and across actuarial practice.

SECTION II - NOTES TO FINANCIAL STATEMENT

Table 6 - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
A. Balances at the Fiscal Year Ending June 30, 2019	$175,548,288	$0	$175,548,288
B. Changes for the year			
1. Service cost	5,862,664		5,862,664
2. Interest on the total OPEB liability	6,925,232		6,925,232
3. Difference between expected and actual experience	(33,487,521)		(33,487,521)
4. Changes in plan provisions	(11,026,241)		(11,026,241)
5. Employer contributions		4,928,779	(4,928,779)
6. Changes in assumptions	617,431		617,431
7. Net investment income		0	0
8. Benefit payments	(4,928,779)	(4,928,779)	0
9. Administrative expenses		0	0
10. Other changes	0	0	0
11. Net changes: (1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9) + (10)	(36,037,214)	0	(36,037,214)
C. Balances at the Fiscal Year Ending June 30, 2020: A + B(11)	$139,511,074	$0	$139,511,074

SECTION II - NOTES TO FINANCIAL STATEMENT

Sensitivity of the Net OPEB Liability

A. Impact of change in Discount Rate

The following presents the net OPEB liability of the College, calculated using the discount rate of 3.50%, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
1. Total OPEB Liability	$163,386,229	$139,511,074	$120,394,965
2. Plan Fiduciary Net Position	$0	$0	$0
3. Net OPEB Liability: (1) - (2)	$163,386,229	$139,511,074	$120,394,965

B. Impact of change in Healthcare Trend Rates

The following presents the net OPEB liability of the College, calculated using a healthcare cost trend rates of 1% higher than the assumed healthcare cost trend rates for all years and a healthcare cost trend rates that is 1% lower than the assumed healthcare cost trend rates for all years:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
1. Total OPEB Liability	$119,665,431	$139,511,074	$164,490,831
2. Plan Fiduciary Net Position	$0	$0	$0
3. Net OPEB Liability: (1) - (2)	$119,665,431	$139,511,074	$164,490,831

SECTION II - NOTES TO FINANCIAL STATEMENT

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Since certain OPEB expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the OPEB expense, they are labeled as deferred outflows and amounts that decrease the OPEB expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with benefits through the OPEB plan at the beginning of the measurement period. Investment gains/losses are amortized over a five year period. The following shows the summary of the deferred outflows and inflows as of June 30, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
A. Difference between expected and actual experience	$0	($56,858,377)
B. Changes in assumptions	$463,073	($17,857,735)
C. Net difference between projected and actual earnings on OPEB plan investments	$0	$0

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amounts
2021	($21,692,771)
2022	($21,692,770)
2023	($19,212,657)
2024	($11,654,841)
2025	$0
Thereafter	$0

SECTION III - REQUIRED SUPPLEMENTARY INFORMATION

Table 7 - Schedule of Changes in Net OPEB Liability

	Fiscal Year Ending June 30:			
A. Schedule of Changes in Net OPEB Liability	**2021**	**2020**	**2019**	**2018**
1. Total OPEB Liability				
a. Service cost		$5,862,664	$6,425,503	$10,344,089
b. Interest		6,925,232	5,696,499	6,514,274
c. Change in benefit terms		(11,026,241)	0	0
d. Difference between expected and actual experience		(33,487,521)	0	(47,379,552)
e. Change in assumptions		617,431	(9,920,463)	(19,250,954)
f. Benefit payments		(4,928,779)	(4,449,107)	(4,934,030)
g. Net change in Total OPEB Liability: sum of (a) through (f)		(36,037,214)	(2,247,568)	(54,706,173)
h. Total OPEB Liability - beginning		175,548,288	177,795,856	232,502,029
i. Total OPEB Liability - ending		139,511,074	175,548,288	177,795,856
2. Plan Fiduciary Net Position				
a. Contributions - Employer		$4,928,779	$4,449,107	$4,934,030
b. Contributions - Members		0	0	0
c. Net investment income		0	0	0
d. Benefit payments		(4,928,779)	(4,449,107)	(4,934,030)
e. Administrative expenses		0	0	0
f. Other		0	0	0
g. Net change in Plan Fiduciary Net Position: sum of (a) through (f)		0	0	0
h. Plan Fiduciary Net Position - beginning		0	0	0
i. Plan Fiduciary Net Position - ending		0	0	0
j. Net OPEB liability: (1i) - (i)		139,511,074	175,548,288	177,795,856
k. Plan fiduciary net position as a percentage of the total OPEB liability: (i) ÷ (1i)		0	0	0
l. Covered employee payroll		53,434,086	51,546,358	54,241,586
m. Plan net OPEB liability as a percentage of the covered employee payroll: (j) ÷ (l)		261.09%	340.56%	327.79%

SECTION III - REQUIRED SUPPLEMENTARY INFORMATION

Table 8 - Schedule of Contributions

Last 10 Fiscal Years

	Fiscal Year Ending June 30: 2020	2019	2018	2017
A. Actuarially Determined Contribution	$0	$0	$16,858,363	
B. Contribution in Relation to the Actuarially Determined Contribution	4,928,779	4,449,107	4,934,030	
C. Contribution Deficiency (Excess): A - B	(4,928,779)	(4,449,107)	11,924,333	
D. Covered Employee Payroll	$53,434,086	$51,546,358	$54,241,586	
E. Contributions as a Percentage of Covered Employee Payroll: B ÷ D	9.22%	8.63%	9.10%	

	Fiscal Year Ending June 30: 2016	2015	2014	2013
A. Actuarially Determined Contribution				
B. Contribution in Relation to the Actuarially Determined Contribution				
C. Contribution Deficiency (Excess): A - B				
D. Covered Employee Payroll				
E. Contributions as a Percentage of Covered Employee Payroll: B ÷ D				

	Fiscal Year Ending June 30: 2012	2011
A. Actuarially Determined Contribution		
B. Contribution in Relation to the Actuarially Determined Contribution		
C. Contribution Deficiency (Excess): A - B		
D. Covered Employee Payroll		
E. Contributions as a Percentage of Covered Employee Payroll: B ÷ D		

SECTION IV - PLAN DEMOGRAPHICS

Table 9 - Plan Participant Demographics

	Plan Year Beginning: July 1, 2019	Plan Year Beginning: July 1, 2017
A. Participant Count		
1. Active participants	833	878
2. Retired participants (including spouses)	594	515
3. Total participant count: (1) + (2)	1,427	1,393
B. Participant Averages		
1. Active participants		
a. Average age	51.7	52.4
b. Average service	13.5	14.2
2. Retirees average age	75.3	75.1

SECTION IV - PLAN DEMOGRAPHICS

Table 10 - Active Participant Scatter

A. Actives Attained Age/Service Scatter as of July 1, 2019

Attained	Years of Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Total
Under 25	1	0	0	0	0	0	0	0	0	1
25 to 29	11	0	0	0	0	0	0	0	0	11
30 to 34	49	7	0	0	0	0	0	0	0	56
35 to 39	62	28	5	2	0	0	0	0	0	97
40 to 44	41	37	16	10	2	0	0	0	0	106
45 to 49	38	13	20	15	2	0	0	0	0	88
50 to 54	30	19	19	26	12	6	1	0	0	113
55 to 59	20	14	17	28	6	8	17	5	0	115
60 to 64	15	5	19	21	9	18	9	10	5	111
65 to 69	6	8	9	13	6	12	5	5	6	70
70+	3	6	2	12	0	7	5	9	21	65
Total	276	137	107	127	37	51	37	29	32	833

SECTION IV - PLAN DEMOGRAPHICS

Table 11 - Inactive Participant Scatter

A. Inactives Attained Age and Average Benefit Scatter as of July 1, 2019

	Retired Participants			
Attained Age	With Spouse Coverage	Without Spouse Coverage	Surviving Spouses	Total
Under 50	0	0	0	0
50 to 54	0	0	0	0
55 to 59	0	0	0	0
60 to 64	1	7	0	8
65 to 69	28	45	0	73
70 to 74	57	46	1	104
75 to 79	59	41	1	101
80 to 84	42	26	2	70
85 to 89	13	8	2	23
90+	3	8	1	12
Total	203	181	7	391

APPENDIX A - PLAN PROVISIONS

A summary of the postemployment health plan eligibility, plan benefits and contribution provisions are as follows:

A. Eligibility and coverage	Participants must be at least age 62 with 10 years of full-time service and have attained age plus service being greater than or equal to 77 (77 points).
B. Benefits	
1. Health benefits	Benefits include medical, prescription drug and dental coverage. Retirees and spouses are eligible to continue coverage for life as long as the retiree premium rates are paid.
2. Life insurance	Benefit continues until age 65 and spouses are not covered. Life insurance benefit is determined as follows:
a. Adminstrators	2.5 times last annual salary, rounded up to next $1,000 up to a maximum of $600,000
b. Faculty	2 times last annual salary, rounded up to next $1,000 up to a maximum of $250,000
c. Classified and confidential	2 times last annual salary, rounded up to next $1,000 up to a maximum of $150,000
C. Contributions	The College pays 100% of the premium for coverage for retirees until the end of the contract year in which the retiree attains age 65. Thereafter, the retiree pays 50% of the total premium, less the Medicare Part B premium.

When an employee retires, the College separates the retiree and spouse and each person has their own coverage with contributions based on "employee only" premiums.

Pre-65 and post-65 retirees pay 50% of active medical benefits for pre-65 spouses. Post-65 retirees pay 50% of the premium for the coverage of post-65 spouses, less their Medicare Part B premium. Pre-65 retirees pay 0% of the premium for the coverage of post-65 spouses (The College pays 100% of their premium).

Surviving spouses must pay 100% of the premium for coverage without getting reimbursed for Medicare Part B premium if over 65.

Retirees on Medicare disability are given the Medicare Part B reimbursement regardless of age.

The college pays 100% of the premium for retired post-65 PT teachers and their spouses.

Effective for the 2020 fiscal year, current full-time employees, who as of January 1, 2021 do not meet the eligibility for retirement criteria, will not be reimbursed for Medicare Part B premium if over 65. New employees hired after October 1, 2018 will only be eligible for benefits for a maximum period of 5 years after retirement and they also will not be reimbursed for Medicare Part B premium if over 65.

APPENDIX A - PLAN PROVISIONS (continued)

D. Monthly premiums[1]

1. Health care premiums

a. Pre-65

	Medical Plans	
Coverage	Personal Choice	Keystone Point of Service
Individual	$674.14	$572.87
Individual and Spouse	$1,550.52	$1,317.59
Individual and Child(ren)	$1,179.71	$1,002.52
Family	$1,988.65	$1,689.96

b. Post-65

	Medical Plans	
Coverage	BCBS 65 Special/Plan F	Keystone 65
Individual	$240.36	$503.20

c. Prescription drug

Coverage	Cost
Single	$189.15
Two or more	$533.39

2. Dental care premiums

	Dental Plans	
Coverage	United Concordia	Delta PPO/Premier
Individual	$19.42	$38.06
Individual and Spouse	N/A	$100.47
Family	N/A	$100.47

3. Major medical premium $6.29

4. Medicare Part B premium $135.50

[1] Effective September 1, 2019 other than BCBS 65 Special/Plan F effective November 1, 2019 and Keystone 65 and Medicare Part B effective Janury 1, 2020.

APPENDIX B - ACTUARIAL METHODS AND ASSUMPTIONS

A. Actuarial Methods

1. Actuarial Cost Method — The actuarial cost method used to determine the actuarial accrued liability and the normal cost for financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the College's financial disclosure requirement. Under this method, the cost of each individual's benefit is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.

2. Actuarial Valuation Frequency — An actuarial valuation is prepared biennially with a 'roll-forward' valuation in the interim year, provided no significant events have occurred during the interim year warranting a new measurement. This year's fiscal 2020 valuation was based on a full valuation.

3. Amortization Method — Level dollar amortization for differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all participants (including inactives) determined at the beginning of the measurement period. The differences between projected and actual earnings on OPEB plan investments will be recognized over a closed five-year period.

B. Actuarial Assumptions

1. Valuation date — July 1, 2019

2. Measurement date — June 30, 2019

3. Measurement period — July 1, 2018 to June 30, 2019

4. Reporting date — June 30, 2020

5. Collection date of census data — July 1, 2019

	Fiscal 2020 Valuation	Fiscal 2019 Valuation
6. Interest rate		
a. Discount rate	3.50%	3.87%
b. Expected long term rate of return	N/A	N/A
c. Municipal bond rate	3.50%	3.87%

7. Inflation — 2.50% per year

8. Salary increase — 3.00% per year

9. Medicare Eligibility — All participants are assumed to be eligible for Medicare upon attainment of age 65.

10. Full Attribution Age — Age at which retirement rate is 100%.

APPENDIX B - ACTUARIAL METHODS AND ASSUMPTIONS (continued)

11. Mortality table

Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for faculty participants and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019 for all other participants.

12. Health Care and Contribution Trend Rate

Fiscal Year	Medical / Drug	Dental	Medical Part B
2020	6.50%	3.00%	5.00%
2021	6.40%	3.00%	5.00%
2022	6.30%	3.00%	5.00%
2023	6.20%	3.00%	5.00%
2024	6.10%	3.00%	5.00%
2025	6.00%	3.00%	5.00%
2026	5.90%	3.00%	5.00%
2027	5.80%	3.00%	5.00%
2028	5.70%	3.00%	5.00%
2029	5.60%	3.00%	5.00%
2030	5.50%	3.00%	5.00%
2031	5.40%	3.00%	5.00%
2032	5.30%	3.00%	5.00%
2033	5.20%	3.00%	5.00%
2034	5.10%	3.00%	5.00%
2035	5.00%	3.00%	5.00%
2036	4.90%	3.00%	5.00%
2037	4.80%	3.00%	5.00%
2038	4.70%	3.00%	5.00%
2039	4.60%	3.00%	5.00%
2040+	4.50%	3.00%	5.00%

13. Participation

95% of all actives are assumed to participate upon retirement. 50% of surviving spouses are assumed to participate upon the death of the participant.

14. Plan election

All future retirees are assumed to elect medical and dental coverage based on the weighted-average plan information.

15. Rates of withdrawal

2003 SOA Pension Plan Turnover Study (Small Plan with < 1,000 lives) table. Sample rates are as follows:

Age	Rate
20	24.3%
25	19.5%
30	15.5%
35	12.1%
40	9.4%
45	7.3%
50	5.6%
55	4.2%
60	3.0%

16. Rates of retirement

Age	Rate
62	10.0%
63	15.0%
64	15.0%
65	35.0%
66	20.0%
67	20.0%
68	20.0%
69	20.0%
70	40.0%
71	20.0%
72	20.0%
73	20.0%
74	20.0%
75	100.0%

17. Rates of disability — None

18. Spousal coverage — It is assumed that 50% of covered participants will be married and elect to cover a spouse upon retirement. Husbands are assumed to be three years older than wives.

19. Lapse rate — 5% of current and future retirees are assumed to lapse coverage per year.

20. Annual Health Per Capita Costs

    a. Pre-65 costs

Age	Medical	Prescription Drug
55	$9,385	$1,384
56	$9,745	$1,449
57	$10,133	$1,513
58	$10,548	$1,576
59	$10,990	$1,638
60	$11,464	$1,702
61	$11,976	$1,771
62	$12,526	$1,846
63	$13,108	$1,928
64	$13,719	$2,016

    b. Post-65 costs

Age	Medical	Prescription Drug
65	$2,482	$3,054
70	$2,662	$3,540
75	$2,808	$4,005
80	$3,055	$4,422
85	$3,401	$4,882
90	$3,702	$5,391

21. Annual Major Medical Claims — $75

APPENDIX B - ACTUARIAL METHODS AND ASSUMPTIONS (continued)

22. Annual Dental Care Claims	$448

C. Changes from Prior Valuation

1. Interest rate	The discount rate was updated from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.
2. Mortality table	The mortality table was updated from RP-2014 Blue Collar Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2018 for classified employees and RP-2014 White Collar Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2018 for everyone else to Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for faculty participants and Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019 for all other participants.
3. Plan election	The plan election assumption was updated from all future retirees electing the Personal Choice PPO/Medigap Plan F/65 Special medical coverage upon retirement and the same dental coverage currently elected to all future retirees electing medical and dental coverage based on the weighted-average plan information.
4. Excise Tax	The "Cadillac" Excise Tax under ACA has been repealed.

APPENDIX C - HEALTH CARE DEVELOPMENT

A. General Description

Benefits provided are pre-65 and post-65 medical, prescription drug and dental coverage to eligible retirees and their dependents.

B. Type of Insurance

Beginning September 1, 2009, medical and prescription drug coverage for actives and pre-65 retirees is self-insured. Beginning November 1, 2015, medical coverage for post-65 retirees in Blue Cross 65 Special and Medigap Plan F is self-insured. Post-65 Keystone 65 retiree medical coverage is fully-insured. Post-65 prescription drug coverage is self-insured. Dental coverage is fully-insured.

C. Information Provided for Study

Premium-equivalent rates were provided.

D. Analysis of Data

Average ages and average costs were calculated for the group. The average costs that were calculated reflect the expected cost for the average plan design within the group and also reflect the average age.

E. Determination of Starting Per Capita Medical Costs

As represented to us, the premium rates charged to pre-65 retiree group are the same as the rates for the College's active health plans. As such, the premium-equivalent rates for the College are viewed as composite rates for the combined active groups. According to GASB 75, when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. The resulting “implicit rate subsidy”, as defined in GASB 75, is the difference between the calculated claims cost and the cost upon which retiree contributions are determined (in this case, the premium-equivalent rates). Retiree premium-equivalent rates were estimated for the pre-65 retiree group as if they were rated on a stand-alone basis. The premium-equivalent rates being charged were adjusted to reflect a premium for a pre-65 retiree group only. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationships of costs and increasing age.

Medical premium rates for post-65 retirees were provided and utilized for calculating the costs for this retiree population. It was assumed that the premium rates were representative of the average cost of benefits for post-65 retirees. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationships of costs and increasing age.

Dental benefits are fully-insured. Since costs typically remain stable as a participant gets older, the dental premium was assumed to be representative of the cost of benefits.

ATTACHMENT C

Change Order Two for the Library & Learning Commons Project

	Prime	Negotiated price	Reason
Phases 2 & 3 - Change demolition subcontractor to union	NADG - GC	$91,290.10	College Request or Contract Need
Phase 1 - subflooring required for floor elevation differences & glass wall mounting hardware.	NADG - GC	$29,270.00	Design Omission
Phase 2 & 3 - Lead abatement on visitor steel demolition	NADG - GC	$21,670.00	Unforeseen
Phase 2 - Remove plaster ceiling and two beams in Quiet Study, Room L1-08	NADG - GC	$15,510.00	Unforeseen
All phases - CORs 10, 11, and 14; requested privacy glass film; removal of plaster ceiling in Mezz.	NADG - GC	$11,205.40	College Request or Contract Need; Unforeseen
Phase 1 - Infill of Walker (floor) ducts	NADG - GC	$7,050.47	Unforeseen
Add sub-flooring to Quiet Study area	NADG - GC	$6,050	Design Omission
Phase 1 - Resize the framing for the shaft (unforeseen condition)	NADG - GC	$5,095.11	Unforeseen
Phase 1 - Knee wall, soffitt, door frame, and infill required per ASI #4.	NADG - GC	$4,988.50	Design Omission
Phase 1 - Patch mechanical shaft and adds from RFI #29 response	NADG - GC	$4,819.10	Unforeseen
Phase 3 - Pour concrete infill for L1-36	NADG - GC	$2,190.00	Design Omission
All phases - Increased bond cost for the adding of fire protection contract oversight.	NADG - GC	$1,883.20	College Request or Contract Need
Phase 2 & 3 - Delete lockers	NADG - GC	($8,392)	Customer request
Phase 2 & 3 - Steel Credit for design change; Finance area	NADG - GC	($13,000)	Design Omission
All phases - Credit for ACT product substitution	NADG - GC	($46,213.14)	College Request or Contract Need

	Prime	Negotiated price	Reason		
Phase 2 - subflooring required for floor elevation differences & glass wall mounting hardware.	NADG - GC	$65,708.15	Design Omission		
Phase 3 - subflooring required for floor elevation differences & glass wall mounting hardware.	NADG - GC	$38,473.25	Design Omission		
Phase 3 - Refloor LLC entrance Hallway from Bonnell to Mint (1st floor)	NADG - GC	$20,767.30	College Request or Contract Need		
Original Contract Amount		Change order 1 (BAC Meeting: 6/24/20)	Change order 2 (BAC Meeting: 8/19/20)	*Total to date (8/3/20)*	*Percent of original contract*
$7,693,491.00	NADG - GC	$124,948.70	$133,416.74	*$258,365.44*	3.4%