

TO: BOARD OF TRUSTEES
FROM: SUPERINTENDENT

COMMUNICATION NO. 58-2007/08-BS

Prepared by the Office of Vice President Business Services
for Presentation to the Board of Trustees
September 10, 2007

**SUBJECT: APPROVAL OF PROPOSED AMENDMENT TO THE RETIREE HEALTH
BENEFIT PROGRAM JOINT POWERS AGREEMENT**

A. BACKGROUND

On December 6, 2004, the Board of Trustees approved the District's participation in the Retiree Health Benefit Program Joint Exercise of Powers Agreement (JPA) in order to meet the requirements of the GASB accounting standards for health benefit liabilities. The agreement was entered into for the purpose of managing, operating and maintaining retiree programs, investment programs, and other programs, including the Retiree Health Benefit program.

An amendment to the agreement is required because the JPA is seeking a ruling from the IRS regarding whether income from operation of the Retiree Health Benefits Funding Program Trust is tax-exempt and excludable from gross income pursuant to Internal Revenue Code section 115. Consequently, as a condition to the IRS issuance of the ruling, the JPA has requested certain changes be made to the agreement. The changes, outlined in the attached amendment, are non-substantial and consistent with the overall intent and purpose of the Retiree Health Benefit Program.

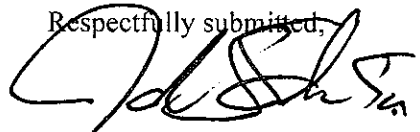
B. BUDGET IMPLICATIONS

There are no budget implications as a result of the amendment.

C. RECOMMENDATION

It is recommended that the Board of Trustees approve the amendment to the Retiree Health Benefit Program Joint Exercise of Powers Agreement as presented.

Respectfully submitted,



Jackie L. Fisher, Sr.
Superintendent/President

Prepared by:



Deborah Wallace
Vice President Business Services

Office of Business Services

Communication No. 58-2007/08-BS

September 10, 2007

**APPROVAL OF PROPOSED AMENDMENT TO THE RETIREE HEALTH BENEFIT
PROGRAM JOINT POWERS AGREEMENT**

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENT OF THE JOINT POWERS AGENCY AGREEMENT RELATING TO THE ISSUANCE OF A PRIVATE LETTER RULING FROM THE IRS REGARDING THE TAX-EXEMPT STATUS OF INCOME FROM THE OPERATION OF THE TRUST.

WHEREAS, the Antelope Valley Community College District ("District") provides certain retiree health benefits to retired employees;

WHEREAS, the Governmental Accounting Standards Board ("GASB") is requiring new accounting procedures for costs and liabilities associated with retiree health benefit programs;

WHEREAS, various community college districts around the state of California, in conjunction with the Community College League of California have heretofore established the Retiree Health Benefit Program Joint Powers Agency (the "JPA") for the purpose of assisting its member community college districts in meeting the new accounting standards previously established by GASB;

WHEREAS, the District has previously executed a joint powers agreement (the "JPA Agreement") authorizing the District's participation in the JPA;

WHEREAS, the JPA now seeks a private letter ruling from the IRS that income accrued and generated, through operation of the Retiree Health Benefits Funding Program Trust ("Trust") is tax-exempt and is not included in gross income pursuant to Internal Revenue Code section 115 because the income is derived from the exercise of an essential government function;

WHEREAS, the IRS has conditioned its issuance of the private letter ruling on certain amendments to the JPA Agreement;

WHEREAS, the JPA's Board has approved and recommended the amended JPA Agreement for adoption by the governing bodies of the member community college districts at a JPA Board meeting on August 3, 2007; and

WHEREAS, the District's Board now seeks to approve and adopt the amended JPA Agreement for the purpose of satisfying the IRS's requests and as a condition of issuing its private letter ruling.

NOW, THEREFORE, it is hereby resolved by the Governing Board of the Antelope Valley Community College District as follows:

SECTION 1. Above Recitals. The above Recitals are true and correct and the JPA's Board hereby so finds.

SECTION 2. First Amended Retiree Health Benefit Program Joint Powers Agency Agreement. A first amendment to the JPA Agreement, substantially in the form on file with the Secretary of the Board of the JPA, was reviewed by the District's Board and is hereby approved. The District's Board is further hereby directed to send a copy of this resolution approving the amended JPA Agreement to the JPA Board of Directors by _____, 2007 for the purposes of having the JPA Board count the votes of the member community college districts and if the votes are sufficient, enacting the amended JPA Agreement.

APPROVED, PASSED, AND ADOPTED this ___ day of _____, 2007 by the following vote:

AYES

NOES

ABSENT

ABSTAIN

President, Governing Board
Antelope Valley Community College District

ATTEST:

Secretary, Governing Board
Antelope Valley Community College District