



CONSENT ITEM

To: Board of Trustees	Date: October 12, 2021
From: Superintendent/President	Item Number: 11.E.
Subject: Authorization to Borrow up to 60 Percent of the District’s Net Equity in the Self-Insured Program for Employees (SIPE) Workers’ Compensation Joint Powers Authority (JPA)	Enclosures: Page 1 of 1

BACKGROUND

As an available option to meet possible cash shortfalls, the district may request a short-term advance of the district’s net equity in the SIPE workers’ compensation JPA. SIPE’s joint powers agreement specifies that any member, with approval of their governing board, may borrow up to 60 percent of their shareholder’s net equity, based on the most current financial statement, for a period not to exceed 60 days at a rate equal to the amount that would have been earned through the county treasurer.

Based on SIPE’s 2020 actuarial analysis, Allan Hancock College’s net equity in the JPA was \$2,111,709. This would make the district eligible to borrow \$1,267,025 to help offset any possible cash shortfalls. If this action becomes necessary, the district would repay the loan from SIPE within the allowable 60 days or when the district receives apportionment funding from the state, whichever is earlier.

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends that the board of trustees authorize the district to borrow up to 60 percent of the district’s net equity in the SIPE workers’ compensation JPA if needed for cash flow purposes.

Administrator Initiating Item: Eric D. Smith	Final Disposition:
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