

Other Post Retirement Benefits (OPEB)

OPEB Benefits

- Employees hired before July 1, 2004 receive fully paid health benefits for their lifetime including coverage of eligible dependents.
- Employees hired after July 1, 2004 receive fully paid health benefits up to age 65 including coverage of eligible dependents.

Actuarial

- The last Actuarial valuation was completed for the period through June 30, 2008.
- The Retiree Health Actuarial obligation was estimated at \$153 million.
- A new Actuarial obligation calculation will be completed by December 2010.
- 2009/10 cost of Retiree Benefits was approximately \$9.1 million.

Approach to Addressing Retiree Benefits

- The plan originally was to level out the cost of Retiree Health over a 45 year period.
- The 2005 bond proceeds were to be used to reimburse the District for the payment of Retiree Health Benefits.
- The District projected that the investment earnings on the fund would help pay its Retiree Health Care costs, assuming an annual return of 6%.

Bond Issuance

- In December 2005, the District issued \$153,749,832 of taxable bonds
- \$20,015,000 of which was Standard Bonds
- The remaining \$133,734,832 was Convertible Auction Rate Securities
- Interest rates ranged from 4.71% to 6.25%

OPEB BOND STRUCTURE

- In order to minimize bond interest payments in the early years of re-payment, the District chose a “variable” rather than “fixed” rate borrowing structure.
- The variable rate structure called for the utilization of “Convertible Auction Rate Securities” (“CARS”) and required the use of “Capital Appreciation Bonds” which provided the bondholders with protection against the District redeeming (i.e., calling) the bonds before their respective redemption dates.

EFFECT OF BOND STRUCTURE

- During 2008, the auction rate marketplace disintegrated and is not likely to return.
- The net effect of the disintegration of the auction rate marketplace is the potential increase in borrowing costs to the District.
- The “non-call” features of the District’s bonds, prevent the District from early redemption of the OPEB bonds.

Bond Issuance (cont'd)

- In February 2009, the District refunded \$48,725,000 of the 2005 bonds and converted these bonds to fixed interest rates
- The District also restructured some debt by lengthening payment schedules
- Interest rates ranged from 4.415% to 6.423%

Combined OPEB Bond Debt Service Schedule

Calendar Year	Aggregate Debt Service
2010	\$6,923,197.10
2011	\$8,224,746.87
2012	\$9,328,786.07
2013	\$10,593,980.60
2014	\$12,059,809.51
2015	\$18,622,591.07
2016	\$9,604,380.08

NOTE: From 2016 to 2049, the debt service will grow from approximately \$10 million to \$21 million

SWAPs

- In November 2006, the District entered into 6 interest rate SWAPs.
- Under the agreement, the District pays a fixed rate and the Counterparty (Morgan Stanley) pays the District the one month London Interbank Offered Rate (LIBOR).
- The first SWAP becomes effective August 5, 2010. The District would then make payments every 5 weeks through August 4, 2015.
- Currently the LIBOR rate is below the 4.9% interest rate that the District pays.

District SWAPs

Effective Date	Maturity Date	Original Notional	Fixed Rate
August 5, 2010	August 5, 2015	\$33,950,000	4.900%
August 5, 2015	August 5, 2020	\$38,450,000	5.158%
August 5, 2020	August 5, 2025	\$43,175,000	5.279%
August 5, 2025	August 5, 2031	\$57,525,000	5.207%
August 5, 2031	August 5, 2039	\$86,650,000	5.055%
August 5, 2039	August 5, 2049	\$134,475,000	4.935%

Peralta Community College District

Investments as of June 30, 2010

Portfolio was valued as follows:

Investment Group	Market Value
Large Cap Growth	\$22,670,415.38
Large Cap Value	\$21,232,742.17
REITS	\$8,480,850.65
Small Cap Growth	\$12,613,158.47
International Equity	\$23,072,840.15
Fixed Income	\$56,446,595.15
Total	\$144,516,601.97

Managed by Neuberger Berman