

Other Post Retirement Benefits (OPEB)

September 22, 2010

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 projects that the investment earnings on the fund will pay its Retiree Health Care costs, assuming an annual return of 6%.
- The District assumed that it would maintain its Retiree Health Care cost at a constant 6.7% of budget through the 2049 final maturity of the bonds.

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%

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 |

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

OPEB Investments

| Investment History | Investment | Gain/Loss | Retiree Medical | Market Value |
|---------------------------|-------------|-------------|-----------------|--------------|
| Original 05-06 Investment | 150,000,000 | | | |
| 2005-2006 Activity | | -2,637,970 | 0 | 151,111,862 |
| 2006-2007 Activity | | 30,426,011 | -5,892,200 | 175,645,673 |
| 2007-2008 Activity | | -9,963,635 | -5,533,368 | 160,148,670 |
| 2008-2009 Activity | | -25,857,550 | -5,749,282 | 128,541,838 |
| 2009-2010 Activity | | 15,974,763 | 0 | 144,516,601 |

Notes:

1. 2009-10 \$5,800,000 payment to General Fund made September 2010.
2. Issued \$153,749,832 in December of 2005. The net proceeds were \$150,000,000.
3. Retiree medical contribution to the General Fund to help pay for retiree health benefits.
4. Market Value amounts are as of June 30 each year .

OPEB Debt History

| Debt History | Debt Issued | Deferred Interest | Interest Paid | Outstanding Debt |
|-----------------------|-------------|-------------------|---------------|------------------|
| Original 2005-06 Debt | 153,749,832 | | | 153,749,832 |
| 2006-07 Activity | | 1,292,635 | 598,640 | 155,042,467 |
| 2007-08 Activity | | 7,832,277 | 548,373 | 162,874,744 |
| 2008-09 Activity | 10,499,258 | 5,317,772 | 1,118,888 | 178,691,774 |
| 2009-10 Activity | | 6,523,506 | 2,788,221 | 185,215,280 |

Notes:

Some bonds were refinanced during 2008-09 resulting in additional debt.

Not included above is \$4,872,500 in a required reserve fund held by Deutsche Bank.