

**RESOLUTION OF THE GOVERNING BOARD OF THE PERATA COLLEGES
ESTABLISHMENT OF A RETIREMENT BOARD TO HANDLE ALL
FINANCIAL ASPECTS OF OTHER POST-EMPLOYMENT BENEFITS**

Resolution 10/11-62

WHEREAS, the Governing Board recognizes the obligations associated with the contractual terms of the other post-employment benefits (OPEB), other than pensions, for current and future retirees of The Peralta Colleges; and

WHEREAS, it is further recognized that **GASB 45**, or Governmental Accounting Standards Board Statement Number 45, is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other post-employment benefits; and

WHEREAS, it is further recognized that reported OPEBs may include medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan; and

WHEREAS, it is further recognized that education boards are included among the government employers required to comply with GASB 45; and

WHEREAS, it is further recognized that GASB 45 was instigated by the Governmental Accounting Standards Board in July 2004 because of the growing concern over the potential magnitude of government obligations for post-employment benefits and requires that effected employers (1) recognize the cost of OPEB in the period when services are received; (2) provide information about the actuarial liabilities for the promised benefits; (3) provide information useful in assessing potential demands on future cash flows; and

WHEREAS, it is further recognized that GASB 45 requires that financial statements disclose (1) a description and delineation of the benefits, who is eligible, the number of employees and retirees covered, etc.; (2) the bi-annually,

actuarially determined liability for OPEB and the assets that are available to offset the liability, including the actuarial methods and assumptions that were used in calculating the liability; (3) the portion of the liability that must be reported as an annual accounting expense on the employer's financial statements, and a cumulative accounting of the extent to which the plan sponsor actually makes contributions to off-set its annual expense; and

WHEREAS, it is further recognized that an actuary with both pension and health experience must perform the calculations following generally accepted actuarial methods and that The Peralta Colleges has received figures for 2006, 2008 and 2010; and

WHEREAS, it is further recognized that a Retirement Board was established by the Governing Board that consists of the three Trustees that were assigned to the Board Audit and Finance Committee; and

WHEREAS, it is further recognized that a Post- Employment Benefit Trust (PEBT) was established, with Deutsche Bank functioning as the fiduciary trustee and Union Bank as the custodian of OPEB funds; and

WHEREAS, it is further recognized that Neuberger Berman LLC of New York, an asset management firm, currently manages the investments of OPEB funds that accrued from the sale of OPEB bonds which are still outstanding; and

WHEREAS, it is further recognized that there are SWAP agreements outstanding that the Administration entered into in an attempt to minimize the potential financial risk of variable interest rates that have moved substantially against the OPEB Trust Fund; and

WHEREAS, it is further recognized that the current value and the projected future value of cash flows to address the contractual liability for OPEB for The Peralta Colleges is projected to be approximately \$221 million as of June 30, 2011

and immediate actions must be taken to address the growth of the liability and the reduction of the existing liability over a specified period of time; and

WHEREAS, it is further recognized that the future quality of life of current employees and retirees is at substantial and unacceptable risk and that immediate and definitive action must be taken to mitigate the existing and future damage; and

NOW THEREFORE, IT IS HEREBY RESOLVED THAT:

SECTION 1. The Retirement Board shall serve at the pleasure of the Board of Trustees, which shall be appointed, terminated or replaced by the Board of Trustees at any time.

SECTION 2. The current Retirement Board shall be expanded from the current three Trustees to include two additional appointments by the Board of Trustees. The following persons shall be appointed as members of the Retirement Board, until such time as successors shall be appointed by the Board of Trustees:

Mr. Bill Withrow

Mr. Cy Gulassa

Dr. William "Bill" Riley

Ms. Trudy Largent

Mr. Ronald Gerhard

SECTION 3. The Chancellor shall serve as the Executive Secretary and Chief Administrative Officer of the Retirement Board operations to include the day-to-day interactions with all agencies, contractors and advisors and to be the single point of contact and decision maker for all administrative matters within the scope provided by the Retirement Board.

SECTION 4. The members of the Retirement Board (RB) shall meet periodically, but not less than once per year, in the Board Room at 333 East 8th Street in Oakland as strictly the RB and with an RB public notice, agenda and

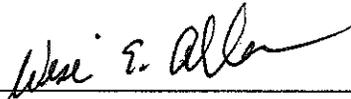
minutes that is not to be comingled with the posting of the agenda and minutes of the Board of Trustees.

SECTION 5. The members of the Retirement Board will not be eligible for any additional compensation, but will be reimbursed for any costs associated with travel, conferences, etc.

SECTION 6. A financial advisor is to be placed on retainer by the Retirement Board, on the basis of a recommendation by the Retirement Board Chief Administrative Officer, who will interpret all information and recommendations by outside asset managers and investment bankers and put into layperson's language the important elements to be considered and the risks that are associated.

SECTION 7. A securities attorney is to be placed on retainer by the Retirement Board, on the basis of a recommendation by the Retirement Board Chief Administrative Officer, who will review all legal documents to ensure that all responsible parties are fully cognizant of all ramifications associated with each document.

PASSED AND ADOPTED this 15th of March, 2011 by unanimous Board vote, unless the Board minutes reflect otherwise.



Dr. Wise E. Allen

Chancellor and Secretary, Board of Trustees
Peralta Community College District