

**PERALTA COMMUNITY COLLEGE DISTRICT
RESOLUTION NO. 11/12-17**

RESOLUTION OF THE BOARD OF TRUSTEES OF THE PERALTA
COMMUNITY COLLEGE DISTRICT AUTHORIZING THE SALE OF 2011
TAXABLE REFUNDING OPEB (OTHER POST-EMPLOYMENT BENEFIT)
BONDS, APPROVING LEGAL DOCUMENTS IN CONNECTION THEREWITH
AND AUTHORIZING CERTAIN ACTIONS

WHEREAS, California Government Code Section 53201(a) provides that the legislative body of a local agency, which definition includes a community college district, may provide health and welfare benefits to its officers, employees, retired employees and retired members of the legislative body (the "Benefits"); and

WHEREAS, a community college district is further authorized to establish deferred compensation and pension plans for their retired employees; and

WHEREAS, California Government Code Section 53200 provides that health and welfare benefits include "hospital, medical, surgical [and] disability benefits", as well as related benefits such as "life, legal expense, and income protection insurance or benefits, whether provided on an insurance or services basis"; and

WHEREAS, to provide these benefits legislative bodies may approve plans of their officers or employees or may contract with one or more admitted insurers, health service organizations, or legal service organizations; and

WHEREAS, the Peralta Community College District (the "District") public retirement system was established to provide Benefits to its employees; and

WHEREAS, the Board of Trustees (the "Trustees") of the District has negotiated certain labor contracts whereby the District is obligated to pay, as part of the Benefits, certain healthcare benefits and retirement benefits to or for retired District employees (the "Post-Employment Benefit Obligations"); and

WHEREAS, the amount of the Post-Employment Benefit Obligations is subject to fluctuation from year-to-year due to the differentiation in benefits between certain groups of employees, underlying demographic circumstances, and other factors; and

WHEREAS, in order to determine the extent of the District's Post-Employment Benefit Obligations, the District has caused to be prepared several actuarial studies of such post-employment liabilities; and

WHEREAS, the District recognizes its duty to employees to negotiate the terms and conditions of their employment, including the provision of health benefits and that as an integral component of the employment contract, the payment of such health care benefits constitutes an outstanding obligation imposed by law on the District; and

WHEREAS, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), commencing with Section 53570, to issue its bonds for the purpose of refunding outstanding Post-Employment Benefit Obligations of the District; and

WHEREAS, in order to refund the Post-Employment Benefit Obligations and thereby provide a more orderly and predictable level of payments in respect of the Post-Employment Benefit Obligations, the Trustees have determined that it was in the best financial interest of the District to approve an Indenture of Trust and to issue bonds under the Act, the proceeds of which would pay Post-Employment Benefit Obligations; and

WHEREAS, on December 13, 2005, the Trustees of the District adopted its Resolution No. 05/06-28 (the "2005 Authorizing Resolution") authorizing the issuance of bonds under the Act in the aggregate principal amount of not-to-exceed \$154,000,000 (the "2005 Bonds"); and

WHEREAS, in the action *Peralta Community College District v. All Persons Interested in the Matter Of The Issuance and Sale Of Bonds for the Purpose Of Funding Certain Obligations Owed by the Peralta Community College District ...*, the issuance of the Bonds has been validated by judgment ("Validation Judgment") of the Alameda County Superior Court rendered on November 7, 2005; and

WHEREAS, the Validation Judgment provided that the 2005 Bonds "and any related contracts or agreements approved by the Resolution or contemplated by the Board of Trustees of the District in connection with the issuance of the Bonds and the refunding of the Health Benefit Obligations, were and are valid, legal and binding obligations in accordance with their terms and were and are in conformity with the applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution, statute or ordinance; and whether federal, state or municipal, including but not limited to the provisions of Article XVI, Section 18, of the California Constitution"; and

WHEREAS, the Validation Judgment further determined that "the [2005] Bonds and all agreements related thereto, are exempt from and not subject to the debt limitations set forth in Article XVI, Section 18, of the California Constitution ... and are obligations imposed by law ... and are valid and binding obligations under the Constitution and laws of the State of California"; and

WHEREAS, on December 28, 2005 the District issued the 2005 Bonds, styled as "Peralta Community College District, Alameda County, California, Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds in an aggregate par amount of \$153,749,832.25; and

WHEREAS, as contemplated in the Validation Judgment, and as provided for the Indenture of Trust, dated as of December 1, 2005 between the District and Deutsche Bank National Trust Company, as Trustee pursuant to which the 2005 Bonds were issued, on November 28, 2006 the District entered into an Interest Rate Swap ("Swap") (MSCS Ref. No. AUF35 (2005 Series B-1) with Morgan Stanley Capital Services Inc. (the "Counterparty") which Swap was effective as of August 5, 2010 and which terminates by its terms on August 5, 2015; and

WHEREAS, pursuant to Government Code Section 5922, the Trustees, based on a report of their financial advisor, determined that the proposed interest rate swap transaction with the Counterparty was designed to result in a lower cost of borrowing in combination with the issuance of the 2005 Bonds; and

WHEREAS, on February 19, 2009 the District issued \$48,725,000 of Peralta Community College District 2009 Taxable OPEB (Other Post-Employment Benefit) Refunding Bonds (the "2009 Refunding Bonds") which refinanced certain maturities of the 2005 Bonds; and

WHEREAS, the principal and interest due on both the outstanding 2005 Bonds and the 2009 Refunding Bonds are payable from any source of legally available funds of the District, including amounts in the General Fund; and

WHEREAS, the District desires to terminate the Swap; and

WHEREAS, the District desires to refinance all or a portion outstanding maturities of the 2009 Refunding Bonds (the "Refunded 2009 Refunding Bonds"); and

WHEREAS, in order to provide the amounts required to refund the Refunded 2009 Refunding Bonds, the District has determined to issue its Peralta Community College District 2011 Taxable Refunding Bonds (the "2011 Refunding Bonds") under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Refunding Bond Law"); and

WHEREAS, the Trustees wish at this time to approve the final form of the documents relating to the issuance and sale of the 2011 Refunding Bonds, and to authorize other actions relating to the issuance of the 2011 Refunding Bonds and the termination of the Swap;

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE PERALTA COMMUNITY COLLEGE DISTRICT DOES HEREBY FIND, DETERMINE AND CERTIFY AS FOLLOWS:

Section 1. Authorization of Bonds. The Trustees hereby authorize the issuance of the 2011 Refunding Bonds under the Act in the aggregate principal amount of not-to-exceed \$65,000,000 to refund and defease the 2009 Refunding Bonds, and to pay costs of issuance of the 2011 Refunding Bonds. The Bonds may be issued in one or more series in accordance with the conditions of the Indenture, defined below.

Section 2. Sale of Bonds to Underwriter. The Trustees hereby authorize the sale of the 2011 Refunding Bonds to J.P. Morgan Securities LLC, as underwriter (the "Underwriter") under the Bond Purchase Contract (the "Purchase Contract") in substantially the form on file with the Secretary to the Board together with any additions thereto or changes therein approved by the Chancellor or Vice Chancellor, Finance and Administration (each, an "Authorized Officer"), whose execution thereof shall be conclusive evidence of such approval. The Trustees hereby delegate to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the 2011 Refunding Bonds and to execute the Purchase Contract for and in the name and on behalf of the District. The amount of Underwriter's discount may not exceed 0.75% of the par amount of the 2011 Refunding Bonds and for 2011 Refunding Bonds bearing interest at a fixed rate, the weighted average rate of interest on the 2011 Refunding Bonds may not exceed 12% per annum.

Section 3. Approval of Form of Indenture of Trust. The Trustees hereby approve the Indenture of Trust between the District and Deutsche Bank National Trust Company, as trustee, dated as of October 1, 2011 (the "Indenture") prescribing the terms and provisions of the 2011 Refunding Bonds, in substantially the form on file with the Secretary to the Board together with any additions thereto or changes therein deemed approved by an Authorized Officer whose execution shall be conclusive evidence of such approval. An Authorized Officer is hereby authorized and directed to execute the Indenture for and in the name and on behalf of the District. The Trustees hereby authorize the delivery and performance of the Indenture.

Section 4. Official Statement. The Trustees hereby approve, and hereby deem nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Bonds in substantially the form on file with the Secretary to the Board. An Authorized Officer is hereby authorized to execute an appropriate certificate stating the Trustees' determination that the Preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to the Final Official Statement and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Trustees hereby authorize the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 5. Taxable Status of the Bonds. The Trustees hereby determine that interest payable on the 2011 Refunding Bonds will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code apply to the 2011 Refunding Bonds. The District may take any action and exercise any power permitted to be taken by it thereunder in connection with the issuance and sale of the 2011 Refunding Bonds.

Section 6. Termination of Swap. The termination of the Swap, so long as it is financially advantageous to the District to do so, is authorized by the Trustees. To the extent that a termination fee is obligated to be paid in connection with termination, such payment is authorized. The Authorized Officers, each alone, are hereby authorized and directed to execute and deliver the necessary documents required to effectuate the termination, said execution being conclusive evidence of such approval.

Section 7. Bond Insurance. The Authorized Officers, each alone, are hereby authorized to select a municipal bond insurer to insure payments by the District with respect to the 2011 Refunding Bonds. Bond Counsel is hereby directed to make all changes to the Indenture as are approved by an Authorized Officer, with the execution thereof containing such changes being conclusive evidence of such approval.

Section 8. Approval of Form of Escrow Agreement. The Trustees hereby approve the Escrow Agreement between the District and Deutsche Bank National Trust Company (the "Escrow Agent") prescribing the terms and provisions under which the Escrow Agent agrees to perform the services of an escrow agent in connection with any refunding of the Refunded 2009 Refunding Bonds, in substantially the form on file with the Secretary to the Board, together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed to execute the Escrow Agreement for and in the name of the District. The Trustees hereby authorize the delivery and performance of the Escrow Agreement.

Section 9. Other Actions. The President of the Board, Secretary to the Board, an Authorized Officer and any and all other officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, bond insurance policies or other forms of credit enhancement, which they, or any of them, may deem necessary or advisable in order to consummate the lawful sale and delivery of the 2011 Refunding Bonds and the consummation of the transactions approved herein and contemplated hereby. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 10. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

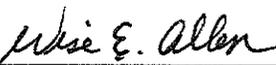
ADOPTED, SIGNED AND APPROVED this 27th day of September, 2011.

PERALTA COMMUNITY COLLEGE DISTRICT



President of the Board of Trustees

ATTEST:



Secretary to the Board of Trustees

STATE OF CALIFORNIA)
)
ALAMEDA COUNTY)

I, Wise E. Allen, do hereby certify that the foregoing Resolution No. 11/12-17 was duly adopted by the Board of Trustees of the Peralta Community College District at a meeting thereof held on the 27th day of September, 2011 and that it was so adopted by the following vote:

AYES: Trustees Gulassa, Handy, Hodge, Withrow, and Riley.

NOES: None

ABSENT: None

ABSTENTIONS: Trustees Gonzalez Yuen and Guillen.

By: Wise E. Allen
Secretary