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March 21, 2012

Assembly persons and staff,

Thank you for meeting with us on Friday, March 2, 2012. Brian Cervantes (Laney College Student Body President and Veteran), Thuy Nguyen (Peralta Community College General Council), and I, Janell Hampton (English faculty, Laney College), deeply appreciate the time you took to listen to us and our concerns with the budget shortfall and our hopes for the 3.3 million dollar backfill. I know you will do your best to represent the importance of community college fiscal health and the funding of education.

I also respect and appreciate your insights about what we at the colleges and in our district can do to encourage students to register to vote, to have their voices heard, and think outside the box when it comes to finding solutions for the ever shrinking pool of money our state allocates for public education. So thank you.

Each year Peralta Community College District pays \$1.6 million dollars in service to an interest rate swap with Morgan Stanley. This swap capitalizes on PCCD's obligation during the worst economic crises of our day. Morgan Stanley, however, was given tremendous reprieve by the federal government (on the backs of taxpayers) of their bond interest rate obligation. With this reprieve they have been able to continually post record breaking profits.

We, however, have had to cut classes, sections, critical student services, and many part time faculty have lost their livelihood completely.

Peralta wants to renegotiate this swap. The Anti Swap Coalition has been moving actions and discussions on multiple levels calling for an aggressive renegotiation based on local and national precedents of effective renegotiations of swaps of public institutions (a link to the most striking precedent set- the renegotiation of the San Francisco Asian Art Museum's swap with JP Morgan Chase is included below).

The banks, in 2008 -the precipice of the economic crisis- got bailed out. But because Morgan Stanley didn't share that break with their swap holders, we in public education got sold out. And because of this, we need your help.

Please, support our efforts by simply writing a letter to the Peralta Community College Board of Trustees letting them know you are aware of this issue and support them seeking a renegotiation through passing a resolution or any way they see fit. Also, please consider writing the board of Morgan Stanley and letting them know the same thing.

We are not alone in calling for this aggressive renegotiation. School districts and public institutions across the country are calling for the same thing.

I deeply appreciate your consideration in this matter and look forward to hearing from you about your intentions on our behalf. Please know I am at your service in this endeavor; do not hesitate to contact me with questions or requests. Below and attached please find relevant contact information for both boards, articles regarding precedent of effective renegotiations, materials regarding the details of Peralta's interest rate swap, and a portfolio of Anti Swap Coalition accomplishments in this movement thus far.

Thanks for your time and consideration,

Janell Hampton



Local organizer preps for fall elections, takes on financial giant

Peralta Federation challenges Morgan Stanley to share bailout windfall with district

JANELL HAMPTON RARELY slows down as she goes about connecting faculty, students, staff, unions, and community groups. The political organizer for the 1000-member Peralta Federation of Teachers is pulling together people with a long-term vision for improving public education. She calls her work "the perfect opportunity to impact the world in a way other than teaching."

Hampton carries a .75 FTE load teaching English at two colleges including Laney College in Oakland, one of four campuses in the Peralta Community College District. During the past 14 years, she has worked concurrently for multiple college districts, feeling "rootless" because she didn't belong to any single campus community.

"I became a teacher to make the world a better place, but I wasn't feeling fulfilled until I got involved in the union." Hampton served the Peralta Federation as an elected officer and representative before becoming an organizer under a grant from the CFT program, Political Leaders United to Create Change, or PLUCC. Now she

by the Peralta district.

When interest rates were rising, the district bought into interest rate swaps, switching from adjustable to fixed interest to protect against fluctuating variable rates. But when the banks failed and variable interest rates dropped to nearly zero, the

SEIU, Local 1021, the union representing campus staff. The union leaders requested that Morgan Stanley "drop the swap" and return the district bonds to a variable interest rate.

The union got thousands of students involved, signing petitions that looked like valentines and writing

and labor rights values," Hampton says. The local is working on building a stronger Committee on Political Education, or COPE, to elect local candidates to the Board of Trustees, pass a potential parcel tax, elect CFT-endorsed candidates to the state Legislature and qualify the Millionaires Tax for the November state ballot.

"Working on the Millionaires Tax is of utmost importance," Hampton explains. "It's the only tax initiative that takes money from the 1 percent rather than asking for some regressive sales tax that will require everyone to pay."

The Millionaires Tax would require those making more than \$1 million a year in personal income to pay their fair share in taxes, raising an estimated \$6 billion a year for schools (early childhood, K-12 and higher education), seniors, children's and disabled services, public safety, and rebuilding roads and bridges.

Hampton's boundless organizing energy is rooted in her conviction that union work brings good working conditions and livable wages. She believes this is the path out of today's economic and political crisis.

For years, Hampton heard college administrators "sadly explain how we have less and less money from the district and the state. In every forum or town hall meeting," she says, "one question kept coming up from all invested parties: 'How do we connect?'"

Hampton is one political organizer who is poised to create that connection.

— By Mindy Pines, CFT Reporter



Part-time English instructor Janell Hampton collects petitions seeking financial relief for district.

Peralta district was left to pay a fixed interest rate much higher than if it had kept the variable rate.

about how the interest swap negatively impacts their lives. On February 14, the coalition presented the valentine petitions to Morgan Stanley representatives who were meeting with district officials.

Organizing around the Morgan Stanley issue is part of a larger effort. "We want to get people into office who share our student-centered

"Working on the Millionaires Tax is of utmost importance. It's the only tax initiative that takes money from the 1 percent rather than asking for some regressive sales tax that will require everyone to pay."

—Janell Hampton, Peralta Federation of Teachers

works more than 20 hours a week for the union.

Since November, Hampton has helped build a student, faculty, staff, and union coalition that works to save the district millions of dollars, money that can restore classes and services. The coalition is asking financial giant Morgan Stanley to cancel interest rate swaps on bonds issued

Morgan Stanley got the government bailout, but the public got nothing, Hampton exclaims. "With all its PR about supporting education and at-risk youth, Morgan Stanley should pass on its break, starting right here in the Peralta district."

Peralta President Matthew Goldstein drafted a letter to Morgan Stanley, also signed by the chapter president of

About CFT political organizing grants

POLITICAL LEADERS UNITED TO CREATE CHANGE is a CFT program that has awarded grants to 12 local unions allowing them to hire political organizers. The program is one component of the larger Strategic Campaign Initiative, a CFT plan to build political organizing experience and power in local unions. The initiative also includes coalition building with community groups, regional area councils for CFT local unions to join forces, organizing campaigns to bring new members into the Federation, and training to inspire and activate members. Applications from local unions for the next round of PLUCC grants are due in April.

East Bay Express

NEWS

February 15, 2012

Oakland's Toxic Deal with Wall Street

The city has already paid \$26 million to Goldman Sachs, and local activists say the deal is unfair gift of public funds and should be terminated.

By Darwin BondGraham

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Although last week's \$26 billion settlement between the Obama administration, attorneys general from 49 states, and five large banks over unscrupulous lending practices appears to have been deeply flawed, it may provide a modicum of relief for two million homeowners nationwide, including a half-million Californians. The agreement, however, does nothing for cities like Oakland that are trapped in expensive and toxic financial deals with some of Wall Street's biggest players. Oakland's bad lending deal is with Goldman Sachs, and it's already cost the city \$26 million. By 2021, the total pricetag for local taxpayers could reach \$46 million.

Oakland's debt to Goldman Sachs has angered progressives in part because the Wall Street giant received multibillion-dollar bailouts from the federal government, and yet refuses to renegotiate expensive financial instruments with cities that are costing local taxpayers millions more. During a meeting last June on Oakland's budget, Councilwoman Rebecca Kaplan fired off a letter to Goldman Sachs' CEO: "Many of us stood united as leaders supporting federal action that used taxpayer funds to save your company from economic disaster," Kaplan wrote to Lloyd Blankfein, whose pay topped \$40 million in 2008. "These actions — to use taxpayer dollars in order to salvage private, for-profit corporations — was justified to the public on the grounds that it would enable companies such as yours to then be able to operate in a manner that would be beneficial to the public.

"Unfortunately," she concluded, "that half of the deal has not taken place."

Kaplan's letter followed research by the Service Employees International Union and the Alliance of Californians for Community Empowerment that exposed the unfairness of so-called rate-swap agreements between cities and investment banks across California. Last June SEIU members picketed the California Street offices of Goldman Sachs in San Francisco, demanding renegotiation of the deal's terms. "The \$26 million the city has already paid is half of Oakland's deficit this year," activists said at the time, "but only 1 percent of Goldman Sachs' profits for the first quarter of 2011." But this campaign, as well as a resolution for the Oakland City Council to seek termination of the swap deal, later fell by the wayside.

The toxic rate-swap agreement in question dates to 1997 when Goldman Sachs convinced Oakland officials that it would protect taxpayers against the possibility that interest rates would rise on variable rate bonds that the city planned to issue the next year. Rate swaps — essentially contracts between two parties — allow governments to transform variable-rate debt payments into fixed-rate debt. Oakland's deal with Goldman Sachs converted floating rates on \$187 million of bond debt into a fixed 5.6 percent.

The problem for Oakland, however, was that floating interest rates only briefly exceeded 5.6 percent in the past fifteen years; first between 1998 and 2001, and again at the height of the housing bubble between 2006 and 2008. During the economic recession that followed 9/11, interest rates plummeted below 2 percent, forcing Oakland to make much higher payments to Goldman Sachs than it would have had it never signed the deal. Then, with the collapse of the economy in 2008, the US Federal Reserve reduced its lending rates to virtually zero, with variable rates in markets trailing close behind. Yet

Oakland was still stuck paying more than 5 percent.

If rates stay artificially depressed due to the Federal Reserve's decisions, Oakland will owe Goldman Sachs another \$20 million between now and 2021. That's on top of the \$26 million the city has already paid.

Beyond labor and community groups, mainstream business publications also have pointed out how unfair these swap deals have become for cities since the crash in 2008. The *Wall Street Journal* reported on the subject two years ago, while reporters for Bloomberg News noted last month that US municipalities have paid more than \$20 billion on rate swaps during the past five years.

Locally, pressure is now building again to do something about the Goldman Sachs deal. Leaders of some of Oakland's largest churches are uniting with community organizers, Decolonize Oakland, and Occupy Oakland activists to focus on how "predatory" banks are draining Oakland's budget and causing cuts to vital city services. They plan to bring the issue up with the city council on February 21, and say that many future actions are in the works.

Reverend Daniel Buford, head of the Prophetic Justice Ministry at Allen Temple Baptist Church in East Oakland, said the rate-swap deal with Goldman Sachs is an injustice. "Oakland should end its relationship with Goldman Sachs," said Buford, "and Goldman Sachs should give back the money that's been paid to them by our city."

One challenge this coalition faces, however, is that the legal terms of the agreement will require Oakland to pay a hefty penalty — the "fair market value" of the swap — if the city unilaterally terminates the agreement before its expiration date in 2021. That penalty is around \$16 million, according to Oakland's most recent comprehensive annual financial report. "Goldman Sachs has gotten millions from Oakland each year from this swap. They've also gotten bailed out by taxpayers under the TARP program," Buford said. "The swap should be terminated without penalty to the city."

Members of Occupy the Hood and Decolonize Oakland, groups created to bring greater focus to racial justice issues within the larger Occupy movement, have researched Oakland's swap agreement with Goldman Sachs. They say the city has strong moral and political justifications to demand cancellation without penalty. "It's a second bailout for the big banks," Yvonne Michelle of Decolonize Oakland said of the millions that investment banks are making off cities in the toxic rate-swap deals. "They were first bailed out by the administration when the market crashed. Now we're in limbo with one foot in recovery and one foot in recession mode, and Goldman Sachs continues to prosper from our monies a second time over."

Luz Calvo, a faculty member at Cal State University East Bay and a member of Decolonize Oakland, noted that policies by the Federal Reserve that keep interest rates low also allow Goldman Sachs to reap big profits from rate-swap deals made before interest rates collapsed. "Federal policy keeping interest rates at historically low levels is helping to transfer wealth out of municipalities to Wall Street," Calvo explained. "The interest swap was set up so that if interest rates drop below a certain level, the city pays Goldman Sachs. If it goes above a certain level, Goldman Sachs pays the city." The problem, concluded Calvo, is that "in normal times, the interest rate would fluctuate so that both sides would have good years and bad years. The Fed's policy to hold interest rates at extremely low levels since 2008 is helping the financial sector extract more wealth out of municipalities that are involved in these swaps."

Political leaders in Washington are forcing cities and taxpayers to suffer financially, Buford and other organizers also argued. Meanwhile the federal government is keeping rules in place that benefit corporations. It's an onerous double standard that penalizes cities.

Under the Troubled Asset Relief Program of 2008, Goldman Sachs and other major financial corporations had their "troubled" derivatives (the class of financial products including rate swaps) relieved from them with billions in taxpayer dollars. Goldman Sachs alone got \$10 billion under TARP, plus another \$30 billion in interest-free money from the Federal Reserve under a secretive program called the Single Tranche Open Market Operation.

Able to unload many of its toxic derivatives with this public assistance, the bank reaped large profits during the financial crisis. In 2010, Goldman Sachs paid its top five executives approximately \$70 million in salaries and stock awards, according to the firm's most recent filings with the US Securities and Exchange Commission. Compensation is expected to have risen last year. In the same timeframe Oakland paid \$5 million to Goldman Sachs because of the swap.

Goldman Sachs' deal with Oakland is by no means the only toxic swap that's bleeding Bay Area cities to the benefit of big banks. According to an SEIU study from February 2010, San Francisco must pay \$19 million on swap deals with JP Morgan Chase, Goldman Sachs, and Bank of America, and the City of Richmond must hand over \$6 million to the Royal Bank of Canada.

Other local agencies have been stung by swaps, too. The Peralta Community College District was forced to pay \$1.6 million in 2011 on a swap with Morgan Stanley. "We find it unconscionable that while students, teachers, and staff go begging, Morgan Stanley -- a recipient of \$10 billion in federal bailout money -- continues to collect millions from an impoverished community college district," wrote Peralta Federation of Teachers President Matthew Goldstein in a letter sent to the executive director of Morgan Stanley's San Francisco office. Goldstein's faculty union and students took this message to the Peralta's board of trustees last November. Peralta administrators have reportedly attempted to renegotiate the swap with Morgan Stanley. A spokesperson for Morgan Stanley declined to comment on the status of the swap agreement.

Last month San Francisco leaders successfully brought JP Morgan Chase to the table, convincing the bank to terminate a rate swap agreement that has been draining cash from the foundation that operates the Asian Art Museum. The swap was terminated without penalty.

Examples like this give hope to Oakland's community organizers who are aiming to terminate the city's swap with Goldman Sachs. These activists are also keen on pointing out that this is only the first step for them. "These rate swaps are only the tip of a larger iceberg," said Jack Gerson of the Oakland Education Association. Gerson points to numerous other financial and tax and revenue arrangements that have Oakland paying off ballooning debts to banks and the state government.

Reverend Buford said now is the time for the Occupy movement to gain focus and ally itself with broader community organizations to push for fundamental changes affecting Oakland's budget problems. "We have an opening, morally, socially, and politically, and we've got to seize it. All the banks and corporations are vulnerable now to public pressure." Of the city council and other government bodies, Buford said, "Some leaders have wanted to do something about these financial injustices for a while now, but they lacked the power. We're going to give them the strength and backing to do right."

Supplemental EIR (SEIR).

In addition to the issues raised by SWBA, the SEIR analyzes the impacts of greater heights to 100 feet as well as allowing housing in certain manufacturing zones. In authorizing a study of greater heights, Mayor Tom Bates stated that they didn't really want to build that high but simply wanted to study the idea. However, during the planning process, some developers had claimed that the proposed MUP height of 75' wasn't sufficient for building labs.

And so the SEIR had a dual function, to avoid paying the legal costs of the SWBA lawsuit and to satisfy the demands of some site owners and developers for a greater allowance to attract the Labs. However, in January of this year, the LBNL announced that it had selected Richmond as the site of its second campus, before the SEIR was completed.

That doesn't make the SEIR moot, as the City still hopes to attract Lab spin-offs and other developments in West Berkeley. At stake in the current debate are the potential threats to existing manufacturing interests and residents as well as the environmental impacts on Aquatic Park.

The small manufacturing concerns that currently operate in the area are mostly represented by WEBAIC (West Berkeley Artisans and Industrial Companies) and its staff, Rick Auerbach, who reached a compromise with the Council in July on allowances for R&D and other uses in formerly restricted zones. However, the SEIR creates another challenge for WEBAIC, a new allowance for 1304 housing units, 553 above the 771 that could be built under existing zoning.

Recently retired Planning Director Dan Marks opposed housing in certain zones because

conflicts with neighbors might discourage manufacturing, but his departure and an apparent change of policy have raised another storm of controversy.

Under the previous EIR, 28 out of 33 of "significant and unavoidable impacts" were transportation/traffic. The increased housing allowances mean even more daily vehicle trips, over 20,000 at the max, raising the question whether the West Berkeley Project is in compliance with the Climate Action Plan, which seeks to limit greenhouse gas (GHG) emissions. Since the EIR was written and certified, the Bay Area Air Quality Management District (BAAQMD) has adopted new CEQA guidelines to assess the GHGs, and the SEIR claims to apply them.

Others impacts concern the environmental community including the Sierra Club, the

Audubon Society, and CESP (Citizens for Eastshore Parks) which have each taken positions to limit development on parcels on Aquatic Park for fear of disturbance to the birds, over 33 species listed in the SEIR and more in prior studies, and their habitat. Public views of the hills from Aquatic Park would also be obscured.

The SEIR also studied shadows that fall on nearby residences and portions of Aquatic Park, noise, odors and other environmental impacts.

The public comment period is open to March 30th. Stay tuned.

Toni Mester is a resident of West Berkeley.

Berkeley Mayor's Office Chief of Staff Still Has Her Old Job

*By Zelda Bronstein
Tue Mar 06 08:50:00 -0800 2012*

Last night I attended Berkeleyside's latest Start-up Forum at the Freight and Salvage. The event yielded one piece of news: panelist Judith Iglehart, Mayor Bates' new chief of staff, who's being paid \$90,000 (plus benefits) in that position, revealed that she's still working at her old job; she's still Vice President for International Chapter Development and Operations at Keiretsu Forum. The Keiretsu website describes the organization as "the world's' largest angel investor network with...twenty-one chapters on three continents."

Reminding us that "we're living in a global economy," Iglehart reeled off the cities around the world that she's visited for Keiretsu—Barcelona, Istanbul, and then I lost track—and ended by noting that she was about to return to Istanbul. She responded to several questions by stating that she didn't know the answer, observing that she'd been in the mayor's office for only two months. I wondered how much of that time she'd spent jetting off to exotic destinations for Keiretsu. I also wondered why it hasn't occurred to her or her new boss that paying a public employee \$90,000 to do a full-time job part-time is problematic.

What was clear is that Iglehart needs to catch up on her City (and city) of Berkeley homework: she informed the crowd that the mayor and council had changed the zoning for Downtown (not yet, they haven't), and that Hayward was the newest member of the East Bay Green Corridor Partnership (never joined). And in a how-un-Berkeley-can-you-be moment, Iglehart, a Piedmont resident,

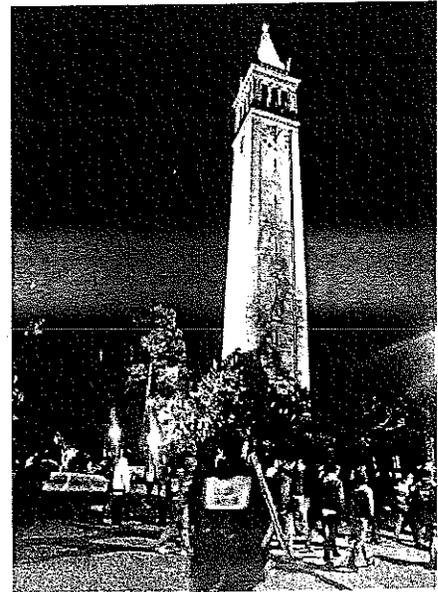
Berkeley Planet 3/2/12

mused that locating angel investors is like figuring out "where to find former members of the Communist Party; you know they're around, but you don't know how to find them." Someone should tell her that, gentrification and all, in this town, you do.

[Editor's Note: Iglehart told the Planet this morning that she "has a share" in Keiretsu International which might eventually lead to profit, but that she's now only compensated for doing specific assignments for the organization. She said the Istanbul trip was planned before she started the city job.]

Berkeley's Students Stung by Tough Times, and They Want You to Know

*By Ted Friedman
Fri Mar 02 13:16:00 -0800 2012*



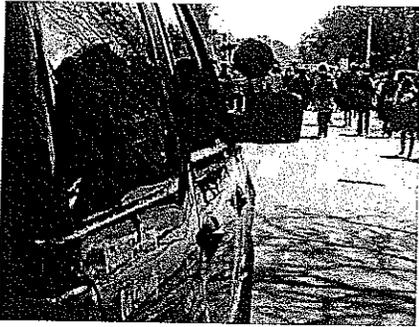
Ted Friedman

Occupy Cal and Occupy Oakland in their first team-up ten days ago. the smoke at the base of the campanile is all smoke, no fire.



Ted Friedman

Thursday's Occupy march crosses Dwight on Telegraph. Who are those masked ones? Ask Oakland police.



Ted Friedman

"Protecting...Our Community" lower left. Berkeley Police van monitoring marchers, who stopped traffic, as they head out of town.



Ted Friedman

Thursday Occupy march. Cal Student, right, is a "Cal kid," raised, she says at Cal, where her mom was employed. Now she's a grad student in Native American Studies. Van driver is a homeless Cal student.



Ted Friedman

Cal English professor, Kristine Hanson, restoring lustre to our golden state at Ogawa plaza, Oakland, Thursday



Ted Friedman

Hogie-man waves to passing protesters, reflected in window, downtown Oakland,

Thursday.



Ted Friedman

Peace man! occupy Oakland protestors trying to deliver 3000 petitions to Morgan Stanley, who they accuse of gouging the Peralta school district \$1.65 million yearly. Morgan Stanley would not receive the petitions. OO vowed to return.

If cuts could sting, there was lots of pain in Berkeley, Thursday, as Occupy Oakland teamed up with Occupy Cal for a march from Cal to downtown Oakland to protest cuts in services, classes, and increased tuition. Our students want you to know.

Perhaps the teaming is more than a passing fancy (this is at least the second such team effort), as two of the major U.S. occupiers see advantages in pairing.

Student protests calling for reduced tuition and taxes on millionaires were staged Thursday in seven U.S. cities, and students will stage walkouts in Boston and Philadelphia this week, organized by Occupy Education, a coalition of 80 occupy, labor, and community groups, to launch a week of action around the nation.

Maybe there's something about coeds that tames the beast in the wild men of Oakland. On the last two marches starring the new team, I've met nothing but ingratiating young people. As Osha Neumann wrote in the Planet recently, these are our youth, our political legacies, and we can be proud.

I had the same feeling. But both of the OO/OC marches I've been on were peaceful.

As one protestor commented, "we're always peaceful, when we're not being beaten by Oakland Police."

Demonstrators insist the police provoke the fights, while even initial supporters of OO, have turned away from the violence, and the movement itself.

As I learned Feb. 19 on the first OO/OC pairing, Oakland police tactics are taking their toll on the movement. As many as 400 have been permanently banned from Frank Ogawa Plaza, and hundreds of others have appeared in mug-shot binders police use to identify "troublemakers."

One protestor told me he wears a mask all day, and was also in disguise.

After the Feb.19 march at Cal, protestors had to walk back with fellow protestors to Oakland in a group, fearing OPD might find them alone.

By the time we had reached Alcatraz and Telegraph, losing our Berkeley Police escorts at the Oakland/Berkeley border, there was a festive air in the air.

The festive mood dimmed briefly when an irate motorist stepped out of his car and allegedly, "just poked a marcher in the mouth," after words were reportedly exchanged. According to on-lookers, the poker's car license number was 6H21 814.

As the march slowed traffic to a crawl, some motorists honked and waved their approval, while others nursed cases of road rage.

A pro-Allende socialist rallying song was broadcast from a van, and marchers chanted "when they say fees go up, we say fight that," and "we are the students, the mighty students, fighting for justice." What a concept! And there were 150 of the mighty

The idea of mighty students seemed not too far from the mark, since students have always been America's future.

Don't tell these protestors they're running out of steam. "We shut down four banks for several hours this week," one boasted.

But things are not going well for our students. They are facing joblessness, massive student debt, loss of the American dream, and worst of all loss of faith in the system they had hoped to join.

Students were joined by four university unions, a handful of faculty and graduate students, and a dozen elders.

The march moved swiftly, arriving at Ogawa Plaza two hours after leaving Cal, where speakers addressed such issues as abortion (threatened by Republicans), minority under-enrollment at Cal, and government disregard for illiteracy while planning to imprison illiterate felons.

Still, the theme for the day was lowering college fees by taxing millionaires.

One speaker recommended making friends on the march, and I can second that. These were people worth knowing.

Soon the march split into two components; marchers headed for Sacramento in four 20 miles a day segments, arriving in Sacramento Sunday. Night one: Richmond; night two, Vallejo; night three, Vacaville; and final night U.C. Davis, then on to Sacramento.

Some of the 75 marchers wondered what

they were getting into, but I assured them 20 miles was no big deal, while admitting I would be missing that march.

I had to cover the OO action at Morgan Stanley, nearby. This Occupy 50 member contingent was to submit 3,000 petitions to Morgan Stanley, seeking debt relief from a bond deal, which was bankrupting (1.65 million yearly) the Peralta Community College District, which includes Merritt and Laney colleges.

According to leaders of this action, Morgan Stanley was soaking the financially beleaguered Peralta school district, and killing our economy, which relies on education. One Laney instructor said four of his students were in shelters, because the student financial aid office was so decimated by budget cuts they could not deliver student's financial aid checks.

But the petitions went undelivered, when phone calls to Morgan Stanley were not answered. Grim-faced, the leaders huddled together for a quick strategy session. "they won't respond now, but we'll be back, and they will respond to us then."

The leader seemed confident Morgan Stanley would eventually receive the petitions, many of them detailing personal student hardships Morgan Stanley has allegedly spawned. According to the petitions, MS "could restore at least 320 classes and vital student services."

Caught up in the moment, I told the leader that "I once applied to teach at Laney, and would like to think I would have been on the protest lines with them"

"But you have joined us," the leader said. He shook my hand.

I'm such a sap. That hand shake meant a lot to me.

Meanwhile, back in Berkeley, Berkeley High Students teamed up with Occupy Cal with their own occupy event, on the steps of city hall, reportedly 200 students strong, protesting high school budget cuts.

After covering the Oakland action to the end, I was back in time to talk to Berkeley High's principal about his students' protest, which he estimated at "several hundred."

If this is the start of a national trend among highschoolers, Berkeley is cutting edge.

"You must be proud," I said.

"I'm very proud of our students" the principal enthused.,

He explained that the high school protest was developed in conjunction with three different Berkeley High courses. Occupy Cal had advised the students. One OC student at-

tended the high school protest, according to the principal, on a day when Occupy ruled.

Sometimes good things happen when our Off-beat reporter goes off his South side beat.

Six Men Shot in Two West Berkeley Incidents over the Weekend

*From Sergeant Mary C. Kusmiss, BPD Public Information Officer
Mon Mar 05 15:53:00 -0800 2012*

The Berkeley Police Department on Monday provided information on two shooting incidents over the weekend in West Berkeley with a total of six injuries:

The City of Berkeley Police Department (BPD) received multiple calls reporting possible gunshots in the 2200 block of Bonar Street on Friday, March 2, 2012 at approximately 6:21 p.m. BPD officers responded, located the victims, requested City of Berkeley Fire Department (BFD) personnel to respond and secured the crime scene. Based on the initial investigation, it appears that a group of at least five people were standing in front of an apartment building when a vehicle driving on Bonar Street stopped in the roadway.

Occupants of this vehicle fired multiple rounds at the group before fleeing the area. BPD located three (3) victims of gunshot wounds in the area. Each of the injured were treated on the scene by BFD then transported to Highland Hospital for further care. None of the injuries to the victims are life threatening. One was kept overnight for observation. All three men have now been treated and released. Officers did checks of the area and surrounding neighborhoods but did not locate any suspect(s) or suspect vehicle.

About 12:51 a.m., on Sunday, March 4, 2012, the City of Berkeley Police Department (BPD) received multiple reports from community members regarding gunshots heard in the area of 7th and Addison Streets. BPD patrol officers responded and found the victims at Sixth (6th) and Bancroft Way as they were trying to leave the area. City of Berkeley Fire Department (BFD) responded to medically assess the victims.

A group of approximately five people were hanging out in front of a house in the 2100 block of 7th Street. Two suspects on foot approached the group on 7th Street. The suspect(s) fired at the group. The suspects fled on foot, possibly to a waiting vehicle that fled the area. After being fired at, the group of five were located by responding officers a couple blocks south of the shooting scene. Three of the male victims sustained gunshot wounds, none of which were deemed life threatening. All of the victims were treated and released from the hospital.

BPD Patrol officers immediately began investigating and conducting area checks for the suspect(s) but were not able to locate any.

In the interest of not compromising the active and ongoing investigation, this is the total substance of what we are sharing today. The names of the victims of any violent crimes are protected by confidentiality.

We do not know if the two shootings are related. The BPD detectives will certainly explore that possibility.

Earthquake This Morning Felt in Berkeley Was 4.0

Mon Mar 05 05:46:00 -0800 2012

Yes, that was an earthquake. A 4.0 earthquake in the Richmond-El Cerrito Hills struck about 5:30 this morning.

Magnitude 4.0 Quake This Morning Followed by Second Smaller Quake

By Bay City News

Mon Mar 05 10:54:00 -0800 2012

A 4.0 magnitude earthquake centered in the East Bay shook the Bay Area early this morning, followed by a second magnitude 2.0 quake about 30 minutes later, according to the U.S. Geological Survey.

The first quake was reported at 5:33 a.m. one mile southeast of East Richmond Heights with a depth of about 5.5 miles.

A second quake was reported at 6:03 a.m. in around the same location.

BART stopped trains due to the first tremor, and held trains at stations for 5 to 10 minutes to check the tracks for damage. Trains continue to have short delays this

Protesters rally against education cuts in Oakland

By Angela Woodall and Kristin J. Bender Oakland Tribune San Jose Mercury News

Posted:

MercuryNews.com

Around the Bay Area on Thursday, hundreds of students, teachers, parents and supporters held rallies and marches to protest budget cuts and mounting tuition costs, as well as police brutality during past Occupy and campus demonstrations.

Occupy Education, the Peralta Federation of Teachers, student groups and community organizations are protesting layoffs, union busting and a lack of democratic decision-making in schools and universities through student walkouts, marches, grade-ins and demonstrations.

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Staff writers Katy Murphy, Doug Oakley and the Santa Cruz Sentinel contributed to this report.

Peralta college district braces for more cuts

By Jon Leckie - Tower Staff Writer

Published: Thursday, February 16, 2012

Updated: Saturday, February 18, 2012 04:02

Peralta District Chancellor Wise Allen announced Tuesday, Feb. 14, that the district should prepare itself for a possible 15 percent reduction in discretionary funding for the coming year.

The chancellor said that the bulk of the \$11.7 million in cuts will be in reductions at the district office but asked all four Peralta campuses to come up with plans to prioritize cuts with funds reductions ranging from 5 percent to 15 percent.

Allen assured the board that a 15 percent reduction is in all likelihood a "worse case scenario" but considering the already bleak financial state of the district and the uncertainty of the economic future the nearly \$12 million in cuts is a real possibility.

Trustee Nicky Gonzalez-Yuen questioned whether the district could absorb these cuts without devastating results. He was particularly concerned with program integrity, fearing the cutting of more classes from the district's already emaciated course offerings.

Trustee Cy Gulassa called the parade of cuts that continue to wear on the district "a death spiral" and encouraged the board to focus its energy on the parcel tax set to appear on the June ballot.

The chancellor responded to these concerns, stating, "This is not easy, it is very painful," while reiterating Trustee Gullassa's focus on the parcel tax.

The board, however, is hopeful that other forms of funding will soon become available, including a



Tucker Phelps/Laney Tower

Students carrying "broken heart valentines" urge the Peralta Board of Trustees to end a contract with Morgan Stanley



Tucker Phelps/Laney Tower

Laney student and protest organizer Nate Heller speaks to the Peralta Board of Trustees Tuesday

tax proposal by Governor Jerry Brown. The board also voted unanimously to support the "Millionaire's Tax to Restore Funding for Education and Services Act of 2012."

The proposed "millionaire's tax" would raise nearly \$7 billion a year in revenue for the state by levying a tax only on those whose income is greater than \$1 million annually.

Another source of the district's monetary meltdown has been its involvement in credit default swaps with financial giant Morgan Stanley. The district traded a variable interest rate for a fixed rate on bonds to avoid the possibility of skyrocketing interest rates.

However, after the housing crisis and ensuing stock market crash in 2008, interest rates dropped to nearly zero, leaving the district paying a much higher interest rate than it otherwise would have. Because of this the district is now losing \$1.6 million per year in interest payments to Morgan Stanley.

The Anti-Swap Coalition, made up of Peralta students, faculty, and staff who earlier in the day organized a protest at the Oakland offices of Morgan Stanley, rallied at the board meeting to encourage the board "to be advocates of higher education" and to "drop that swap."

The coalition delivered "broken heart valentines" to the board and brought with them thousands of signed petitions and personal stories about how the rate swap has affected their lives and pursuit of higher education. Trustee Gulassa assured the protesters that the board is already meeting with representatives from Morgan Stanley.

The protest group, in conjunction with state teacher's unions and Occupy Education is organizing a larger statewide protest scheduled for March 1st, with a larger demonstration in Sacramento March 5th.

This "March in March" is part of a nationwide effort to end cuts to education and return the nations education system its previous position as best in the world. Students who are interested in attending the Sacramento protest March 5th can sign up in the ASLC offices (Student Center, 3rd floor, room 327).

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Jane Perry

Jane P. Perry is a San Francisco Bay Area educator, writer and activist.

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From Wall Street To American Schools: Occupy Education Connects The Dots

Posted: 03/ 5/2012 10:22 am

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The first week of March, 2012, marks the beginning of OccupyEducation. March 1 actions took place across the country, from Philadelphia, to Boulder, Houston, New York City, to Brooklyn, where high school students staged a die-in, to the University of Southern Florida and SDS-Tampa Bay, and to Washington DC, there were teach-ins on school budget cuts and tuition hikes.

California organized local marches and actions as well, and will reconvene for an Occupy the Capital in Sacramento today, March 5.

On the national day of action March 1, 2012, I biked from Berkeley to downtown Oakland for a rally. Two blocks from LeConte Elementary School in Berkeley I saw what first appeared to be a field trip. Kids proceeding in single file led by an adult gesturing dynamically (always a good strategy when venturing en masse out past the school gates, speaking as a teacher of young children myself). I could not quite hear what they were chanting but what caught my eye was that the kids kept on coming. Rounding the corner, they came, getting taller and taller, periodically interspersed with an adult. Finally I heard what they were chanting because I had come closer and they didn't stop.

"We are the 99%!" A continuous rhythm. More kids kept emerging from around the corner, hundreds of them, chanting: "We are the 99%," over and over.

It is tricky to include young kids in organized political actions. For one, they don't necessarily have the nuanced big picture about what is going on. And they expect immediate results. I saw this in 2003 during the heaviest protests against the Iraq War. A meaningful family weekend of protest with 70,000 others left some children in my classroom despondent when our then President Bush did not hear. It left lots of adults despondent too, but the kids' despair felt especially bleak to me.

I thought about this as I watched the children marching the same blocks they probably march for their Halloween costume parade. I decided that education has become so bleak anyway that kids probably should be aware that school could not only have enough Kleenex, but also be a place where they learn by exploring, playing, experimenting, and wondering instead of being tied solely to test scores that measure a fraction of a child's learning experience.

This is why OccupyEducation has erupted. The racial and economic disparity in quality of educational experience is daunting and the remedies are in the hands of foundations run by the wealthy elite who have limited experience and understanding of public education but think they know exactly what public schools need.

I continued on my bike. Students, instructors and staff from nearby Laney College and students from UC Berkeley's CalOccupy marched to Oakland's City Hall plaza and were met by San Francisco State students. Arriving to a crowd of about 500, I saw lots of signs:

"Our Dreams Can't Wait." "We are Oakland / Invest in Us." "Occupy the Right to be Educated." "Education is a Right, Not a Privilege." "Do the Right Thing / Save Our Schools."

About 75 demonstrators lined up in front of us for The 99 Mile March for Education and Social Justice to our state capital, Sacramento, northeast of Oakland. The 99 Milers lead us out of the plaza and north on San Pablo Avenue. At an intersection several blocks away, we bade farewell to the 99 Milers, who continued up San Pablo Avenue while the one hundred remaining turned back downtown to Morgan Stanley.

Before the 2008 economic meltdown, Morgan Stanley offered Peralta Community College District an interest rate swap. At the time, this appeared to be helpful though risky, as the District could trade an adjustable rate for a more reasonable and budgetable fixed rate. After our economy tanked, interest rates dropped dramatically. Despite bailout funds to Morgan Stanley, Peralta Community College District is left holding the much higher contracted interest rate with Morgan Stanley, amounting to between \$1.4 and \$1.6 million dollars annually. Morgan Stanley has so far refused to negotiate an adjustment. With state budget cuts to education, the money Peralta has to pay to Morgan Stanley for the higher interest is money they have had to cut for classes, instructors, and support services for the disabled. OccupyEducation says a renegotiation would restore 360 classes.

Passing a Wells Fargo bank, the chanting became loud and unified: "Banks got bailed out. We got sold out." In front of me someone pushed a Laney College student in a wheelchair. On his lap was what looked like a ten inch stack of manila folders filled with petitions, tied with a wide red ribbon. Organizers said these are just some of the 3000 signatures collected from Peralta Community College District students asking Morgan Stanley to do right by their image as an education supporter for the underprivileged and renegotiate an adjustment of interest for the District.

Morgan Stanley closed early for the day in anticipation of this action. The doors were locked. People held the signs up to the windows. Someone with a bullhorn reassured those inside that "all we want is a rep. We are a peaceful group." Three security guards stared back, then approached the windows to one side of the doors holding up palm-sized video cameras positioned to film faces, not signs. Two protesters blocked the lens sight with a large banner and stood behind it to avoid identification. The crowd behind them laughed, which made the two protesters laugh. We heard a report that someone had called the San Francisco Regional offices of Morgan Stanley to explain the intention to deliver petitions. They were hung up on. Vowing to return, the protesters headed over to the downtown Office of the President of the University of California.

The March 1 action showed Occupy as a training ground in community activism and empowerment. Audio from this event has organizers speaking politely to fellow protesters, thinking on their feet about the victory gained in exposing the position of banks in the education of working class students, and the imperative now for everyone to be teachers in this story.

That day of action and the 99 mile trek to the capital culminates today, when buses and carpools left from UC Santa Cruz, UC Davis, City College of San Francisco, Fresno State University, UC Berkeley (Berkeley's Chancellor Birgeneau himself offered buses), UC Riverside, and Modesto Junior College for a mass march of students, parents, teachers and workers and student-sponsored rally. There are plans to march on Wall Street lobbyists from the capitol building. The Capitol may also see an occupy general assembly, according to plans.

Jane P. Perry is an educator, writer and activist in Oakland and Berkeley, California. She blogs at RedRoom.com. If you would like to

contribute as a citizen journalist to the Huffington Post's coverage of American political life, please contact us at www.offthebus.com.

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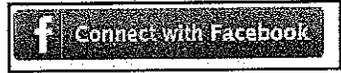
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Protesters rally against education cuts in Oakland

By Angela Woodall and Kristin J. Bender Oakland Tribune Contra Costa Times
Posted:

InsideBayArea.com

Around the Bay Area on Thursday, hundreds of students, teachers, parents and supporters held rallies and marches to protest budget cuts and mounting tuition costs, as well as police brutality during past Occupy and campus demonstrations.

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The losing bets

By *caitlin*

Created 02/28/2012 - 6:16pm

How interest rate swap deals are causing local government agencies to pay millions of dollars to the biggest banks



Activists demonstrate outside Bank of America in San Francisco on Feb. 21.

PHOTO BY LUKE THOMAS/FOG CITY JOURNAL

By *Darwin BondGraham*news@sfbg.com [1]

Wall Street's massive taxpayer funded bailout, initiated by the Bush administration and carried forward under President Obama, never really ended — it just shifted from federal to local sources of funding. Even while local and state governments have been forced to cut back on crucial services, wealthy banks and investment firms are being padded with enormous cash flows sucked directly from the already strained budgets of cities, counties, and public agencies.

That's the message a growing chorus of activists in the Bay Area are bringing before the boards, councils, and commissions that entered into complex financial deals with Wall Street banks, deals that turned toxic in the crash of 2008. Activists want elected officials and the banks to cancel the contracts and refund the public.

The Bay Area is the epicenter of this renewed movement for financial justice. Last week, teachers from Peralta College, organizers with the Alliance of Californians for Community Empowerment (ACCE), Oakland religious leaders, and Occupy Oakland activists organized four protests contesting what they say is bank predation on local communities.

At issue are arcane financial instruments called interest rate swaps. Sold by banks to virtually every sizable government and local agency in the US through the 2000s, rate swaps promised governments the ability to "swap" their potentially costly variable rate payments on bonds into a synthetic fixed rate. Seeking to protect local taxpayers during the volatile 2000s, when floating interest rates were rising, local leaders eagerly signed on.

But the economic meltdown turned those tools into golden handcuffs for local government agencies. Taxpayers are now forced to regularly pay millions to the banks simply because variable interest rates, at the urging of the Federal Reserve, have fallen far below the synthetic rates. These deals might seem numbingly complex, but the effects on local communities are clear and painful.

"The Metropolitan Transportation Commission is paying upwards of \$53 million a year on rate swaps," said Alia Phelps of ACCE at a protest on Feb. 21 outside of the former Bank of America building at 555 California Street. "This is money that isn't going to keep routes in service, that isn't paying drivers, nor going to repair buses, or to keep fares lower. We need these swaps renegotiated."

That protest included visits to half a dozen banks. Activists demanded branch managers fax a letter to their corporate headquarters calling on the banks to voluntarily renegotiate swaps signed with the Metropolitan Transportation Commission (MTC), the Bay Area's regional transportation authority, which has lost over \$100 million on toxic swap deals.

In 2002 the Bay Area Toll Authority (BATA), a state-level agency operated by the MTC, issued more than \$1 billion in bonds to pay for repairs and seismic upgrades of regional toll bridges. Three financial giants stepped forward promising to lower MTC's long-term borrowing costs on these bonds by using interest rate swaps. Ambac, Solomon Smith Barney and Morgan Stanley signed deals with the MTC to cover \$300 million in debt.

"With this transaction, we are getting the peace of mind of a fixed debt payment at a significant discount from traditional price levels," MTC's Chief Financial Officer Brian Mayhew said at the time of the deal.

Basically the swap agreement had the MTC paying a fixed interest rate of 4.1 percent to the banks, while the banks paid 65 percent of the London Interbank Offered Rate (LIBOR), a key benchmark used in global financial markets. Whichever party's sum happened to be higher when payments came due would pay the difference. The advantage of the deal, in the eyes of the MTC's managers, was that it would lock-in a low interest rate on MTC's debt, potentially saving as much as \$45 million.

"We think it's a good time to lock in these low rates," Mayhew said in 2002.

Fast forward to 2009. A year into the financial crisis, interest rates collapsed. LIBOR, which had been fluctuating around 5 percent and reached a peak of 5.8 percent in September of 2007, plummeted to virtually zero. The flow of payments became entirely one-sided, from MTC to banks that offered this deal. The advantage of the swap evaporated, and it became

a toxic asset. While the Federal Treasury would offload similar toxic assets from the "too big to fail banks" using the TARP program, local governments were stuck with them.

As Ambac careened toward bankruptcy in 2010 due to its absurdly over-leveraged portfolio of credit default swaps, the MTC was forced to terminate its swap agreement with the company, paying the exorbitant sum of \$104 million, after already having paid out \$23 million in interest. All of this was essentially bridge toll money, surrendered by drivers crossing the seven state-owned bridges administered by BATA: the Bay, Antioch, Benicia-Martinez, Carquinez, Dumbarton, Richmond-San Rafael, and San Mateo bridges.

The drain on MTC funds indirectly affects all of its programs, including operational support for AC Transit, Muni, and other regional bus and train services. According to its most recent Comprehensive Annual Financial Report, MTC and its transit agency partners are on the hook for another \$235 million in interest rate payments due on swaps with a rogue's gallery of banks including Wells Fargo, Morgan Stanley, Citigroup, Bank of America, JP Morgan, Bank of New York, and Goldman Sachs. All of this money will be diverted from the MTC's various transit infrastructure, planning, and operations accounts.

"The big picture is service cuts, pay cuts, work speed ups, fare hikes, route eliminations, and other things that harm working people who ride transit," said retired Muni worker Ellen Murray.

The MTC's quarter-billion dollar rate swap nightmare is only the most obvious part of a more systemic problem. Until at least 2030, given current conditions, San Francisco's Airport Commission must make costly rate swap payments to numerous banks, including JP Morgan Chase, Goldman Sachs, Depfa, Bank of America, and Merrill Lynch, on agreements associated with more than a half-billion in debt. Much of this is linked to commercial paper issued to pay for infrastructure at the Airport (SFO).

Unlike the MTC, SFO's financial managers were more prudent in entering swap agreements, and therefore secured better terms that have produced a net savings. "The Airport has saved about \$92 million to date," Assistant Deputy Airport Director Kevin Kone told us, referring mostly to gains made between 2005 and late 2007.

But since 2008, SFO's swaps have been losing money. When Lehman Brothers collapsed, and Bear Stearns imploded and was absorbed into JP Morgan, SFO was forced to terminate swaps with both companies, costing \$6.7 million. Last year SFO paid \$6.65 million to terminate a rate swap agreement with Ireland's Depfa Bank. In September, the Airport paid another \$4.6 million to end yet another rate swap with JP Morgan. These specific swap agreements, Kone says, "were functioning as they should have early on, providing savings," but now they're draining public funds.

SFO's seven remaining swaps have a negative value of \$67 million, according to San Francisco's 2011 Comprehensive Annual Financial Report. As with the MTC, SFO's debts will ultimately be paid by passengers and taxpayers. Kone says nobody really knows how much these swaps could ultimately impact the airport, either in terms of cost or savings.

"If interest rates rise, they could have a positive cost savings impact on the airport," he said.

Joe Keffer of the Service Employees International Union (SEIU) Local 1021 said at the Feb. 21 rally that Oakland has already paid Goldman Sachs \$26 million on a swap that dates

back to 1997, and that under current market conditions, the city will have to pay roughly another \$25 million until the contract expires in 2021.

Oakland's toxic deal with Goldman Sachs is now the subject of much scrutiny. The newly formed Coalition for Economic and Social Justice —made up of churches, labor unions, neighborhood groups, and Occupy Oakland activists— took up the issue with the City Council on Feb. 21, packing the chamber with one of the more diverse activist coalitions in recent memory.

"We're here to implore you to get the City of Oakland out of this toxic relationship," Rev. Daniel Buford of the Allen Temple Baptist Church told the council.

Members of the Oakland City Council are sympathetic to this message. In a letter sent last June, Council member Rebecca Kaplan implored Goldman Sachs CEO Lloyd Blankfein to spare Oakland's taxpayers: "By bringing the contract to conclusion with no penalty fees, and negotiating a reasonable exit strategy, you would be demonstrating good faith to public taxpayers in the most substantial way." At the conclusion of public comment Tuesday night, Oakland Council member Libby Schaaf promised the public action on the swap.

In a Valentine's Day protest the previous week, 50 activists visited the Oakland offices of Morgan Stanley. Faculty and students from the Peralta Community College system went there demanding the bank renegotiate a rate swap that is estimated to have cost the college \$1.6 million last year. The same day the college's board of trustees discussed the need to cut \$12 million more from the budget in 2012. Morgan Stanley CEO James Goreman's pay for 2011 was \$14 million, opponents of the swap point out.

Peralta student and Bay Area transit activist Adam Ross attempted to reach the 9th floor offices of Morgan Stanley in a small delegation to deliver a letter demanding the bank renegotiate the swap: "There were signs on the door saying the office was closed. They probably got tipped off and locked the doors."

Afterward, Caesar Swaby of Riders for Transit Justice addressed the rally, connecting dots for the different constituencies present: "Morgan Stanley is taking money from Peralta College, causing classes to be cut. Morgan Stanley is also taking money from transit riders. Morgan Stanley has a \$3 million rate swap with the MTC, causing cuts to bus and train services."

A Morgan Stanley representative declined to comment for this report. Goldman Sachs did not return calls and emails. A spokesperson for the MTC was unable to be reached by deadline.

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