Peralta Community College District
August 28, 2015

OPEB Program Update
What’s New in the Budget?

<table>
<thead>
<tr>
<th>Revenue Assumptions</th>
<th>2015-16 Tentative Budget</th>
<th>2015-16 Final Budget</th>
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</thead>
<tbody>
<tr>
<td>Deferred Maintenance/ Instructional Equipment</td>
<td>$2.3 million</td>
<td>$2.5 million</td>
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<td>allocation from State</td>
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2005 Approach to Addressing Retiree Benefits

- Original plan to level out the cost of Retiree Health over a 45 year period, as a percentage of the general fund

- 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 would fund its Retiree Health Care costs, assuming an annual return of 6%
Bond Issuance 2005

- In 2005, the District’s OPEB Liability was estimated at $133.8 million.

- In December 2005, the District issued $153,749,832 of taxable bonds.
  - Interest rates ranged from 4.71% to 5.516%.
Bond Issuance 2006 to 2011

- In October 2006, the District restructured $8,800,000 of the 2005 bonds
  - Interest rate of 6.25%
- In February 2009, the District refunded $48,725,000 of the 2005 bonds and converted to fixed rate bonds
  - Interest rate of 4.415% to 6.423%
- In October 2011, the District refunded $53,505,000 of the 2009 bonds
  - Interest rates of 3.47% to 7.30% to 2031
- These restructures effectively deferred debt service on the bonds into the future providing relief to the district’s general fund
- In 2011, the District’s OPEB Liability was estimated at $214 million
Bond Issuance 2015

- August 5, 2015, the District converted $38,450,000 auction rate securities— that were due to mature— from 2005 to fixed rate securities.

- On August 20, 2015, the District remarked $38,450,000 fixed rate securities to variable rate bonds.
  - Letter of Credit from Barclays Bank
    - Credit facility: rated Aa2/VMIG1 and A-/A-2
    - Liquidity facility: direct pay/ cash flow
  - Initial weekly interest rate 0.22%

- In 2015, the District’s OPEB Liability is estimated at $152.4 million.
A Win for Peralta

- District avoided a potential 17% interest rate on bonds
- District has reduced potential debt service on these bonds thereby mitigating the impact on the General Fund
- District retains the option to redeem these bonds at any time
- Bonds will be paid off in 2020
- Four month team effort
  - District, KNN, Orrick, Barclays
Next Steps

- Develop a Plan to Address ACCJC Accreditation Recommendation #1 (District)
- Develop a Plan to Address OPEB Liability
- Develop a Long Term Plan to fund OPEB Program Debt Service
- Communicate & Share