

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

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.