

**Peralta Community College District  
Retirement Board Meeting Minutes  
June 21, 2021**

Present Board Members: William (Bill) Withrow (Chair), Meredith Brown, William (Bill) Riley, Adil Ahmed, Ronald McKinley  
 Absent Board Members: 0  
 Vacancy:

Present Advisory Members: Michael Wirth, Jerry Herman, Tim Hackett, Michael Mills,  
 Absent Advisory Members: 0  
 Present Board Advisors: Christine Williams; Tiffany Santos LLP;

Agenda Item	Discussion	Follow-up Action
<b>I. Call to order</b>	Meeting called to order at 2:00 p.m. by Chair Withrow.	
<b>II. – VI.</b>	Board Members, Advisory Members, Advisors present and absent – listed above.	
<b>VII. Approval of Agenda</b>	Motion to approve the June 21, 2021, meeting agenda. <b>Approved.</b>  AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0	
<b>VIII. Approval of Meeting Minutes</b>	Motion to approve the April 29, 2021, meeting minutes. <b>Approved.</b>  AYES: 5	

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	<p>NOES: 0 ABSTAIN: 0 ABSENT: 0</p>	
<p><b>IX. Report from Closed Session</b></p>	<p><b>Chair Withrow</b> Chair Withrow asked Ms. Williams the Retirement Board Independent Contractor for a roll call of the Retirement Board members. All five voting members were present. Ms. Williams confirmed a quorum.</p> <p><b>Ms. Williams</b> reported the items discussed from the Closed Session. She started by reporting on the meeting with the District’s Attorney regarding the OPEB Bond payment and the 2005 Indenture of the Trust. Ms. Williams shared that the discussion included the Retirement Board’s legal counsel, Tiffany Santos, Trucker Huss. The meeting was prompted by a letter delivered to the Interim Chancellor regarding the upcoming bond debt service payment. The letter urged the District to immediately implement an alternate process for making the bond payments that no longer required withdrawals from the Trust I. The letter was drafted by legal counsel, Trucker Huss and hand delivered by Ms. Williams to the Chancellor’s Chief of Staff.</p> <p><b>Chair Withrow</b> expressed his concerns regarding a market draw back and stated that a downturn in the market could cause a significant drop in fund balance. He also expressed his concerns for taking monies from Trust I due to the rising cost of healthcare expense that could reach as much as 15% based on industry advisors that he had previously met with. Chair Withrow mentioned the 2013 Reform ACT and stated that the Institution should continue contributions until the fund balance reached a funding level of 120%. His request was concerning: (1) Determination of financial impact of amounts transferred from Trust 1 to make principal payments on the OPEB Bonds. (2). The long-term effect on use of Trust 1 assets for payment of retiree health care costs, and (3) Financial impact and long-term effect on Trust 1 of District’s repayment, or in the alternative, failure to repay amounts transferred from Trust 1 to make principal payments on the OPEB Bonds.</p>	

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**Board Member Brown** had asked for short and long-range reports that would reveal a side-by-side study and timeframe of the Trust's sustainability to cover Healthcare cost with the current rate of withdrawals for OPEB debt service payments. She had also requested that the Retirement Board have adequate time to consider request for payments from Trust I, as a Retirement Board agenda item. Board Member Brown had requested that this process take place prior to transferring funds. She had also concluded that a fiscal policy would add transparency and structure to this process.

**Board Member Riley** concurred with Board Member Brown's statements. Dr. Riley stated that he too had asked for short and long-range reports that would reveal a side-by-side study and timeframe of the Trust's sustainability to cover Healthcare cost with the current rate of withdrawals for OPEB debt service payments.

**Ms. Williams** responded to both Board Member Brown and Board Member Riley by sharing the results of the Neuberger Berman Cash Flow Analysis provided in March 2021. Mr. Tully Cheng with Neuberger Berman provided an Asset Liability Study that assuming an additional \$5 Mil (\$8 Mil) principal payment per year, Trust I assets can deplete by 2037 YE (2035 YE) 1. Results from 5,000 Monte Carlo simulations 2. Estimated plan life until fund assets are depleted, or the fund is terminated in 30 years. Estimated returns and estimated volatility (risk) shown were hypothetical and were for illustrative and discussion purposes only. The estimated returns and estimated volatility were not intended to represent, nor to be construed to represent, predictions of future rates of return or volatility. Actual returns and volatility may vary significantly. Unlike actual investment performance, hypothetical model results do not represent actual trading and accordingly they may not reflect the impact that material economic and market factors might have had on decision making if assets were actually managed during the relevant period. Investing entails risks, including possible loss of principal. Indexes are unmanaged and are not available for direct investment. However, past performance is no guarantee of future results. Ms. Williams suggested that the Retirement Board honor the written request for 6.9

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million to pay the bond debt service payment, pursuant to Section 3.04(b) of the Indenture, the District proclaimed in good faith in accordance with the Indenture and the method approved by its Board of Trustees that the amount of the disbursement 6.9 million is not, and will not be, required for payment of current or future retiree health benefit costs for participants covered by the Trust 1, and that the payment of such bond principal payment, as it constitutes a defeasance under Section 9.03 of the Indenture of a part of the outstanding OPEB Bonds, is a proper charge against Trust 1. Ms. Williams based her decision on the most recent report from Total Compensation's actuarial study, the cash flow analysis provided by Neuberger Berman, and the confirmed 228 million in Trust I. Ms. Williams further considered the consequences of a bond payment default as it pertains to the collateral nature of Trust I.

**Chair Withrow** stated that he disagreed with Ms. Williams' conclusion that the funds would never be needed in the future for retiree health benefits and wanted the records to reflect his position. Chair Withrow called for the vote on the request for the 6.9 million and asked that Ms. Williams roll call.

Motion to approve the request for the PCCD OPEB Debt Service Payment of 6.9 million was **Approved**.

AYES: 5

NOES: 0

ABSTAIN: 0

ABSENT: 0

**Ms. Williams** addressed the progress made by the Retirement Board over the last two years which included an updated Investment Policy Statement, Revision of the By-Laws and implementation of several processes to create greater transparency for withdrawal requests from Trust I and Trust II. Ms. Williams acknowledged the quick responsiveness and thanked the PCC District's Human Resource Department and the Department of Finance willingness to provide requested documentation for the Board's records. The two departments provided information that validated the content of health benefits reimbursement requests and recipient eligibility validation.

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	<b>Chair Withrow</b> thanked the Board and called the meeting to an end.	
<b>Schedule Future Board Meetings</b>	The next regular meeting of the Retirement Board is scheduled for July 22, 2021.	
<b>XIII. Adjournment</b>	The meeting was adjourned at 3:20 p.m.	

Minutes taken: Christine Williams

Meeting Materials are posted on the Retirement Board website: <http://web.peralta.edu/retirement-board/meeting-materials/>.

Agenda Posted: 333 E. 8<sup>th</sup> Street, Oakland, CA 94606