



BOARD OF TRUSTEES
OF THE
PERALTA COMMUNITY COLLEGE DISTRICT
MINUTES
JUNE 2, 2015

Per CA Government Code Section 54953(b)(1), Trustee Bill Withrow will be participating in the meeting via teleconference location: 190 Portal Lane Sedona, AZ 86336 (510) 213-9856

Present: Trustee Bonilla, Trustee Gonzalez Yuen, Trustee Gulassa, Trustee Handy, Trustee Withrow, Trustee Riley, and Trustee Brown.

Absent: None.

PUBLIC COMMUNICATION At this time, the Board of Trustees will listen to communication from the public on matters that are not on the agenda and are within the Board's jurisdiction. Under provisions of the Brown Act, the Board and District staff are prohibited from discussing or taking action on oral requests that are not part of the agenda, but may respond briefly. A maximum of 15 minutes (up to 3 minutes per individual) will be provided for speakers under this agenda section, at the Board President's discretion. A speaker's card must be completed to request to address the Board. Requests to speak which cannot be honored within the time limit will be scheduled for subsequent meetings in the order received. Persons addressing items included on the agenda will be heard at the time the item is considered, and comments on tangential issues not directly related to the item may be ruled out of order. Cards must be received prior to the Board's consideration of the item and are honored in the order the cards are received. A speaker may yield time to another speaker up to a limit of 6 additional minutes, with no more than 5 speakers on the issue, where both have completed a speaker's card, and the yielder must identify him/herself to the Board. Speakers are asked to submit any materials to the Board Clerk and shall not approach the dais during meetings. (Please line-up when your name is called.) Further direction is provided in Board Policy and Administrative Procedure 2345 Public Participation at Board Meetings. <http://web.peralta.edu/trustees/board-policies/>

No Public Communication

CALL TO ORDER (5:46 p.m.)

[Agenda](#)

PRESENTATIONS

1. Presentation on OPEB B-2 Recommendation (20 minutes) Presenter: Interim Vice Chancellor Rinne; Financial Advisor Joanna Bowes (KNN, Inc) and Bond Counsel John Palmer (Orrick)

Trustee Gulassa asked why the default rate on the auction rate security is 17%? Presenter Bowes said it was a negotiated rate and reflects a risk premium underwriting bond. Trustee Withrow asked how long the libor was? Presenter Bowes said it was a 30 day libor.

FINANCIAL SERVICES

2. Consider Approval of an OPEB recommendation Presenter: Interim Vice Chancellor Rinne Consider Approval of OPEB recommendation to remarket the near term (1-5) years principal and interest payments on the 2005 - B-2 bonds. The intent behind this recommendation is to address the B-2 tranche, currently in an auction rate security (ARS). The auction rate market for municipal securities remains a non-performing market, as a result, these bonds are considered to be a non-performing security. If allowed to convert in August 2015, the interest rate will default to 17%. Recommendation - Accept Barclay's proposal to partner with the District, which will allow the District to refund the B-2 Convertible Auction Rate Securities (CARS) and the associated swap into cost effective, variable rate demand bonds. Utilizing a letter of credit from Barclays to support the transaction, for a term of five years, and refinancing the CARS into variable rate demand bonds should allow the District to minimize the overall interest cost for the OPEB bonds.

[Background Material 1](#)

[Background Material 2](#)

[Background Material 3](#)

Trustee Withrow asked for clarification on the discussion on the initial underwriting by Lehman was not valid because of certain dates that were 54 days instead of 60 days. Speaker John Palmer said that the original OPEB bonds are validated as the normal course and the original bonds got the benefit of a past validation and extending the benefit of that to the current bonds. Trustee Withrow would like as a matter of record that by law when you establish a trust like this, it is irrevocable by definition.

MOTION: Motion by Trustee Withrow, second by Trustee Riley to approve Agenda Item 2. Consider Approval of an OPEB recommendation.

AYES: Trustee Bonilla, Trustee Gonzalez Yuen, Trustee Gulassa, Trustee Handy, Trustee Withrow, Trustee Riley, and Trustee Brown.

NOES: None

ABSTAIN: None

ABSENT: None

The motion passed.

3. Consider Approval of Resolution 14/15-47 Authorizing the Amendment of the 2005 OPEB Indenture Presenter: Interim Vice Chancellor Rinne Consider Approval of Resolution 14/15-47 authorizing the amendment of the 2005 indenture, authorizing and directing the conversion of the Peralta Community College Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds, Series B-2 to fixed rate bonds and the subsequent conversion of the fixed rate bonds to a weekly interest rate, and approving forms of documents and actions of officers of the district necessary and desirable in connection therewith. This supplemental indenture adds additional interest rate provisions to the Master Indenture for the OPEB Bonds dated as of December 1, 2005. In addition, it resolves, determines and orders the form of reimbursement to be used for the B-2 tranche.

[Background Material](#)

Trustee Bonilla asked about remarketing and if there is a sense of what re-marketing fees will look like. Presenter Bowles said there is a list of proposals from various firms. Trustee Gonzalez Yuen asked for clarification on the basis points. Presenter Bowles said the Trustees will have a complete list of cost issuance and there will be an excel spreadsheet which will include the beginning amount and what we will pay and will

have someone managing that interest rate for us. They will make the language as simple as possible so that it can be easily read. This will be done for every cost. Trustee Gulassa asked what the implications of the resolution would have and in reference to Presenter Bowles letter where the scenarios are broken into A, B, or C options. When we look at these options, what scenario would be the closest? Presenter Bowles said it would be Option A. Trustee Bonilla asked for clarification on the irrevocable and revocable trust. John Palmer said there is three different levels of analysis. There is the bond document level of analysis and what the bond documents say is that you can use the money in the retirement health benefit fund for two things, either payment of bonds or payment of benefits. From an accounting point of view, the trust is irrevocable and that you can only use the money to pay retiree benefits. There is a third point of view which is the obligations under your agreement with your employees from your retirement law perspective. At the staff level, John Palmer is working both with the accountants and actuaries and in house HR staff to make sure that we have answers in all three of those fields. Interim Vice Chancellor Rinne says the trust is doing what it is intended to do. Trustee Gonzalez Yuen asked in terms of irrevocable and revocable issue. If this money performs well, is there any way the money would be stranded? Interim Vice Chancellor says the residual can go back to the general fund.

MOTION: Motion by Trustee Withrow, second by Trustee Riley to approve Agenda Item 3. Consider Approval of Resolution 14/15-47 Authorizing the Amendment of the 2005 OPEB Indenture.

AYES: Trustee Bonilla, Trustee Gonzalez Yuen, Trustee Gulassa, Trustee Handy, Trustee Withrow, Trustee Riley, and Trustee Brown.

NOES: None

ABSTAIN: None

ABSENT: None

The motion passed.

ADJOURNMENT

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 24 hours prior to the meeting to the Board Clerk, Chancellor's Office, 333 East 8th Street, Oakland, CA, (510) 466-7203, bmartinez@peralta.edu at least 24 hours prior to the meeting.

THERE IS NO CLOSED SESSION MEETING ASSOCIATED WITH THIS SPECIAL MEETING.

José M. Ortiz, Chancellor
Secretary to the Board of Trustees
PERALTA COMMUNITY COLLEGE DISTRICT