

RESOLUTION NO. 05/06-28

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
PERALTA COMMUNITY COLLEGE DISTRICT AUTHORIZING
THE SALE OF LIMITED OBLIGATION BONDS TO REFINANCE
RETIREE HEALTH BENEFIT OBLIGATIONS OF THE
DISTRICT, APPROVING FINAL FORM OF FINANCING
DOCUMENTS, DESIGNATING INVESTMENT MANAGEMENT
FIRM AND APPROVING OFFICIAL ACTIONS**

WHEREAS, the Peralta Community College District (the "District") is obligated to pay retiree health care benefits for certain current District employees and retired District employees (the "Retiree Health Benefit Obligations"); and

WHEREAS, the annual obligation of the District to pay the Retiree Health Benefit Obligations is subject to fluctuation from year to year in future year due to the differentiation in benefits between certain groups of employees and other factors; and

WHEREAS, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), to issue its bonds for the purpose of refunding outstanding obligations of the District such as the Retiree Health Benefit Obligations; and

WHEREAS, on July 28, 2005, the Board of Trustees of the District adopted its Resolution No. 05-06-08 (the "Authorizing Resolution") authorizing the issuance of bonds under the Bond Law in the aggregate principal amount of not to exceed \$250,000,000 (the "Bonds"), to be payable from the General Fund of the District, the proceeds of which will be applied to pay the Retiree Health Benefit Obligations as they come due and payable, thereby refunding the Retiree Health Benefit Obligations; and

WHEREAS, the issuance of the Bonds has been validated by judgment of the Alameda County Superior Court rendered on November 7, 2005; and

WHEREAS, the Board of Trustees wishes at this time to approve the final form of the documents relating to the issuance and sale of an initial series of the Bonds, to approve matters relating to the investment of the proceeds thereof, and to approve official actions relating to the closing of such series of Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Peralta Community College District as follows:

Section 1. Form of 2005 Bonds. The Board of Trustees hereby authorizes the sale and delivery of an initial series of the Bonds in the aggregate principal amount of not to exceed \$154,000,000 (the "2005 Bonds"), consisting of a series of Bonds bearing interest at a fixed rate of interest to maturity, and multiple series of Bonds on which the interest rate compounds for a designated period and then converts to an auction rate or other interest mode in accordance with the Convertible Auction Rate Securities (CARSSM) program of Lehman Brothers Inc. as underwriter (the "Underwriter"). The

exact principal amount of the Bonds shall be determined based on the amount required to refinance the Retiree Health Benefit Obligations in the initial amount of \$150,000,000. Nothing in this Resolution precludes the District from selling additional series of the Bonds from time to time as may be authorized by one or more resolutions hereafter adopted by the Board of Trustees.

Section 2. Sale of 2005 Bonds to Underwriter. The Board of Trustees hereby authorizes the sale of the 2005 Bonds to the Underwriter under the Bond Purchase Contract in substantially the form on file with the Clerk of the Board together with any additions thereto or changes therein approved by the Chancellor or the Vice Chancellor for Budget and Finance (each, an "Authorized Officer"), whose execution thereof shall be conclusive evidence of such approval. The Board of Trustees hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the 2005 Bonds and to execute the Purchase Contract for and in the name and on behalf of the District. The amount of Underwriter's discount may not exceed 0.75% of the par amount of the 2005 Bonds and the fixed rate of interest on the 2005 Bonds (prior to any conversion to an auction rate or other interest mode) may not exceed 6.50% per annum.

Section 3. Approval of Form of Indenture. The Board of Trustees hereby approves the Indenture of Trust between the District and Deutsche Bank National Trust Company, as trustee (the "Trustee"), prescribing the terms and provisions of the 2005 Bonds, in substantially the form on file with the Clerk of the Board together with any additions thereto or changes therein deemed necessary or advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed to execute, and the Clerk of the Board is hereby authorized and directed to attest and affix the seal of the District to, the final form of the Indenture of Trust for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Indenture of Trust. As provided in the Indenture of Trust, the Bonds shall be insured by Financial Guaranty Insurance Company ("FGIC").

Section 4. Approval of Preliminary Official Statement. The Board of Trustees hereby approves the form of Preliminary Official Statement of the District relating to the 2005 Bonds in substantially the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized to certify that the Preliminary Official Statement is as of its date "deemed final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to cause to be prepared a final official statement in substantially the form of the preliminary official statement which such changes or additions to reflect the terms of sale of the 2005 Bonds and to comply with applicable federal securities laws as such Authorized Officer shall approve after consultation with the District's General Counsel and Bond Counsel, the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Trustees hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 5. Taxable Status of the 2005 Bonds. The Board of Trustees hereby determines that interest payable on the 2005 Bonds will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the 2005 Bonds. The District may take any

action and exercise any power permitted to be taken by it under the Taxable Bond Act in connection with the issuance and sale of the 2005 Bonds and the investment of the proceeds thereof as may be deemed advisable by an Authorized Officer.

Section 6. Investment of Bond Proceeds. As provided in Section 53584 of the Bond Law, in Section 5903(e) of the Taxable Bond Act and in Section 53620 of the California Government Code, amounts held by the Trustee in the Retiree Health Benefit Program Fund intended for the payment of Retiree Health Benefit Obligations shall be invested in Program Fund Investments as that term is defined in the Indenture of Trust, which are deemed prudent for the investment and reinvestment of such amounts in accordance with the Indenture of Trust and this Resolution. The authority to invest and reinvest amounts on deposit in the Retiree Health Benefit Program Fund intended for the payment of Retiree Health Benefit Obligations, and to sell or exchange securities purchased for that purpose, is hereby delegated by the Board of Trustees to the Vice Chancellor for Budget and Finance, or such other officer as shall serve as the chief financial officer of the District from time to time. Such officers shall exercise the authority granted to them under this Section 6 upon the advice of and consultation with the investment management firm which is appointed under Section 7, consistent with the requirements of Section 53622 of the Government Code of the State of California and the provisions of the Indenture of Trust. In addition, the Board of Trustees hereby approves an amendment of the agreement between the District and the District's financial advisor for the purpose of providing on-going review of the investment program, in the form on file with the Clerk of the Board, and the Vice Chancellor for Budget and Finance is hereby authorized and directed to execute such amendment in the name of the District.

Section 7. Appointment of Investment Management Firm; Approval of Investment Policy. The Board of Trustees hereby engages the firm of Lehman Brothers, Inc to provide investment management services for the investment and reinvestment of amounts held in the Retiree Health Benefit Program Fund which is established under the Indenture of Trust for the purpose of paying the Retiree Health Benefit Obligations. An Authorized Officer is hereby authorized and directed to enter into an agreement with such firm to provide such services. The Board of Trustees hereby approves the Investment Policy which has been prepared by Lehman Brothers, Inc in the form on file with the Clerk of the Board, and the Board of Trustees hereby authorizes and directs the investment of the proceeds of the 2005 Bonds in accordance with said policy.

Section 8. Official Actions. The President of the Board, Clerk of the Board, Chancellor, Vice Chancellor for Budget and Finance and any and all other officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful sale and delivery of the 2005 Bonds and the consummation of the transactions approved herein, including but not limited to the approval of transactions relating to the designation of an auction agent and broker-dealer for the Bonds and the approval of agreements and commitments with FGIC. All actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

Section 9. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Board of Trustees of the Peralta Community College District at a regular meeting thereof duly held on December 13, 2005, by a majority vote of all of its members.

Adopted by the following votes:

AYES:

NOES:

ABSENT:

**BOARD OF TRUSTEES OF THE
PERALTA COMMUNITY COLLEGE
DISTRICT**

By _____
President

ATTEST:

Clerk of the Board