

# Other Post-Employment Benefits (OPEB) Program: ACCJC

## 1.) History of OPEB Benefits – Trust I:

The Peralta Community College District has agreed to provide certain health care benefits for retired District employees (the “Retiree Health Benefit Obligations”). In order to refinance the Retiree Health Benefits Obligations for employees hired prior to July 1, 2004, the District has previously issued its Peralta Community College District Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit Bonds) in the aggregate principal amount of \$153,749,832.25 and deposited the proceeds into a trust (“Trust I – District Fund (94)”) created pursuant to the Indenture of Trust, dated as of December 1, 2005, between the District and Deutsche Bank National Trust Company. On November 28, 2006, the District first established an independent retirement board to administer and supervise the investment of assets placed in trust and intended to provide amounts to be used to meet the Retiree Health Benefits Obligations, including those deposited in Trust I, in accordance with bylaws enacted for the Retirement Board at that time. The Retirement Board bylaws provide that the objectives of the District in establishing a trust or trusts (“Trust” or “Trusts”) for the pre-funding of its OPEB liabilities was, to the extent possible depending on the funding mechanism, to comply with the requirements of the retirement system per the California Constitution and Government Code provisions related to retirement and health and welfare systems with a Governing Board (referred to as the “Retirement Board” or the “Board”) consisting of officials of the public entity such that the funds held in a Trust or Trusts could be invested as provided for under applicable law in California. The Retirement Board is the designated authority under its bylaws to provide for the investment of funds in all such retirement Trust or Trusts.

## Peralta Community College District OPEB Bond Estimated Restructuring Costs

	Principal/Accreted Interest	Interest	Total
2005 Bonds as Issued	\$ 414,240,000	\$ 98,070,071	\$ 512,310,071
2006 Restructuring	\$ 1,808,044	\$ 17,955,099	\$ 19,763,143
2009 Restructuring	\$ 3,775,000	\$ 8,997,889	\$ 12,772,889
2011 Restructuring	\$ 8,440,000	\$ 41,168,988	\$ 49,608,988
<b>Total Restructurings</b>	<b>\$ 14,023,044</b>	<b>\$ 68,121,976</b>	<b>\$ 82,145,020</b>
Debt Service Paid	\$ (35,657,165)	\$ (41,066,306)	\$ (76,723,471)
<b>Remaining Debt Service</b>	<b>\$ 392,605,879</b>	<b>\$ 125,125,741</b>	<b>\$ 517,731,620</b>

Interest for variable rate bonds assumed at 5.19% in 2005 Issuance. Does not include interest rate swap and other ancillary fees.

### a.) Trust I:

- Retired Employees hired on or before July 1, 2004 (“Pre-2004”)
- Eligible for Lifetime Health Benefits paid for by the District
- At least 50 years old for PERS & 55 years old for STRS
- At least 10 years of creditable service
- Spouse/domestic partner is eligible for Lifetime Health Benefits for the duration of the retiree’s life; dependent children are covered to age 26
- At death of retiree, spouse/ domestic partner may, during their lifetime, “buy into” the plan and pay premium
- Currently “fully” funded
- Revocable trust

## Legal Opinion – Fall 2015

The OPEB Trust cannot be converted into an irrevocable trust

- ✓ Trust indenture language
- ✓ GASB 43/45 implications

### b.) Funding Level of Trust I:

As of June 30, 2018, the District had \$218.7 million in the trust and \$189.8 million of actuarial accrued liabilities due to the reporting requirements in GASB 75 guidelines.

	Actuarial Accrued Liabilities (Health Care)	Trust Fund Balance	Funded Level
3/1/2013	\$174,703,920	\$191,675,076	109.71%
11/1/2014	\$152,429,020	\$216,600,564	142.10%
11/1/2016	\$139,186,783	\$213,777,953	153.59%
6/30/2018	\$189,821,787	\$218,701,943	115.21%

### c.) Indenture of Allowable Trust I Draws:

**SECTION 3.04. Retiree Health Benefit Program Fund.** There is hereby established a separate fund to be known as the “Retiree Health Benefit Program Fund,” to be held by the Trustee in trust. Amounts shall be deposited in the Retiree Health Benefit Program Fund from the proceeds of the Bonds under Section 3.02(b), from amounts transferred under Sections 3.03 or 4.04, from earnings on the investment of amounts held therein, and from any other funds deposited by the District with the Trustee for that purpose. The Trustee shall disburse moneys in the Retiree Health Benefit Program Fund from time to time as follows:

- (a) **Transfers to Pay Retiree Health Benefit Costs.** The Trustee shall disburse moneys in the Retiree Health Benefit Program Fund from time to time to pay or reimburse the District for payment of Retiree Health Benefit Costs upon submission of a Request of the District in substantially the form attached hereto as Appendix D, which

Request shall be signed by at least two officers of the District one whom must be the Chancellor of the District, stating (i) the person to whom payment is to be made, (ii) the amounts to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Retiree Health Benefit Program Fund, and (v) that such amounts have not been the subject of a prior Request of the District; in each case accompanied by documentation evidencing the underlying obligation for which disbursement is requested. The Trustee will not be responsible for examining such documentation or determining whether or not such documentation constitutes sufficient evidence of the underlying obligation.

- (b) Transfers to Redeem or Defeasement Bonds. If the District at any time determines that any or all of the amounts held in the Retiree Health Benefit Program Fund are or will not be required for payment of current or future Retiree Health Benefit Costs, the District may submit a Request of the District to the Trustee, requesting the Trustee to transfer such amounts from the Retiree Health Benefit Program Fund to the Debt Service Fund to be applied to redeem Outstanding Bonds in whole or in part under Section 2.04(a) or to defeasement Outstanding Bonds in whole or in part under Section 9.03.

## 2.) Trust II OPEB Benefits:

The Peralta Community College District has agreed to establish an irrevocable trust ("Trust II") for funding Retiree Health Benefit Obligations for employees hired on or after July 1, 2004, consistent with the District's substantive plan for GASB reporting purposes. The Retirement Board approved participation by Trust II in the Community College League of California's Joint Powers Authority OPEB Trust at its meeting on June 28, 2018. The plan for Fiscal Year 2018-19 is to allocate \$6 million from OPEB Special Reserve Fund (69) to fund Trust II.

### a.) Trust II:

- Retired employees hired after July 1, 2004 ("Post-2004")
- Employees who retire before the age of 65 are eligible for District-paid benefits until they reach the age of 65 (thereafter, they are not covered by a District plan)
- Spouse and domestic partners are eligible until they reach age 65 as long as they pay the premium
- Dependent children are covered until the age of 26 as long as they pay the premium
- Projected unfunded liability of approximately \$6 million
- Irrevocable Trust

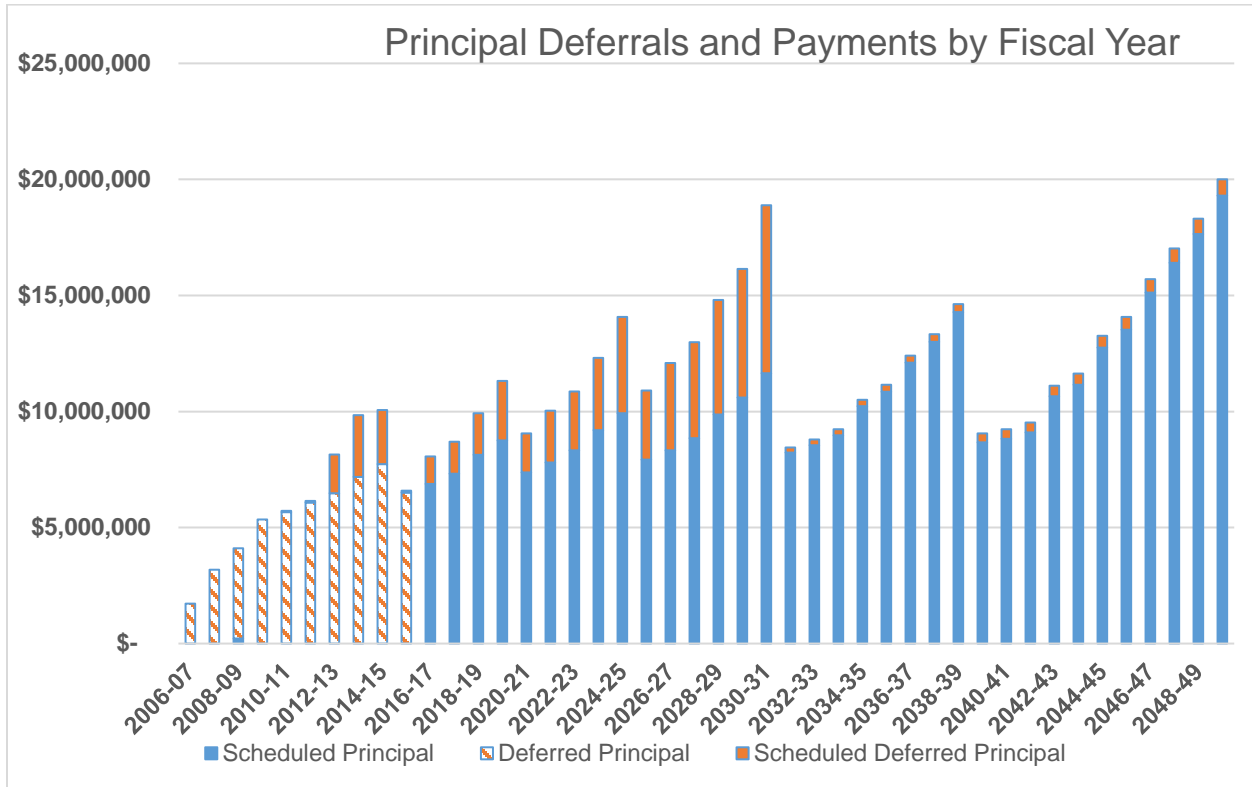
### 3.) OPEB Fund (69) Charges contribution to Trust I – Fund (94):

- ✓ OPEB Charge was established in FY2010-2011
- ✓ District-paid charge to all programs
- ✓ Function of projected Annual Required Contribution, then converted to a percentage of payroll
- ✓ OPEB Charge funds are kept in Fund 69 (OPEB Reserve Fund) and have been periodically deposited into Fund 94 (OPEB Trust I Fund)
- ✓ \$43.9 million of additional funds have been deposited into the OPEB Trust Fund since the initial \$150.0 million deposit in 2005

FYE	OPEB Charge Deposit into Fund 94
2011	\$ 7,089,660
2012	\$ 13,752,543
2013	\$ 6,678,631
2014	\$ 7,073,912
2015	\$ -
2016	\$ 6,140,350
2017	\$ 3,250,000
2018	\$ -
<b>Total</b>	<b>\$ 43,985,096</b>

# OPEB Debt Program Summary Timeline

The Peralta Community College District has deferred principal payment in 10 of the 13 years since the initial issuance of the bonds.



# OPEB Program Total Debt Service Cost

FYE	OPEB Debt Service/Fees
2018	13,957,741
2019	14,565,469
2020	15,096,557
2021	16,120,952
2022	15,347,819
2023	15,779,661
2024	16,315,862
2025	16,920,132
2026	17,956,499
2027	17,224,171
2028	17,413,081
2029	18,149,435
2030	18,649,139
2031	19,299,621
2032	21,233,160
2033	13,847,863
2034	14,128,300
2035	14,669,736
2036	14,774,465
2037	15,228,197
2038	15,504,921
2039	15,800,590
2040	16,066,780
2041	17,143,705
2042	16,700,424
2043	17,843,215
2044	17,538,624
2045	18,580,556
2046	18,449,432
2047	19,203,678
2048	19,702,822
2049	19,893,560
2050	20,228,098
<b>Total</b>	<b>559,334,265</b>

**Special Note: Total Debt Service Cost**

- ✓ Includes principal payments
- ✓ Interest assumed at the interest rate swap rate
- ✓ Letter of credit and remarketing fees
- ✓ Professional and consultant fees

# 10 Years of Debt Service by Fiscal Year

FYE	2011 Debt Service			2006 Debt Service			2005-B Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	1,270,000	3,163,438	4,433,438	102,307	686,065	788,372	8,125,000	353,501	8,478,501
2020	1,695,000	3,076,867	4,771,867	108,325	619,482	727,807	8,750,000	208,917	8,958,917
2021	2,465,000	2,950,455	5,415,455	114,343	612,524	726,867	7,375,000	1,229,450	8,604,450
2022	1,570,000	2,825,020	4,395,020	120,361	605,189	725,550	7,800,000	1,010,952	8,810,952
2023	2,120,000	276,499	2,396,499	132,397	597,291	729,688	8,325,000	865,090	9,190,090
2024	2,400,000	2,556,995	4,956,995	138,415	588,828	727,243	9,200,000	595,025	9,795,025
2025	2,965,000	2,375,544	5,340,544	150,451	579,801	730,252	9,925,000	340,925	10,265,925
2026	4,005,000	2,136,248	6,141,248	156,469	570,210	726,679	7,925,000	1,492,792	9,417,792
2027	2,825,000	1,899,599	4,724,599	168,505	560,054	728,559	8,325,000	1,636,213	9,961,213
2028	3,590,000	1,670,107	5,260,107	180,541	549,146	729,687	8,850,000	1,126,438	9,976,438
2029	3,950,000	1,394,557	5,344,557	186,559	537,675	724,234	9,875,000	959,254	10,834,254

## Special Note:

General Fund (01) pays the following debt payments highlighted in yellow:

- ✓ 2011 Debt Service (Principal & Interest)
- ✓ 2006 Debt Service (Principal & Interest)
- ✓ 2005-B Debt Service (Interest Only)
- ✓ Trust I (94) pays 2005-B Debt Service (Principal Only)



# 10 Years of Cash Flow Projections by Fund

## Cash Flow Projections:

	General Fund (01)	Trust II (99)	Trust I (94)				
FYE	Debt Payments	Contributions Special Revenue (69)	Contributions Special Revenue (69)	Health Care	Withdrawals Bond Principal	Total Outflows	Net Flows
2019	-5,575,311	6,000,000	0	-9,987,750	-8,125,000	-18,112,750	<b>-18,112,750</b>
2020	-5,708,591	6,000,000	1,000,000	-10,337,321	-8,750,000	-19,087,321	<b>-18,087,321</b>
2021	-7,371,772	1,000,000	1,000,000	-10,492,381	-7,375,000	-17,867,381	<b>-16,867,381</b>
2022	-6,131,522	1,000,000	1,000,000	-10,649,767	-7,800,000	-18,449,767	<b>-17,449,767</b>
2023	-3,991,277	1,000,000	1,000,000	-10,809,513	-8,325,000	-19,134,513	<b>-18,134,513</b>
2024	-6,279,263	1,000,000	1,000,000	-10,971,656	-9,200,000	-20,171,656	<b>-19,171,656</b>
2025	-6,411,721	1,000,000	1,000,000	-11,136,231	-9,925,000	-21,061,231	<b>-20,061,231</b>
2026	-8,360,719	1,000,000	1,000,000	-11,136,231	-7,925,000	-19,061,231	<b>-18,061,231</b>
2027	-7,089,371	1,000,000	1,000,000	-11,136,231	-8,325,000	-19,461,231	<b>-18,461,231</b>
2028	-7,116,232	1,000,000	1,000,000	-11,136,231	-8,850,000	-19,986,231	<b>-18,986,231</b>
2029	-7,028,045	1,000,000	1,000,000	-11,136,231	-9,875,000	-21,011,231	<b>-20,011,231</b>