



# The Peralta Retiree

Jan. — Mar. 2006

Vol. 2 No. 2

<http://www.peraltaretirees.org>

## From the President...

*by Jerry Herman, PRO President*

Happy New Year PRO members – and prospective PRO members. Peralta retirees do have something to celebrate at the outset of 2006. The issuance of \$153 million in Peralta bonds is intended to secure our health benefits at their present level for the next 45 years. For more details about the bond issue, see my article about it in the adjacent column.

### Join PRO if you're not a member.

Speaking of PROspective members, this issue of the newsletter has been sent to all Peralta retirees, whether you are PRO members or not. I urge those of you who don't yet belong to PRO to read the newsletter and get some sense of what PRO is about. The organization exists for your benefit. Our strength is in our numbers, so it's in your interest to be an official member. Fill out the application on page 6 and send your \$20 check to PRO, Box 1951, El Cerrito, CA, 94530. End of sermon.

### Election results.

The results of the PRO Board election are as follows: Board members elected for two years: Remo Arancio, George Herring, Phyllis Jones. Sondra Neiman, Alex Pappas. Those elected for one year: Pat England, Ned Pearlstein.

### Au revoir, Shirley.

Shirley Nedham will not be returning to the board, but I'd like to take the opportunity publicly to express my personal appreciation and gratitude, as well as the board's, to her. When I joined Laney's English Department in 1963, Shirley became my mentor and my friend, and she has remained so for 43 years. Few of Peralta's faculty have had as long and distinguished a career as Shirley has. She was the first president of the PFT and a Peralta Teacher of the Year. Her work on the PRO board has been marked by her incisive intelligence, sharp memory, meticulous attention to detail, and compassionate social conscience. Thank you, Shirley, for gracing the PRO board with your presence for a year. We'll miss you.

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## Peralta's Bond Issue: A New Year's Gift To Retirees

*by Jerry Herman, PRO President*

Peralta retirees might feel a little more secure about our health benefits now that the district has sold \$153 million in bonds (which will net \$150 million after expenses) as a first step toward financing its unfunded liability.

An unfunded liability is a commitment to fund a program into the future without money being set aside – or a designated income stream – to pay for the program. Until recently, this has not been a particular problem for public agencies since they funded long term programs like pensions and retiree health care benefits on a pay as you go basis, but new accounting rules established by the Governmental Accounting Standards Board, have mandated that public agencies project the costs of their long term programs well into the future, in some cases as much as 75 years (in Peralta's case it's "only" 45 years) and devise a long term method to pay for them.

Peralta's unfunded liability for the next 45 years is \$150 million, and the chief cost is retiree health benefits. To put Peralta's situation in perspective, consider these unfunded liabilities: Los Angeles school district, \$7 billion; CalPERS, \$22 billion;

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### Peralta Retirees Organization

PO Box 1951  
El Cerrito, CA 94530  
<http://www.peraltaretirees.org>

President - Jerry Herman  
[jerrherm@sbcglobal.net](mailto:jerrherm@sbcglobal.net)  
Vice President - Bruce Jacobs  
Secretary - Juanita Peterson  
Treasurer - Shirley Timm

#### Board of Directors

Remo Arancio  
Pat England  
George Herring  
Phyllis Jones  
Sondra Neiman  
Alex Pappas  
Ned Pearlstein

The Peralta Retiree Editor - Bruce Jacobs  
[bfjacobs@covad.net](mailto:bfjacobs@covad.net)

The Peralta Retiree is published four times a year by the Peralta Retirees Organization (PRO)

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#### Bylaws – yawn.

To proceed from the sublime to the dull, I will report that the board passed the corporate bylaws necessary to get PRO nonprofit status. They run to 25 pages and are available for perusal at the PRO website ([www.peraltaretirees.org](http://www.peraltaretirees.org)). So now you know where to go if you can't sleep. Start reading the bylaws, and if you haven't dozed off by page five, you have insomnia that calls for medical intervention.

To be serious for a moment, I must thank Shirley Timm, PRO treasurer, better known to us as Mac, for her tireless efforts in getting the bylaws in shape and adapting the corporate boilerplate for PRO. It has been a Herculean task and Mac has proved equal to it. I don't want to mislead you into thinking that it was all boring. In fact, there have been moments of high drama as the board debated issues like membership categories and the election of officers. When friends and loved ones of board members heard how much time and emotional energy we were spending on these issues, they generally had three words of advice: "Get a life!" Now that the bylaws are done, we're gonna do just that.

### IN MEMORIAM

The following Peralta retirees have passed away during the last months. PRO extends our deepest condolences to their families and loved ones.

Frank Accurso  
Ed Bratset  
Audrey Elwood  
Phil Elwood  
Edith Jenkins  
Peggy Pawek  
Bill Scott  
George Sheldon

If you have any information about the passing or the serious illness of a Peralta retiree, please contact Bruce Jacobs at [bfjacobs@covad.net](mailto:bfjacobs@covad.net) or by writing to PRO, PO Box 1951, El Cerrito, CA 94530.

### Retiree Notes

A memorial service will be held for **Frank Accurso** at 10:30 am on Saturday, January 21, 2006 at St. Monica's Catholic Church. The church is located at 1001 Camino Pablo in Moraga, phone no. (925) 376-6900.

*Directions: From Orinda (Hwy 24) take Moraga Way to Moraga, make right onto Canyon Road and then left onto Camino Pablo.*

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**Mary Smith** is currently at Sunrise Assisted Living, and would welcome visitors. Mary was a long-time member of Laney's Math Department and an active faculty member in the Laney Faculty Senate. The address is 2175 Ygnacio Valley Road, Walnut Creek, CA 94598; the main phone no. is (925) 932-3500. Mary's room number is 223 and her direct phone number is (925) 944-7065. It is best to call Mary before going to visit.



(Continued from page 1)

STRS \$24 billion; Foothill DeAnza CC District, \$200 million. Every public agency in the nation, from the Social Security system to states to tiny school districts, is scrambling for a way to meet the new accounting mandates. It's not a pretty picture.

But in a bold, innovative move Peralta has issued bonds to raise the cash it needs in order create income to finance the unfunded liability. It is the first public agency in the country

to do so. The pioneering scheme is the brainchild of Tom Smith, Peralta's chief financial officer, who has been working on it for four years. After carefully laying the groundwork, getting authorization from all necessary parties, finding financial institutions willing to sponsor and service the bond issue, Smith had Peralta put the 45-year bonds on the market on December 19.

One strong apprehension about offering the bonds was that they wouldn't sell at a favorable interest rate. However, when Peralta's bond rating was established at AA, a very good level, prospects began to look rosier, and when the bonds were offered they were sold within 30 minutes. In fact, they were oversubscribed. "We could have sold \$800 million worth of bonds," Smith said.

But selling the bonds is only half the battle. To win the unfunded liability war, the \$150 million raised has to be invested at a higher rate of interest than Peralta will be paying out to the bondholders so that a solid income stream is established. Smith estimates that an average six percent annual return over the next 45 years will be sufficient to give the district enough to level out the projected sky rocketing costs of retiree health benefits. He will base the district's investment strategy on successful institutional investors like CalPERS, which averages 12% per year

on its investments.

Smith was emphatic in stating that the income from the bond money can be used only for two things: paying for retiree health benefits and retiring the debt. "As much as is possible, we've created a lock box for that income so that future Peralta managers, unions and boards, when we're all gone, cannot use the funds for anything else."

Cautious and contemplative the way one wants fiscal officers to be cautious and contemplative, Smith was asked about the downside of the bond issue plan to solve the district's unfunded liability problem. "I've thought about that a lot," he said, "and I can't see a downside. I think it's a win-win situation for everyone involved.

The question I started with is, 'How can Peralta honor its commitments to its retirees and current employees?' and I think we've come up with an answer to that question."

For current Peralta retirees this means that our health benefits should be in that lock box also. It will be extremely difficult under the terms of the bond issue for Peralta management and employee unions – should they ever want to do so – to modify our benefits in any way, either unilaterally or through negotiations.

I can't think of a better way for Peralta retirees to start the new year.

**“The question I started with is, ‘How can Peralta honor its commitments to its retirees and current employees?’ and I think we’ve come up with an answer to that question.”**

**“As much as is possible we’ve created a lock box for that income so that future Peralta managers, unions and boards when we’re all gone, cannot use the funds for anything else.”**



## **IF YOU HAVE CORESOURCE INSURANCE YOU'RE COVERED WHILE TRAVELING ABROAD**

If you are traveling outside the US and you get sick, Medicare does not cover any of your expenses. However, CoreSource does apply outside the US. You and any covered dependents are entitled to the full benefits that you would have gotten if you fell ill in the US. If you're abroad, CoreSource is both the primary and secondary insurer. (In the US, Medicare is primary and CoreSource secondary).

Most foreign doctors and hospitals will not bill US insurance companies so you will probably have to pay your medical bills yourself before you return to the US.

When you return to the US, you must file a claim using the proper claim form which is available from Jennifer Seibert at the District Office (510-587-7838). Submit all the bills with the claim form. You should indicate the currency conversion rate (write a specific dollar amount next to each foreign currency amount figure on your bill). Then be sure to make complete copies for your records in case any questions arise. Send the claim form to CoreSource, PO Box 2920, Clinton, IA 52733-2920 (see the back of your CoreSource ID card).

One faculty member who spends several months each year in Turkey and Greece has submitted at least six "overseas" claims to CoreSource and they have been promptly and fully paid.

In the next issue of *The Peralta Retiree* look for an article about Kaiser coverage when traveling abroad.

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## **PRO Makes Progress On Tax-Exempt Status**

PRO has been endorsed by the California Secretary of State as a Nonprofit Public Benefit Corporation for charitable and educational purposes, effective September 1, 2005. This was the first step in obtaining tax exempt status with California and the Internal Revenue Service.

The second step, updating the bylaws to satisfy the legal requirements of the Franchise Tax Board (FTB), has also been completed with the approval of the PRO Board of Directors on December 7, 2005.

The third step, completing the FTB Form 3500 with all of the required miscellaneous statements and supporting documents is nearing completion, and should be ready to transmit to the FTB for review for tax exempt status in California by the end of January. Then it will take the usual 90 days for the final determination of PRO's California tax status.

Last, the paperwork for tax-exempt status must be completed and submitted to the IRS. Fortunately much of the information provided to the FTB can be used in preparing the IRS documents, although additional material is necessary. This should be completed in the next two or three months.

### **PRO Board Election Results**

#### **Elected for two-year terms**

Remo Arancio  
George Herring  
Phyllis Jones  
Sondra Neiman  
Alex Pappas

#### **Elected for one-year terms**

Pat England  
Ned Pearlstein

# **The Peralta Retirees Organization**

## **Now Is The Time To Join PRO Or To Renew Your Membership**

**If you haven't already become a member of PRO,  
please sign up now.**

**If you joined PRO last year and have not paid 2006 dues,  
you must renew your membership for 2006.**

- **PRO is the organization formed by fellow Peralta retirees to safeguard retiree medical benefits.**
- **PRO monitors the administration of the District's health benefits program to make sure there are no changes or cutbacks that are detrimental to the interests of Peralta retirees.**
- **PRO has representation on the District's Fringe Benefits Committee, the first time that retirees have had a voice in that important forum.**
- **PRO is an activist organization with an elected Board of Directors of fellow Peralta retirees.**

While PRO advocates for *all* Peralta retirees, PRO's strength is in its membership numbers. The more retirees that are members of PRO, the more the District listens to us.

As a PRO member you will receive the PRO newsletter *The Peralta Retiree* four times a year, you will get to vote in PRO elections, and you will be able to run for office .

**Become a member for 2006 by completing the form on the reverse side.**

**If you are renewing your membership just enter your name and update any information that may have changed since last year.**

Please print all information clearly, especially your email address. Mail the form and a check for \$20 made out to "PRO" to: *PRO, PO Box 1951, El Cerrito, CA 94530.*



Name: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Years of Peralta Service \_\_\_\_\_

Date of Retirement \_\_\_\_\_

Phone \_\_\_\_\_

Phone (Cell) \_\_\_\_\_

FAX \_\_\_\_\_

Email \_\_\_\_\_

Preferred Method of Contact:  Email  US mail

Institutions (Check all that apply):  COA  Laney  Merritt  
 Vista  District  Feather River

Please indicate your classification(s) when you were employed by Peralta:

Faculty  Staff (SEIU)  Staff (Local 39)  
 Administration  Board Member

Please indicate your classification at retirement (choose one):

Faculty  Staff (SEIU)  Staff (Local 39)  
 Administration  Board Member

Please indicate any contact information that you would like listed in the PRO Member Directory.  
*The PRO Member Directory appears on the PRO web site at <http://www.peraltaretirees.org/Docs/direc.htm>.  
Unless you authorize PRO to list your contact information in the Member Directory by checking the appropriate boxes, no contact information for you will be available on the PRO web site.*

List my:  Address  Phone  Email address

Please indicate your current health plan:

CoreSource  Kaiser

Are you enrolled in Medicare?

Yes  No

If No, are you over 65 years of age?

Yes  No

*After you have completed the form, please mail it together with a check for \$20 made out to "PRO" to:  
PRO, PO Box 1951, El Cerrito, CA 94530.*

## The PRO Newsletter Is Expanding

*The Peralta Retiree* has expanded to eight pages starting with this issue. One of our objectives in having a longer newsletter is to provide a forum for Peralta retirees who want to share information, concerns, and news about accomplishments and activities.

Starting with the next issue *The Peralta Retiree* is soliciting your input for several new columns including:

- **Letters to the Editor**  
Letters should be no more than 150 words and can comment on *Peralta Retiree* articles, PRO activities, or address issues that are relevant to Peralta retirees.
- **Op/Ed Articles**  
If you feel strongly about an issue that other retirees should know about you can submit up to 300 words describing the issue and why it is important.
- **Retiree Updates**  
Let us know any information about retirees you are in contact with—are they ill and/or do they need visitors? Have they published an article or a book? Have they received an honor?
- **Retiree Travel Exchange**  
Have you traveled somewhere special that you would like to tell other retirees about? Are you planning a trip somewhere and feel like you would like to talk to someone who has been there and can tell you about the great guide or the back road not to be missed? Let us know about your expertise or interests and we will publish the information.

All submissions should be sent to Bruce Jacobs, *The Peralta Retiree* editor, either by email to [bfjacobs@covad.net](mailto:bfjacobs@covad.net) or by US mail to PRO, PO Box 1951, El Cerrito, CA 94530.

Any submission for the April-June 2006 edition should be received by April 1.

## Retiree Travel Exchange

**Argentina** — Bruce Jacobs just returned from a month-long trip to Argentina visiting Iguazu, Buenos Aires, Tierra del Fuego, the Glacier Area and the Lakes District. Anyone who wants suggestions about tour guides, restaurants, hotels, places of interest, etc. can contact him at [bfjacobs@covad.net](mailto:bfjacobs@covad.net).

**India, Greece and Turkey** — Alex Pappas has traveled extensively through India, Greece and Turkey. If you are planning a trip to any of these countries, check in with Alex for traveler's tips and suggestions. Contact Alex at [alexpappas@flash.net](mailto:alexpappas@flash.net).

**Hawaii** — Richard Bidleman has moved to the big island in Hawaii. He writes that he has discovered some great rentals on the jungle side of the island. For more information, contact Richard at [richard@bidleman.net](mailto:richard@bidleman.net).

*If you do not have email, you can US mail inquiries to the PRO Post Office Box and they will be forwarded on. Be sure to include your contact information.*



## Check Out The PRO Web Site

On the PRO web site you can find:

- The current issue of the PRO newsletter as well as an archive of past issues.
- The PRO Member Directory with contact information for PRO members.
- A list of web links to resources for Peralta retirees including information about retiree health benefits.

<http://www.peraltaretirees.org>

# TUTOR FOR THE SHORT RUN



**The PRO Service Committee is establishing a roster of retirees willing to tutor Peralta College students preparing for mid-terms or finals.**

If you are interested, please email Sondra Neiman at [smneiman@earthlink.net](mailto:smneiman@earthlink.net)

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P. O. Box 1951  
El Cerrito, CA 94530**