

Peralta Retirees Organization

Meeting Minutes: October 4, 2017

Present: Patricia Dudley (Secretary), Jerry Herman, Bruce Jacobs (Vice President), John Lodato, Anna Pavelka-Lodato (Treasurer), Helene Maxwell, Debby Weintraub (President)

Absent: Karen Anderson, Tom Branca, Telly Castro, Carol Dalessio, Alex Pappas

Guests: Bill Withrow, Mike Wirth

Agenda item	Discussion	Follow up action
Approval of minutes	9/6/2017 MSU (completed after presentation). Called to order 1:10 pm.	
Announcements	None	
Guest Presentation:	<p>OPEB Bonds (Speaker Bill Withrow, Peralta BOT)</p> <ol style="list-style-type: none"> 1. OPEB Trust established in 2005 for unfunded health costs; Retirement Board directs the Trust 2. Retirement Board has 5 voting and 6 advisory members. Withrow is the chair. Vice Chair is Kristine Williams. The voting members can be held liable for malfeasance. 3. Usually public funds are limited; this trust is outside of that restriction. OPEB bonds are conservatively invested. 4. Retirement Board meets quarterly at least; has been meeting more often lately as the Board is undergoing substantial changes (e.g. separation from Neuberger Berman). 5. Currently \$1.5 million is paid to Neuberger Berman for administration and this fee will not be owed going forward. The plan is to secure an administrative professional “discretionary trustee” hired by PCCD (who will assume liability), then assigned to the Retirement Board. The salary and benefits of this person will be paid by the OPEB Trust via the district. Direct supervision of this person will be from the Retirement Board. 6. Debby asked if it is a conflict of interest to have Williams employed by the district and the Retirement Board. Withrow says that Williams’ skills override the conflict of interest. There will also be an audit soon. 7. Currently there is about \$220,000,000 in the Trust. \$9,350,000 was spent this year on health costs. The bonds come under the district’s purview. The district did poorly with the “swaps.” 8. The Trust can only be used for: <ol style="list-style-type: none"> a. health care costs 	

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	<p>b. retirement of the bonds (bonds due 2040-2045)</p> <p>c. for administration: an attorney firm (\$130,000 annually), financial advisor (Joanna, who is paid \$20,000/year), to estimate liability (present liability is estimated at \$105,000,000), a “discretionary trustee” (recommended by ACCJC) cost of \$1.5 million annually, presently to Neuberger and Berman.</p> <p>9. To pay off the bonds today would cost \$164,480,000. Plus \$105,000,000 estimated projected retiree health care costs, Trust has estimated debt of \$270,000,000. Now has approximate value of \$220,000,000. Currently seeing about 5% return on investments now.</p> <p>10. The period 2025 -> 2030 will be the peak of expenses for retirees. The average age of retirees is 80.</p> <p>11. Tranches will be held every 5 years (2020/2025/2030, etc.). [From Wikipedia: a tranche is one of a number of related <u>securities</u> offered as part of the same transaction. The word <u>tranche</u> is <u>French</u> for slice, section, series, or portion.]</p> <p>12. Total annual costs are approximately \$9.65 million for health care and \$2 million for administrative costs. Hoping to lessen administrative costs by not using Neuberger Berman, and with new hire of “discretionary trustee.”</p> <p>13. Jerry questioned the fact that pre-2004 retiree health care costs are being comingled with post-2004 retiree health care costs and pre-65-year-old retirees’ costs. Withrow said they are trying to sort this out.</p> <p>14. Reference to Question #4: Withrow thinks that having members of the public on the Retirement Board may be OK.</p> <p>15. Bruce commented that he retirees are appreciative of all these efforts.</p>	
Officers’ Reports		
Secretary	No report.	
Treasurer	One new member, one scholarship contribution. Scholarship fund balance is \$2279.75. Jerry voiced concerns about increasing revenue.	
Vice President	No report.	
President	<p>A. Jennifer Seibert is gone; new HR person is Cody Pellitier. Debby talked to him about “crossover.” She will meet with him on 11/6 at 10:30 in the district office.</p> <p>B. Joe Belinski is getting things done but the process is byzantine.</p>	
Social Committee	A. November 9 th will be the luncheon meeting. From 11-3 in the former venue, “Fairview” room. We should get an insurance policy for this event, as we did	

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	<p>previously. Motion to approve funds for insurance John: \$300-350. Anna seconded. Unanimously passed.</p> <p>B. We should invite the Chancellor, Bill Withrow, union presidents as we have in the past.</p>	
Benefits Committee	No report.	
Scholarship Committee	Who is in charge now? Confusing, perhaps Keiko?	
Membership Committee	No report.	
Newsletter	Labels affixed at end of meeting.	
Old Business	None.	
New Business	None.	
Adjournment	<p>Next Meeting: Luncheon meeting November 9, 2017.</p> <p>Meeting schedule for 2017: Meetings in January, March, April, June, July, September, October, November (luncheon meeting) and December. No meetings in February, May or August.</p>	

Respectfully submitted,
 Patricia Dudley