



# The Peralta Retiree

October-December 2010

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<http://www.peraltaretirees.org>

## From the President...

by Jerry Herman, PRO President

### **THE STATE OF OUR BENEFITS**

We are living through a time of uncertainty. There is hardly a person in this country that hasn't been adversely affected by the recession, and there is no sign of immediate relief. In this column I will try to assess how these bad times have affected Peralta retirees and to explain what PRO is doing to avert damaging consequences that we see in the offing. Our job is to protect our lifetime guaranteed health care benefits. Although we are optimistic that those benefits will remain intact, the recession has brought about challenges that didn't exist before.

### **The Brighter Side**

First, let me outline the better news. The foundation of our benefits is very strong, and from what we on the PRO Board have been able to gather, the powers that be in Peralta recognize that they are based on contractual agreements that would be extremely difficult to break and financially disastrous to challenge legally.

An extremely important precedent was set when the retirees of the Fresno Unified District won their case to overthrow the Fresno School Board's modifying their contract by imposing fees for retirees' benefits where there had been no fees before. It took five agonizing years of legal struggle, largely because the Fresno District, perhaps recognizing its case was untenable, pulled every delaying tactic its lawyers could think of to try to break the retirees' bank and spirit. It didn't work.

The opinion of the Superior Court judge in the Fresno case to reverse the District's imposition of fees on retirees' benefits (and to reimburse retirees for fees they had paid) was so strong that the current Fresno School Board voted 7-0 not to appeal it to a higher court. That Fresno case should have sent a powerful message to all governing boards of California public institutions: Don't mess with guaranteed retirees' benefits no matter how tempting it may be to try to save money by doing so.

Bob Bezemek, the Fresno retirees' lawyer as well as long

*(Continued on page 2)*

### *Plan to Attend ...*

# PRO's Annual Membership Meeting

**Wedgewood Banquet Center**  
at  
**Metropolitan Golf Links**  
**Oakland**

**Friday**  
**November 5**  
**11 AM to 2 PM**

**See Details on Page 3**

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-time PFT lawyer, has stated that the language contracting Peralta to pay for its retirees' lifetime health benefits is stronger than Fresno's. So far so good.

There is also the case of the Compton Community College District. Compton, for reasons too lengthy to go into here, lost its accreditation. The district was, in effect, dissolved, subsumed into the neighboring El Camino District. The Compton District, however, must remain officially alive for only one reason: to pay for its retirees' lifetime health benefits.

To cap off this "good news" section, let's give ourselves, the Peralta Retirees' Organization, a pat on the back. We are a powerful bulwark against any attempted incursion on our benefits. As an organization that already exists, not one hastily thrown together to react to a crisis, we are in a position to pre-empt ill-conceived attempts to erode what Peralta retirees have legitimately earned through their years of service to the district. We have had a symbiotic relationship with the district, which we hope to continue, but the Peralta Board and administration know we are a commanding force that can quickly and effectively mobilize to thwart any threat to the well being of Peralta retirees.

### **Peralta Retirees Organization**

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### **The Gloomier Side**

There would have been no need to write about the positives above if there weren't a countervailing set of negatives to be aware of and to fight against. Some are obvious, others subtle. Let me begin with the OPEB bonds. (By the way, OPEB stands for Other Post-Employee Benefits. Only bureaucrats could come up with such a gawky, virtually meaningless title.) In concept the bonds are a fine idea: Issue institutional bonds at a certain rate of interest. Invest the capital raised by the bonds in securities that will yield a higher rate of interest. Pay the interest to the bondholders and, *Voila!*, use the profit to fund retirees' benefits. Tom Smith, then Peralta's CFO, formulated the plan in great detail with the aid of Wall Street financial institutions such as Lehman Brothers. (You can see where this is going.)

While the economy was healthy, everything went well. For three years the income from bond capital investments produced profits adequate to fund our benefits. There were even safeguards built to protect against normal cyclical economic downturns.

Then, as I don't have to tell you, the bottom fell out of the economy. No one could have, nor did, predict the magnitude of the collapse. Naturally Peralta's investments took a drastic plunge. Peralta owed more in interest to its bondholders than it was earning from its investments. It's an ugly story but hardly unique to Peralta. The upshot is that the Peralta budget for this year shows the value of the bonds at \$153 million and debt owed to bond holders at \$185 million. It's projected that by 2015 the debt service on the bonds will cost Peralta \$18 million, an unsustainable percentage of the district's total budget.

Why should we care? After all, retirees are not responsible for the OPEB bonds or the recession. Isn't the district obligated to fund our benefits – unmodified - no matter what? Well, yes and no. As long as Peralta remains solvent, the answer is yes. But if the district goes bankrupt, all contractual bets are off, including, perhaps, our lifetime health benefits. It is possible that our benefits could survive a Peralta bankruptcy in some form, but it's likely that would take years to sort out and certainly benefits would be reduced. So, in conjunction with the active employees' unions, PRO will be consulting with independent financial analysts to try to find the best way for the district to get out of the OPEB bond debacle with minimum damage. Whatever your altruistic interests are

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# PRO'S Annual Luncheon and Membership Meeting

## 'Fiesta Luncheon'

Come and enjoy the Latino flavor. Ethnic attire welcome.

**Friday, November 5**

<b>Social Hour</b>	<b>11 AM—12 PM (No Host Bar)</b>
<b>Buffet Luncheon</b>	<b>12 PM—1 PM (\$18/PERSON)</b>
<b>Entertainment</b>	<b>1 PM—2 PM</b>

**Short Business Meeting to Follow**

**Featuring Maestros Del Folklor Mexicano  
Door prizes and surprises**

### Location

**Wedgewood Banquet Center  
Metropolitan Golf Links  
10051 Doolittle Drive  
Oakland, CA 94603**  
=====

### Driving Directions

**From Sacramento:** I-80 toward SF. Take I-580 East toward Alameda/San Jose/Downtown Oakland. Merge onto I-980 West toward Downtown Oakland. Merge onto I-880 South toward San Jose. Take the Hegenberger Road exit toward the Oakland Airport. Turn right on Hegenberger Road. Turn left onto Doolittle Drive (last turn before the airport entrance). Golf course is on the right.

**From San Jose:** I-880 North toward Oakland. Take the Davis Street exit. Turn left onto Davis Street. Turn right onto Doolittle Drive. The golf course will be on your left.

Luncheon Reservations  
Required by Friday, Oct. 22.

To reserve: Send a check made out to 'PRO' for \$18 for each person in your party attending the luncheon. Mail your check to:

**PRO**  
**PO Box 1951**  
**El Cerrito, CA 94530**

Please include the name(s) of all attendees that you are paying for. There is no charge to attend the business meeting, and it is not necessary to reserve if you do not plan to have lunch.

Name \_\_\_\_\_

Number Attending \_\_\_\_\_

Names of additional guests attending:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Total enclosed (\$18/person) \$ \_\_\_\_\_



# It's Time To Renew Your PRO Membership for 2011

**Please renew your PRO membership for 2011 if you have not already done so. If you are not sure whether you are paid up for 2011, please check the mailing label on this newsletter to see when your membership expires.**

**Dues are: \$20-1 year, \$55-3 years, \$80-5 years, and \$250-lifetime.**

**Name** \_\_\_\_\_

**Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State** \_\_\_\_\_ **Zip** \_\_\_\_\_

**Phone** \_\_\_\_\_

**Email** \_\_\_\_\_

**Mail a check made out to "PRO" to: PRO, PO Box 1951, El Cerrito, CA 94530**

**(From the President... Continued from page 2)**

in the survival of Peralta, it is also in our self-interest to help keep the district from going bankrupt. I don't know whether our efforts in analyzing the OPEB bonds will ultimately be useful, but we must try.

The OPEB bonds aside, the crippled California economy has forced budget cuts to all of California educational institutions and has capped community college FTES funding so that last year Peralta received no funding for about 2000 FTES enrolled over the cap, thus costing the district money rather than earning it revenue. Remember the time when we fought for every FTES because our state allocation would increase with each one. Those were the good old days. Though Interim Chancellor Wise Allen has stated the district isn't currently in jeopardy of bankruptcy, a future with property taxes in an extended downward spiral and state budgets delayed far past the adoption of community college budgets, it's not likely that state funding will get better before it gets worse.

With these facts in mind, the Peralta Board and administration are looking for any way to cut expenditures, and for some, regardless of how bulletproof our benefits appear to be, those benefits seem to be fair game. Though most Peralta Board members understand that the Board cannot tamper with our benefits, at least one board mem-

ber has already publicly stated his opposition to our retaining our full benefits. There is talk of proposing incentives to have individual retirees agree to reduce their benefits. Remember that there is no organization that can negotiate for retirees. PRO functions as an effective pressure group, but we cannot officially negotiate anything. In effect, each retiree is an individual contractor, so the district might be able to offer an individual something of value in exchange for his or her reduced benefits. That may seem to be an unlikely scenario, but in these times, don't be surprised at anything that desperate minds might dream up.

As I suggested in the last paragraph, the economics of desperation can lead to the politics of irrational aggression. Therefore, we must keep the Peralta Board on the side of keeping our benefits intact - and not even necessarily because they want to - but because the alternative would be so much worse. Challenging our benefits in light of court decisions that have upheld the contractual validity of retiree benefits would seem irresponsible at best since the challengers couldn't win and would be tied up in the legal system for years, not to speak of district money that would be wasted in the attempt. Nonetheless, there will be those who run for the Peralta Board on a platform of cutting our benefits. We must emphatically oppose those candidates and support those who,

*(Continued on page 8)*

## Scenes From the 2010 PRO Picnic



*Vic Japzon*



*Tom Southworth and Rita Haberlin*



*Gloria Edgar and Edie Chandler*



*Jack Mooradian and Jerry Herman*



*Russ Gregory and Ted Weston*

## October is Open Enrollment Period in Peralta; Benefits Fair is Scheduled for October 7

*By Jennifer Seibert*

### Open Enrollment begins October 1 and ends October 31.

Open enrollment is the annual opportunity for Peralta employees and retirees to change medical plan enrollment or to add a non-covered eligible dependent to the medical plan.

The annual newsletter (containing special updates and required notices) was mailed during the week of September 20, 2010. You can also download your personal copy of the newsletter and enrollment change forms from the Peralta District's Retirees website, the Peralta Benefits Information Center: <http://peraltaretirees.pswbenefits.net/> You are en-

couraged to visit the website regularly for the latest information and announcements.

You can also contact the PCCD Benefits Office at 510-466-7229 in order to request any forms that you may need.

### Benefits Fair

Retirees are encouraged to attend the annual Benefits Fair on October 7 from 10 – 3 at the District Office, 333 East Eighth Street in Oakland. Free health screenings, free informative workshops, free raffles, and free refreshments will be provided.

Workshops on a variety of subjects will be offered:

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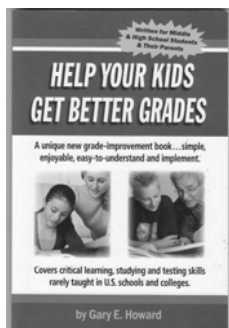
## Nominations for PRO Board Seats Open

Nominations are now open for six seats on the 11-member PRO Board of Directors. The Board passed an amendment to the by-laws in October 2007 which calls for direct election by the membership of all Board members (half of the Board is elected each year and Board members serve a two-year term). After the membership of PRO has elected the Board, the Directors elect the officers from among the Board members. The full text of PRO's bylaws, as amended, are on the PRO website.

Nominations were opened for this year's Board election at the September 1 Board meeting. The following people, currently serving on the Board, were nominated at that time: Jerry Herman, Bruce Jacobs, Linda Japzon, Ned Pearlstein, Shirley Timm and Ann Whitehead. Members may submit additional nominations by mailing the nominee's name to the PRO Post Office Box (PO Box 1951, El Cerrito, CA 94530). The nominator must include his/her name and should have verified that the nominee is willing to serve if elected. Nominees and nominators must be current in their payment of PRO dues. Nominations will close at the general business meeting on November 5 (see page 3 for information about the meeting).

## Gary Howard's New Book on Studying

Peralta retiree Gary Howard is the author of a new book called *Help Your Kids Get Better Grades*. It is written for parents of students in intermediate or high school and covers learning, studying and testing skills as well as other related topics. The goal of the book is to assist parents with a simple, easy-to-read and implement educational path to follow in mentoring a young student.



The book is available from Gary's website [www.WantBetterGrades.com](http://www.WantBetterGrades.com) for \$11.95 plus shipping, or it can be ordered from Amazon.com. Quantity discounts are available at the website.

## Laney's Scholarship Winner Thanks PRO

*Cassandra Beverly was the Laney recipient of PRO's annual \$1000 scholarship this year. Ms. Beverly wrote the following letter to acknowledge PRO's award:*

Dear Peralta Retirees Organization,

I am writing to thank you for your generous scholarship. I am honored to be a recipient of the Peralta Retirees Organization Scholarship. Your generous support is helping me to fulfill a lifelong dream of going to college.

Growing up in a less privileged community has not only offered financial and academic challenges, but it has more importantly made me realize the value of a college education. I will be the first in my family to attend college, and I hope to set a fine example for my children, Alonzo and Taylor.

It seems that academically I am off to a great start, having made the dean's list for another term with a 4.0 GPA. My plans at this stage are to complete my degree in Public Administration and continue on with a Master's Degree program. The University of San Francisco is noted around the country for its stellar professors, and I am fortunate to be able to begin my program in the spring.

Thanks to generous organizations such as yours my academic goals are now within my reach. I am glad to have the opportunity to thank you personally for your generosity. Without donors like you many students would be unable to pursue the career of their dreams.

By awarding me this scholarship you have lightened my financial burden, which allows me to focus more on the most important aspect of school, learning. Your generosity has inspired me to help others and give back to the community. I hope one day I will be able to help students achieve their goals just as you have helped me. I promise you I will work very hard and eventually give something back to others, possibly a scholarship to future students like myself. Thank you for changing my life!

Sincerely,  
*Cassandra Beverly*

## Contribute To The Pro Scholarship Fund By Honoring Or Memorializing A Friend Or Loved One



**Yes, I want to support the PRO Scholarship Fund with a contribution.**  
(Please print)

In honor of:     On the occasion of:     In memory of:

**Please send acknowledgement card to:**

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

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

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

**Contributor's Name:** \_\_\_\_\_

**Contributor's Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_

Make check payable to: **The Peralta Foundation—PRO**

Send to: PRO, PO Box 1951, El Cerrito, CA 94530

Contributions are tax deductible to the extent allowed by federal and state law.

### IN MEMORIAM

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

**Alan Bodine  
Elvo D'Amante  
Felix Elizalde  
Betty Ellet  
John Gardenhire**

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

### Contributions Received for the PRO Scholarship Fund

In Memory of	Contributor
Ken Guinasso	John Luther
Ken Guinasso	Juanita Peterson
Ken Guinasso	Ernest Spirakis
Jack Olson	Irene Olson, Mary and Sara Kew
Jack Olson	Will Price
In Honor of	Contributor
Ron Felzer	Dan Rosen

**(Benefits Fair** *Continued from page 5)*

■ What every survivor and dependent should know about Peralta benefits. You can also check out the information at:

<http://peraltaretirees.pswbenefits.net/Portals/7/>

[Survivor-Guidance-Info-09-21-2010.pdf](#)

■ Health Care Reform - What is the schedule of health reform initiatives affecting PCCD?

■ CoreSource Service Enhancements-electronic payments to vendors. Snail mail is going away!

**(From the President... Continued from page 4)**  
realistically, support the full retention of retiree benefits. One last point regarding the necessity for us retirees to be constantly vigilant: Currently the large majority of vested contract faculty and staff were hired prior to 2004. The last negotiated union contracts eliminate lifetime benefits for those hired after 2004. Within the foreseeable future, those post-2004 hires will compose a majority of Peralta employees. Whereas now retirees have the support of the Peralta unions, there will come a time when their interests and ours will diverge, and when they do the employees of Peralta will be our adversaries because they will resent the fact that, as they will perceive it, they might not be able to get raises because the district has to pay for the benefits we have that they won't get.

**Grade for the Future: B ?**

I wrote this column not to alarm anyone though some of what's in it is alarming. But I did want to alert Peralta retirees to the realities that will affect us in the short and long run. After this lengthy explanation of the good and bad news for our retiree benefits, what conclusion do I draw? To employ the most tired of clichés, I am cautiously optimistic. We have contract law on our side with

precedents in our favor. We even have morality on our side – though I'm not sure that morality holds much sway these days. We earned our benefits when we worked for Peralta. They are not some free give-away as many in the recession-besotted public might think. And we have ourselves, in the form of the Peralta Retirees Organization, to advocate, mobilize, and fight for what is rightfully ours. In order to do those things you, PRO's membership, must be willing to volunteer your time and talents because the struggle is just beginning.

**Does PRO Have Your Current Email Address?**

PRO maintains an email list for notifying retirees about important information concerning:

- issues relevant to the District's health benefits
- PRO events
- PRO members who have passed away.

If you have not been receiving these notices it could be because we do not have your current email address. To update, send an email to [webmaster@peraltaretirees.org](mailto:webmaster@peraltaretirees.org) with your name and the new address. ***Please do NOT send an update if you have been receiving PRO's email notifications.***

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**Peralta Retirees Organization**  
**P. O. Box 1951**  
**El Cerrito CA 94530**