**NOT A NEW ISSUE–BOOK–ENTRY ONLY** **Ratings†**

*On December 28, 2005, the date of the issuance of the Series B-3 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California (the "2005 Bond Counsel"), rendered their opinion (the "2005 Opinion") to the effect that interest on the Series B-3 Bonds was exempt from State of California personal income taxes, and that interest on the Series B-3 Bonds was not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. The 2005 Bond Counsel expressed no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2005 OPEB Bonds. The 2005 Opinion has not been updated subsequent to the date of the original issuance of the Series B-3 Bonds, or as of the date of this Reoffering Circular. See "TAX MATTERS."*

# $43,175,000
# PERALTA COMMUNITY COLLEGE DISTRICT
# ALAMEDA COUNTY, CALIFORNIA
# TAXABLE 2005 LIMITED OBLIGATION
# OPEB (OTHER POST-EMPLOYMENT BENEFIT) BONDS, SERIES B-3
# (WEEKLY RATE)

**Dated: Date of Original Delivery (December 28, 2005)** **Price: 100%** **Due: August 5, 2025**

The purpose of this Reoffering Circular is to furnish information in connection with (i) the issuance of an irrevocable direct-pay letter of credit (the "Letter of Credit") by Barclays Bank, PLC on August 5, 2020 (the "Letter of Credit Issuance Date") to secure the Peralta Community College District Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds, Series B-3 (the "Series B-3 Bonds") as further described herein and (ii) the remarketing of the Series B-3 Bonds in Weekly Rate Mode.

The Series B-3 Bonds were issued on December 28, 2005 under an Indenture of Trust, dated as of December 1, 2005 (as supplemented and amended from time to time pursuant to its terms, the "Indenture"), between the Peralta Community College District (the "District") and U.S. Bank National Association, as successor to Deutsche Bank National Trust Company, as trustee (the "Trustee"), in the aggregate principal amount of $43,175,000, all of which is currently outstanding. The Series B-3 Bonds were one of six tranches of Convertible Auction Rate Securities issued by the District to refinance the District's obligation to pay health care benefits for retired District employees and pay costs of issuance. The District is obligated to satisfy its obligations under the Series B-3 Bonds from any source of legally available moneys or funds of the District and by certain moneys and investments held in certain funds under the Indenture. See "THE SERIES B-3 BONDS" and "SECURITY FOR THE SERIES B-3 BONDS."

Commencing on the Letter of Credit Issuance Date through and including August 5, 2025 (the "Stated Expiration Date"), unless the Letter of Credit is previously terminated pursuant to its terms, the principal of and interest on the Series B-3 Bonds and the purchase price thereof upon a tender for purchase and failure to remarket, as described herein, will be payable from funds drawn under the Letter of Credit. The Letter of Credit will entitle the Trustee to draw thereunder a maximum amount equal to the principal of and up to 48 days' accrued interest on the Series B-3 Bonds at the maximum interest rate of 12%. As described herein and provided in the Reimbursement Agreement (as hereinafter defined), the Letter of Credit may be terminated prior to the Stated Expiration Date. The Series B-3 Bonds are subject to mandatory tender prior to expiration or termination of the Letter of Credit. See "SECURITY FOR THE SERIES B-3 BONDS – Alternate Liquidity Facility."

The Series B-3 Bonds bear interest at a Weekly Rate determined by Barclays Capital Inc., the remarketing agent (the "Remarketing Agent"), as described herein. See "THE SERIES B-3 BONDS – Remarketing." While in a Weekly Rate Period, ownership interests in the Series B-3 Bonds will be in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. While in a Weekly Rate Period, interest on the Series B-3 Bonds is payable on the first Business Day of each calendar month. The Series B-3 Bonds were delivered in fully registered form and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Series B-3 Bonds may be purchased in book-entry form only. Beneficial Owners (as hereinafter defined) of Series B-3 Bonds will not receive physical certificates representing the Series B-3 Bonds purchased. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM." The principal, the Purchase Price or the Redemption Price of the Series B-3 Bonds will be payable at the Principal Corporate Trust Office of the Trustee upon surrender thereof. Principal of and interest and redemption premium, if any, on the Series B-3 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Direct Participants (as defined in APPENDIX F hereto) for subsequent disbursement to the Beneficial Owners of the Series B-3 Bonds. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

The Series B-3 Bonds are subject to optional and mandatory redemption and optional and mandatory tender prior to maturity as described herein. See "THE SERIES B-3 BONDS – Redemption," "– Optional Tender Provisions" and "– Mandatory Tender Provisions."

THE SERIES B-3 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES B-3 BONDS NOR THE OBLIGATION OF THE DISTRICT TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON THE SERIES B-3 BONDS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**This Reoffering Circular is not intended to provide information with respect to the Series B-3 Bonds (including the terms of such Series B-3 Bonds) after the conversion, if any, from a Weekly Rate to another Interest Rate Mode. Owners and prospective purchasers of the Series B-3 Bonds should not rely on this Reoffering Circular for information concerning the Series B-3 Bonds in connection with any conversion of the Series B-3 Bonds to an Interest Rate Mode other than a Weekly Rate, but should look solely to the offering document to be used in connection with any such conversion to another Interest Rate Mode. The Series B-3 Bonds are subject to mandatory tender for purchase and remarketing upon conversion from one Interest Rate Mode to another. This Reoffering Circular is not intended to provide information with respect to the Series B-3 Bonds if the Letter of Credit is no longer in effect with respect to the Series B-3 Bonds.**

*This cover page contains information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Reoffering Circular to obtain information essential to making an informed investment decision.*

*The Series B-3 Bonds are reoffered when, as and if available for remarketing by the Remarketing Agent, subject to prior sale, withdrawal or modification of the offer without notice. Certain legal matters will be passed upon for the District, the Bank and the Remarketing Agent by the respective counsel described under the caption "APPROVAL OF LEGALITY."*

## Barclays Bank PLC

Dated: July 30, 2020

† For an explanation of the ratings, see "RATINGS."

This Reoffering Circular does not constitute an offer to sell the Series B-3 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series B-3 Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the reoffering of the Series B-3 Bonds, and, if given or made, such information or representation must not be relied upon.

The information set forth herein under the captions "THE BANK" and "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" has been obtained from the Bank. The information set forth herein under the captions "THE SERIES B-3 BONDS – Special Considerations Relating to the Series B-3 Bonds" has been obtained from the Remarketing Agent. The information relating to DTC and the book-entry system set forth herein under the caption "THE SERIES B-3 BONDS – General" and in APPENDIX F hereto has been furnished by DTC. All other information set forth herein has been obtained from the District and other sources that are believed to be reliable. The adequacy, accuracy or completeness of such information is not guaranteed by, and is not to be construed as a representation of the Remarketing Agent. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Reoffering Circular, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Bank, the District or DTC since the date hereof.

The Remarketing Agent has provided the following sentence for inclusion in this Reoffering Circular. The Remarketing Agent has reviewed the information in this Reoffering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of this information.

IN CONNECTION WITH THE REOFFERING OF THE SERIES B-3 BONDS, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES B-3 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS REOFFERING CIRCULAR

Certain statements included or incorporated by reference in this Reoffering Circular constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements attained to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

Julina Bonilla, *President*
Cynthia Napoli-Abella Reiss, *Vice President*
Bill Withrow, *Trustee*
Meredith Brown, *Trustee*
Linda Handy, *Trustee*
Nicky Gonzalez Yuen, *Trustee*
Karen Weinstein, Ph.D., *Trustee*
Romina Contreras, *Student Trustee*
Dowell Standley, *Student Trustee*

**ADMINISTRATION**

Dr. Carla Walter
*Acting Chancellor*

Adil Ahmed
*Acting Vice Chancellor of Finance & Administration*

Leigh Sata
*Vice Chancellor of General Services*

**SPECIAL SERVICES**

**REMARKETING AGENT**

Barclays Capital Inc.
*San Francisco, California*

**2005 BOND COUNSEL**

Jones Hall, A Professional Law Corporation
*San Francisco, California*

**SPECIAL COUNSEL**

Orrick, Herrington & Sutcliffe LLP
*San Francisco, California*

**MUNICIPAL ADVISOR**

Backstrom McCarley Berry & Co., LLC
*San Francisco, California*

**TRUSTEE, TENDER AGENT AND PAYING AGENT**

U.S. Bank National Association
*San Francisco, California*

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**REOFFERING CIRCULAR**

**$43,175,000**
**PERALTA COMMUNITY COLLEGE DISTRICT**
**ALAMEDA COUNTY, CALIFORNIA**
**TAXABLE 2005 LIMITED OBLIGATION**
**OPEB (OTHER POST-EMPLOYMENT BENEFIT) BONDS, SERIES B-3**
**(WEEKLY RATE)**

## INTRODUCTORY STATEMENT

### General

The following introductory statement is subject in all respects to the more complete information set forth in this Reoffering Circular. The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document. All capitalized terms used in this Reoffering Circular and not otherwise defined in this Reoffering Circular shall have the same meanings as in the Indenture of Trust, dated as of December 1, 2005 (as supplemented and amended from time to time pursuant to its terms, the "Indenture"), between the Peralta Community College District (the "District") and U.S. Bank National Association, as successor to Deutsche Bank National Trust Company, as trustee (the "Trustee"). See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions."

This Reoffering Circular, including the cover page and the Appendices hereto (the "Reoffering Circular"), is provided to furnish information in connection with the issuance of an irrevocable direct-pay letter of credit (the "Letter of Credit") by Barclays Bank PLC (the "Bank") on August 5, 2020 (the "Letter of Credit Issuance Date") to secure the Series B-3 Bonds (as defined below), and the remarketing of the Series B-3 Bonds in a Weekly Rate Mode as further described herein.

### Health Benefit Obligations

Until June 30, 2004, the District provided lifetime post-retirement health care benefits to retirees meeting plan eligibility requirements as well as for their spouses and, in most cases, for dependent children depending upon the terms of the bargaining unit contract. Pursuant to those contracts, the District is required to pay the costs of the post-retirement health care premiums directly to the beneficiaries. As of June 30, 2019, the number of current employees eligible to participate in this plan was 233 and the number of retired employees participating in this plan was 674.

Commencing with fiscal year 2004-05, the District and the bargaining units representing certificated and non-certificated employees agreed that the District would no longer be responsible for the payment of lifetime health care benefit premiums for employees, spouses or dependents. Accordingly, for employees hired on or after July 1, 2004, the District is responsible only for the payment of health care benefit premiums until such employee reaches the age of 65. In connection therewith, survivor benefits for dependents were eliminated. However, surviving spouses have the option to purchase health care coverage through the District up to the age of 65. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Other Post-Employment Benefits – Funding Policy; OPEB Trust."

### The 2005 OPEB Bonds

On December 28, 2005, the District issued its Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds (the "2005 OPEB Bonds") in the aggregate principal amount of $153,749,832.25 to refund the District's accrued liability with respect to its other post-employment benefits ("OPEB"), as they relate to employees hired before July 1, 2004. The net proceeds from the 2005 OPEB Bonds were deposited into the District's OPEB Trust (defined herein), which is a revocable, but restricted trust. The 2005 OPEB Bonds were issued as the 2005 Series A Bonds (the "Series A Bonds") and the 2005 Series B-1 through B-6 (Convertible Auction Rate Securities), which consisted of six series of convertible auction rate bonds (the "CARS"). The CARS initially do not

pay periodic interest, but instead accrete in value from their date of issuance to a full accretion date (the "Full Accretion Date"). The Series A Bonds were issued as a series of Fixed Rate Bonds bearing periodic interest ("Standard Bonds"). The Series B-3 Bonds, upon their original issuance, were the third of the six series of the CARS.

The 2005 OPEB Bonds were issued to: (i) refund a portion of the present value of the contractual obligation of the District to fund the Retiree Health Benefit Costs in the amount of $150,000,000, and (ii) pay the costs of issuance of the 2005 OPEB Bonds. A portion of the proceeds of the 2005 OPEB Bonds in the amount of $150,000,000 was used to establish a trust fund (the "Retiree Health Benefit Program Fund") held by a custodian trustee, which, together with earnings thereon, which are disbursed upon written requisition by the District to pay the Retiree Health Benefit Costs. Amounts on deposit in the Retiree Health Benefit Program Fund are managed by a professional outside investment management company in accordance with the investment policy adopted by the District. Pursuant to a request for proposals, the Retirement Board retained Neuberger Berman Trust Company N.A. as the investment manager for the Retiree Health Benefit Program Fund to invest the Retiree Health Benefit Program Fund pursuant to an asset allocation policy adopted by the Retirement Board. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Other Post-Employment Benefits – Funding Policy; OPEB Trust."

In October 2006, a portion of the 2005 OPEB Bonds were the subject of a modification whereby three maturities of the taxable Standard Bonds were purchased from investors and were re-issued as convertible capital appreciation bonds (collectively, the "Modified OPEB Bonds"). The Modified OPEB Bonds have fully accreted and were converted to bonds bearing interest at a fixed interest rate of 6.25% per annum on August 1, 2009. The purpose of this modification was to restructure the District's debt service obligations with respect thereto and provide short-term budget relief to the District.

On February 19, 2009, the District issued the 2009 Taxable OPEB (Other Post-Employment Benefit) Refunding Bonds as Fixed Rate Bonds in an aggregate principal amount of $48,725,000 (the "2009 OPEB Bonds"). The District applied a portion of the proceeds of the 2009 OPEB Bonds to refund the 2005 Series B-1 Bonds, the first tranche of the CARS, and to refund the then-outstanding Standard Bonds. On October 28, 2011, the District issued the 2011 Taxable Refunding Bonds as Fixed Rate Bonds in an aggregate principal amount of $53,505,000 (the "2011 OPEB Bonds" and, together with the Standard Bonds, the Modified OPEB Bonds, the CARS and the 2009 OPEB Bonds, the "OPEB Bonds") to refund and restructure the 2009 OPEB Bonds.

**Plan of Finance**

The authorization by the District of the issuance of the 2005 OPEB Bonds as obligations of the District imposed by law, and as to the validity and conformity of the 2005 OPEB Bonds and the Indenture, as then supplemented, with all applicable provisions of law were validated pursuant to Section 860 et seq. of the California Code of Civil Procedure in a court judgment as to all matters adjudicated or which at that time could have been adjudicated. That judgment became final and non-appealable on November 7, 2005 (the "Validation Judgment").

The District has amended the Indenture to provide for additional interest rate modes, including a Weekly Rate Mode and to provide for credit facilities and liquidity facilities pursuant to the Second Supplemental Indenture dated as of July 1, 2020 (the "Second Supplemental Indenture") between the District and the Trustee. See "THE BANK" and "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT."

The financial guaranty insurance policy (including all endorsements to such policy, the "Bond Insurance Policy"), which was issued by Financial Guaranty Insurance Corporation ("FGIC" or the "Bond Insurer") simultaneously with the original delivery of the 2005 OPEB Bonds and subsequently novated to National Public Finance Guarantee Corporation ("National") will be terminated in connection with the reoffering of the Series B-3 Bonds in a Weekly Rate Mode by the mutual agreement of National, the District, the Trustee, and Barclays Capital Inc., as remarketing agent for the Series B-3 Bonds.

**Interest Rate Exchange Agreements**

In 2006, the District entered into six fixed payer forward-starting interest rate swaps (each, a "Swap Agreement") with Morgan Stanley Capital Services Inc., as swap provider (the "Swap Provider"). Each Swap Agreement corresponds to one series of the CARS, including the Series B-3 Bonds, with a term equal to the final maturity thereof and with an effective date matching the Full Accretion Date for the related series of CARS. Under the Swap Agreement with respect to the Series B-3 Bonds, the District pays to the Swap Provider a fixed rate of 5.279% on an initial notional amount, and in return the District receives a floating rate of interest equal to 100% of the one-month London Interbank Offered Rate ("LIBOR"). The amounts payable by each party under the Swap Agreements are netted against amounts receivable by such party thereunder.

Both the District and the Swap Provider have the right to terminate each Swap Agreement under certain conditions, in which event termination payments may be due to the non-terminating counterparty. Such termination payments could be substantial and potentially adverse to the District's financial condition. The District has retained an advisor to assist the District in monitoring the values of the remaining Swap Agreements.

The District does not intend to terminate the Swap Agreement associated with the Series B-3 Bonds prior to the stated date of maturity or earlier redemption thereof.

The terms of the Swap Agreement with respect to the Series B-3 Bonds do not alter or affect any of the obligations of the District with respect to the payment of principal of or interest on the Series B-3 Bonds. The owners of the Series B-3 Bonds shall not have any rights under such Swap Agreement or against the Swap Provider. Payments due under the Swap Agreement will not be pledged to the payment of principal of or interest on the Series B-3 Bonds.

For more information regarding the District's Swap Agreements, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 12."

**The Letter of Credit**

On the Letter of Credit Issuance Date, the District will cause to be delivered to the Trustee, for the benefit of the Holders of the Series B-3 Bonds, the Letter of Credit issued by the Bank. The Letter of Credit constitutes a "Credit Support Instrument" under the Indenture. The Letter of Credit will extend for a term expiring on August 5, 2025, unless earlier terminated as provided therein. The Trustee will be entitled under the Letter of Credit to draw up to (i) the principal amount of the Series B-3 Bonds, to enable the Trustee to pay the principal of the Series B-3 Bonds when due at maturity, upon redemption or upon tender, if such tendered Series B-3 Bonds are not successfully remarketed by the Remarketing Agent, plus (ii) an amount up to 12% per annum on the principal amount of the Series B-3 Bonds for up to 48 days, to enable the Trustee to pay interest on the Series B-3 Bonds. The District and the Bank will enter into a reimbursement agreement, dated as of August 1, 2020 (the "Reimbursement Agreement"), pursuant to which the Letter of Credit is issued. For information regarding the Letter of Credit, the Bank and the Reimbursement Agreement, see "THE BANK" and "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT."

The Trustee agrees to hold and maintain the Letter of Credit for the benefit of the Holders of the Series B-3 Bonds until the Letter of Credit terminates in accordance with its terms. The Trustee will draw on the Letter of Credit in accordance with its terms and in accordance with the provisions of the Indenture and will diligently enforce all its rights as beneficiary under the Letter of Credit, including payment when due of any draws on the Letter of Credit. The Trustee will not consent to or agree to or permit any amendment or modification of the Letter of Credit that would materially adversely affect the rights or security of the Holders of the Series B-3 Bonds. The Trustee is entitled to receive and rely upon an opinion of counsel as to whether any modification or amendment materially adversely affects the rights or security of Holders.

Pursuant to the Indenture, the Trustee shall pay the interest on and principal of the Series B-3 Bonds when due solely from moneys drawn under the Letter of Credit, including payment of principal of and interest on the Series B-3 Bonds upon redemption, unless the Bank has failed to honor a properly presented and conforming drawing with respect to the Letter of Credit, in which case the Trustee shall pay the principal of and interest on such Series B-3 Bonds from all amounts held in the funds and accounts established and held by the Trustee under the Indenture.

**Remarketing Agent**

The District has appointed Barclays Capital Inc. ("Barclays" or the "Remarketing Agent") as Remarketing Agent for the Series B-3 Bonds. Barclays maintains an office at 745 7th Avenue, 2nd Floor, New York, New York 10019. The Remarketing Agent may be removed or replaced at any time, subject to the terms and conditions of the Remarketing Agreement, dated as of August 1, 2020 (the "Remarketing Agreement"), between the District and Barclays. Any resignation by, or removal of, the Remarketing Agent will be effective only upon thirty (30) days written notice.

**The District**

The Peralta Community College District was formed in 1964 and serves a 78-square mile area in Alameda County (the "County"), including the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont in the State of California (the "State" or "California"). The District operates four colleges: Laney College in downtown Oakland, College of Alameda in Alameda, Merritt College in the Oakland hills, and Berkeley City College in downtown Berkeley. The District also operates one community education center in Oakland's Fruitvale neighborhood. The District's four colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"), but all four colleges are currently on probation. See "ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT – Accreditor Concerns and Probation." The loss of any college's accreditation is an event of default under the Reimbursement Agreement. See "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT – The Reimbursement Agreement." For fiscal year 2019-20, the District has projected enrollment of 16,708 full time-equivalent students ("FTES") and assessed valuation in the District is projected to be $111,247,885,729. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT."

The District is governed by a seven-member Board of Trustees (the "Board of Trustees") elected to four-year staggered terms. Elections for positions to the Board of Trustees are held every two years, alternating between three and four available positions. Two student trustees also serve on the Board of Trustees. The management and policies of the District are administered by a Chancellor appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Carla Walter is currently the Acting Chancellor of the District. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Administration."

**Tax Matters**

On December 28, 2005, the date of the original issuance of the Series B-3 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California (the "2005 Bond Counsel"), rendered their opinion (the "2005 Opinion") to the effect that interest on the Series B-3 Bonds was exempt from State of California personal income taxes, and that interest on the Series B-3 Bonds was not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. 2005 Bond Counsel expressed no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2005 OPEB Bonds. The 2005 Opinion has not been updated subsequent to the date of the original issuance of the Series B-3 Bonds, or as of the date of this Reoffering Circular. See "TAX MATTERS" and APPENDIX D – "2005 OPINION OF 2005 BOND COUNSEL."

## THE SERIES B-3 BONDS

The following is a summary of certain provisions of the Series B-3 Bonds. Reference is made to the Series B-3 Bonds for complete text thereof and to the Indenture for all of the provisions relating to the Series B-3 Bonds. The discussion herein is qualified by such reference. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

**General**

The Series B-3 Bonds, which were issued pursuant to the Indenture in an initial principal amount of $19,866,112.75 and have accreted to the aggregate principal amount of $43,175,000 (all of which is currently outstanding), will bear interest at the Weekly Rate upon remarketing and will mature on August 5, 2025. The Series B-3 Bonds were delivered in fully registered form without coupons and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which acts as securities depository for the Series B-3 Bonds. The Series B-3 Bonds are transferable and exchangeable as set forth in the Indenture. Ownership interests in the Series B-3 Bonds currently may be purchased in book-entry form only, in the denominations hereinafter set forth. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

***This Reoffering Circular is not intended to provide information with respect to the Series B-3 Bonds (including the terms of such Series B-3 Bonds) after conversion from a Weekly Rate to another Interest Rate Mode. Owners and prospective purchasers of the Series B-3 Bonds should not rely on this Reoffering Circular for information concerning the Series B-3 Bonds in connection with any conversion of the Series B-3 Bonds to Series B-3 Bonds bearing interest at a rate other than a Weekly Rate, but should look solely to the offering document to be used in connection with any such conversion to another Interest Rate Mode. The Series B-3 Bonds are subject to mandatory tender for purchase and remarketing upon conversions from one Interest Rate Mode to another. This Reoffering Circular is not intended to provide information with respect to the Series B-3 Bonds if the Letter of Credit is no longer in effect with respect to the Series B-3 Bonds.***

**Description of Terms of Series B-3 Bonds**

The Series B-3 Bonds are dated as of their date of original issuance (December 28, 2005). While in a Weekly Rate Period, ownership interests in the Series B-3 Bonds will be in denominations of $100,000 or any integral multiple of $5,000 in excess thereof ("Authorized Denominations"). Interest on the Series B-3 Bonds shall be calculated on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed during any Weekly Rate Period. Interest on Liquidity Facility Series B-3 Bonds (as defined in the Indenture) will be calculated in accordance with the terms of the Reimbursement Agreement.

So long as Cede & Co. is the registered owner of the Series B-3 Bonds, the principal and purchase price of and interest and premium, if any, on the Series B-3 Bonds are payable by wire transfer by the Trustee (or in the case of the purchase price, by U.S. Bank National Association as Trustee and tender agent (the "Tender Agent")) to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants (as hereinafter defined) for subsequent disbursement to the Beneficial Owners. So long as Cede & Co. is the registered owner of the Series B-3 Bonds, the right of any Beneficial Owner to exercise its right to tender its interest in any Series B-3 Bond for purchase and receive payment therefor will be based only upon and subject to the procedures and limitations of the book-entry only system described under the caption APPENDIX F – "BOOK-ENTRY ONLY SYSTEM." See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for additional information with respect to the Series B-3 Bonds.

**Determination of Interest Rate on Series B-3 Bonds**

*General*. The Series B-3 Bonds will bear interest at a Weekly Rate. The District has the right to change the Interest Rate Determination Method for all (but not less than all) of the Series B-3 Bonds from the Weekly Rate to a different Interest Rate Determination Method (which may be the Daily Rate, the Index Rate the Term Rate or the Fixed Rate). See "THE SERIES B-3 BONDS – Conversion of Interest Rate Determination Method." No Weekly Rate on the Series B-3 Bonds will exceed 12% per annum.

*Weekly Rate*. So long as the Series B-3 Bonds are in the Weekly Rate Period, the Series B-3 Bonds will bear interest at a Weekly Rate. While in a Weekly Rate Period, interest on the Series B-3 Bonds is payable on (a) the first Business Day of each calendar month, commencing on September 1, 2020, and each Conversion Date; (b) the mandatory tender date, as applicable, on which a Credit Support Instrument providing support for such Series B-3 Bonds is substituted; and (c) in all events, the final maturity date or redemption date of each Series B-3 Bond; provided that interest on Credit Provider Bonds shall be payable on the first Business Day of each month and on each other date provided in the applicable Credit Support Instrument or Credit Support Agreement (each, an "Interest Payment Date").

During each Weekly Rate Period, the Remarketing Agent is to set a Weekly Rate for the Series B-3 Bonds, by 5:00 P.M., New York City time, on each Wednesday (or the immediately succeeding Business Day, if such Wednesday is not a Business Day) for the next period of seven (7) days from and including Thursday of such week to and including Wednesday of the next following week (a "Calendar Week"); *provided, that*, the Weekly Rate for the first Calendar Week (or portion thereof) following a Conversion Date resulting in a change in the Interest Rate Determination Method to a Weekly Rate shall be set by the Remarketing Agent on the Business Day immediately preceding such Conversion Date. Each Weekly Rate shall be the rate of interest which, if borne by such Bonds in the Weekly Rate Period, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds which are of the same general nature as such Bonds for which the Weekly Rate is to be determined, or bonds which are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series B-3 Bonds for which the Weekly Rate is to be determined, be the lowest interest rate that would enable the Remarketing Agent to place such Bonds at a price of par (plus accrued interest, if any) on the first day of such Weekly Rate Period.

Notwithstanding anything to the contrary in the Indenture, in connection with the substitution of a Liquidity Instrument providing support for any Series B-3 Bonds bearing interest at the Weekly Rate, the Weekly Rate with respect to such Series B-3 Bonds for the first Calendar Week (or portion thereof) following such substitution will be set by the Remarketing Agent on the Business Day immediately preceding the date of such substitution. Such Weekly Rate will be effective only if the substitution is effected pursuant to the Indenture.

*Failure to Determine Rate for Certain Rate Periods*. If, for any reason, the Weekly Rate for the Series B-3 Bonds is not established as described above, or there is no Remarketing Agent for such Series B-3 Bonds, or any Weekly Rate so established is held to be invalid or unenforceable, then an interest rate for such Series for such Rate Period equal to 100% of the One-Month LIBOR Rate on the date such Weekly Rate was (or would have been) determined, as provided pursuant to the provisions of the Indenture described above, shall be established automatically.

If LIBOR is not available, the Calculation Agent shall determine another rate with notice to the District. The District intends to consult with its Bond Counsel and the Calculation Agent to determine an industry accepted substitute index and, if there is not an industry accepted index at such time, the District, Bond Counsel and the Calculation Agent will determine a reasonably acceptable substitute index.

**Redemption**

***Optional Redemption***. The Series B-3 Bonds bearing interest at the Weekly Rate are subject to optional redemption by the District, with the consent of the Bank, in whole or in part, in Authorized Denominations on any day, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, without premium.

***Mandatory Redemption***. The Series B-3 Bonds are subject to mandatory redemption by the District prior to their stated maturity by lot, solely from Sinking Fund Payments in the amounts and on the dates set forth below, upon mailed notice as provided in the Indenture, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium, as follows:

| ***Redemption Date (August 5)*** | ***Sinking Fund Payment*** |
|---|---|
| 2021 | $7,800,000 |
| 2022 | 8,325,000 |
| 2023 | 9,200,000 |
| 2024 | 9,925,000 |
| 2025† | 7,925,000 |

† Final Maturity

If upon any drawing on the Letter of Credit to make a Sinking Fund Payment amounts sufficient to reimburse such drawing are not on deposit with the Trustee in the Sinking Fund, the Trustee will purchase the Series B-3 Bonds

in lieu of redemption and will make appropriate entries on the books of the Securities Depository for such Series B-3 Bonds to reflect the transfer of the beneficial ownership interest in such Series B-3 Bonds to the account of the Bank.

**General Redemption Provisions**

***Selection of Series B-3 Bonds for Optional Redemption***. The District will designate which Series B-3 Bonds are to be called for optional redemption; provided that any Series B-3 Bonds purchased with funds provided under the Letter of Credit until such Series B-3 Bonds are paid or remarketed ("Credit Provider Bonds") shall be redeemed prior to any other Series B-3 Bonds. If less than all Series B-3 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series B-3 Bonds of such maturity date to be redeemed by lot and shall promptly notify the District in writing of the numbers of the Series B-3 Bonds so selected for redemption. For purposes of such selection, Series B-3 Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the District may designate which Sinking Fund Payments under the Indenture, or portions thereof, that are to be reduced as allocated to such redemption. See "– Selection of Series B-3 Bonds for Mandatory Sinking Fund Redemption."

***Selection of Series B-3 Bonds for Mandatory Sinking Fund Redemption***. If less than all Series B-3 Bonds maturing by their terms on any one date are to be redeemed at any one time with Sinking Fund Payments, the Trustee will select the Series B-3 Bonds and maturity to be redeemed by lot in any manner that it deems appropriate; provided that Credit Provider Bonds shall be redeemed prior to any other Series B-3 Bonds. The Trustee will promptly notify the District in writing of the numbers of the Series B-3 Bonds so selected for redemption. For purposes of such selection, Series B-3 Bonds will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

***Notice of Redemption***. Each notice of redemption is to be mailed by the Trustee not less than 30 nor more than 60 days prior to the redemption date to DTC. Conveyance of notices and other communications by DTC to Direct Participants (as defined in APPENDIX F hereto), by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series B-3 Bonds will be governed by arrangements among them, and the Trustee will not have any responsibility or obligation to send a notice of redemption except to DTC. Failure of DTC to receive any notice of redemption or any defect therein will not affect the sufficiency of any proceedings for redemption.

***Conditional Notice of Redemption; Rescission***. Any notice of optional redemption of the Series B-3 Bonds may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice will be of no force and effect and the District will not be required to redeem such Series B-3 Bonds and the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the District may, at its option, on or prior to the date fixed for redemption in any notice of redemption of the Series B-3 Bonds, rescind and cancel such notice of redemption by Written Request of the District to the Trustee, and the Trustee will mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

Any optional redemption of Series B-3 Bonds and notice thereof shall be rescinded and cancelled pursuant to the Indenture if for any reason on the date fixed for redemption moneys are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on such Series B-3 Bonds called for redemption.

***Effect of Redemption***. Notice of redemption having been duly given pursuant to the Indenture and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the Series B-3 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice the Series B-3 Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice, together with interest accrued thereon to the date fixed for redemption. Thereafter, interest on such Series B-3 Bonds shall cease to accrue, and said Series B-3 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture.

**Optional Tender Provisions**

The Series B-3 Bonds bearing interest at a Weekly Rate (other than Credit Provider Bonds which have been reoffered) are subject to tender for purchase and remarketing at the option of the Holder or the Beneficial Owners of those Bonds, who may elect to have Series B-3 Bonds (or portions thereof in Authorized Denominations) purchased at a purchase price (the "Purchase Price") equal to the principal amount thereof, without premium, plus any accrued interest to the Purchase Date. If the Purchase Date occurs before an Interest Payment Date, but after the Record Date (defined herein) applicable to such Interest Payment Date, then accrued interest will be paid to DTC for payment to the Beneficial Owners as of the applicable Record Date. The term "Record Date" means for any Interest Payment Date in respect of any Weekly Rate Period the Business Day next preceding such Interest Payment Date.

Series B-3 Bonds bearing interest at a Weekly Rate may be tendered for purchase on any Business Day at the applicable Purchase Price, payable in immediately available funds, upon (A) delivery by the Owner or Beneficial Owner of such Bond to the Remarketing Agent and to the Trustee at its Principal Office of an irrevocable written notice or notice by Electronic means by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, and (B) delivery of such Bond to the Trustee on the Purchase Date in accordance with the Indenture.

Any Reoffered Bond may be tendered for purchase in part as long as the amount so purchased and not so purchased are each in an Authorized Denomination.

Any instrument delivered to the Trustee in accordance with the provisions of the Indenture described above shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon DTC and any subsequent Owner or Beneficial Owner of the Series B-3 Bond to which it relates, including any Series B-3 Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the Owner or Beneficial Owner of the Series B-3 Bonds specified therein shall not have any right to optionally tender for purchase such Series B-3 Bonds prior to the date of purchase specified in such notice. The District, the Remarketing Agent and the Trustee may conclusively assume that any person (other than an Owner) providing notice of optional tender pursuant to the Indenture is the Beneficial Owner of the Series B-3 Bond to which such notice relates, and none of the District, the Remarketing Agent or the Trustee shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Bonds.

Draws on the Letter of Credit issued pursuant to the Reimbursement Agreement described under "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" will provide funds for the purchase of Series B-3 Bonds that are not successfully remarketed upon optional tender by Owners or Beneficial Owners for purchase and remarketing. See "– Funding Optional and Mandatory Tenders of Series B-3 Bonds" below.

**Mandatory Tender Provisions**

The Series B-3 Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price on the Conversion Date (or on the proposed Conversion Date if the conversion fails to occur) to a new Interest Rate Determination Method specified in a Conversion Notice as described below under "– Conversion of Interest Rate Determination Method."

Draws on the Letter of Credit issued pursuant to the Reimbursement Agreement described under the caption "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" will provide funds for the purchase of Series B-3 Bonds that are not successfully remarketed upon optional tender by Bond Owners for purchase and remarketing, and for the purchase of Series B-3 Bonds that are not successfully remarketed upon mandatory tender. The Series B-3 Bonds will be subject to mandatory tender for purchase at the applicable Purchase Price (i) on the fifth Business Day preceding the scheduled expiration of, or the termination by election of the District of, the Letter of Credit, and (ii) (if a Rating Confirmation is not received) on the date of provision of a substitute credit or liquidity facility and resultant termination of the Letter of Credit. No such mandatory tender is required if a substitute credit or liquidity facility is provided to the Trustee and a Rating Confirmation is delivered by each Rating Agency then rating the Series B-3 Bonds with respect to which the substitute credit or liquidity facility is being provided; *provided, however*, that a Credit Support Instrument may not be substituted for the Letter of Credit for the Series B-3 Bonds unless a mandatory tender and purchase of all of the Series B-3 Bonds occurs (and such a mandatory tender and

purchase must occur whether or not a Rating Confirmation with respect to the substitution is obtained). The Trustee is to give DTC at least 15 days' notice of any such elected termination, substitution or expiration. The District may rescind any notice of mandatory tender provided to Owners in connection with the substitution of a Credit Support Instrument by giving written notice of such rescission to Owners two or more Business Days immediately preceding the date set for such substitution and mandatory tender.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of Series B-3 Bonds will be governed by arrangements among them, and the District and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Series B-3 Bonds.

**Funding Optional and Mandatory Tenders of Series B-3 Bonds**

The District expects funds to be made available to purchase Series B-3 Bonds tendered for purchase pursuant to the optional and mandatory tender provisions described above by having the Remarketing Agent remarket the tendered Series B-3 Bonds and having the proceeds applied to purchase the tendered Series B-3 Bonds. See "REMARKETING."

Payment of the purchase price for any Series B-3 Bonds tendered for purchase and not successfully remarketed is expected to be paid from amounts drawn under the Letter of Credit as described under "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT." If insufficient funds are available from remarketing proceeds and under the Letter of Credit, the District has agreed to pay to the Trustee the amount of the shortfall. See "– Payment of Purchase Price – General."

The Indenture provides that if sufficient funds are not available for the purchase of all Series B-3 Bonds tendered and required to be purchased on any Purchase Date, all Series B-3 Bonds shall bear interest at the lesser of One Month LIBOR plus three percent and the Maximum Interest Rate from the date of such failed purchase until all such Series B-3 Bonds are purchased as required in accordance with the Indenture, and that all tendered Series B-3 Bonds shall be returned to the respective Owners. Thereafter, the Trustee is to continue to take all such action available to it to obtain remarketing proceeds from the Remarketing Agent and sufficient other funds from the Letter of Credit to purchase all Series B-3 Bonds required to be purchased. The Indenture provides that such failed purchase and return shall not constitute an Event of Default.

**Mechanics and Timing of Optional and Mandatory Tenders**

The mechanics and timing of delivery and payment for Series B-3 Bonds tendered for purchase are set forth in the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

**Payment of Purchase Price**

***General***. The Tender Agent will deposit the proceeds of a remarketing of the Series B-3 Bonds in the Remarketing Account for application to the Purchase Price (defined herein) of the Series B-3 Bonds. The term "Purchase Price" is defined in the Indenture to mean, with respect to any Series B-3 Bond tendered or deemed tendered pursuant to an optional or mandatory tender, an amount equal to 100% of the principal amount of any Series B-3 Bond tendered or deemed tendered to the Trustee for purchase pursuant to an optional or mandatory tender under the Indenture. In addition, if the Purchase Date is not an Interest Payment Date, the Purchase Price for each Series B-3 Bond tendered or deemed tendered will be increased to include accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price will not include accrued interest, which shall be paid to the Holder of record as of the applicable Record Date.

While the Letter of Credit is in effect, the Tender Agent will draw on the Letter of Credit in accordance with its terms so as to receive thereunder on the Purchase Date an amount, together with the proceeds of the remarketing of such Series B-3 Bonds on such date, sufficient to enable the Tender Agent to pay the Purchase Price of such Series

B-3 Bonds tendered or deemed tendered for purchase on such Purchase Date. Amounts drawn on the Letter of Credit will be deposited in the Liquidity Instrument Purchase Account in the Purchase Fund.

If the Letter of Credit is not in effect or the Bank has not paid the full amount necessary to pay the Purchase Price of Series B-3 Bonds tendered or deemed tendered, the District has agreed to pay to the Tender Agent in immediately available funds, the amount, together with remarketing proceeds and amounts drawn on the Letter of Credit, if any, sufficient to enable the Tender Agent to pay the Purchase Price of the Series B-3 Bonds tendered or deemed tendered for purchase on such Purchase Date. Such amounts received from the District will be deposited in the District Account in the Purchase Fund created under the Indenture. There can be no assurance that the District will have funds available to pay the Purchase Price of the Series B-3 Bonds. Investors should look solely to the Letter of Credit and the Bank for payment of the Purchase Price of the Series B-3 Bonds. See "THE BANK" and "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT."

Moneys delivered to the Tender Agent on a Purchase Date shall be applied at or before 3:30 p.m. (New York City time) on such Purchase Date to pay the Purchase Price of the Series B-3 Bonds tendered or deemed tendered for purchase in immediately available funds as follows and, to the extent not so applied on such date, shall be held in the separate and segregated accounts of the Purchase Fund for the benefit of the Holders of the Series B-3 Bonds which were to have been purchased:

FIRST: Moneys constituting funds in the Remarketing Account are required to be used by the Trustee on any Purchase Date to purchase Series B-3 Bonds tendered or deemed tendered for purchase pursuant to the Indenture at the Purchase Price.

SECOND: In the event such moneys in the Remarketing Account on any Purchase Date are insufficient to purchase all Series B-3 Bonds tendered or deemed tendered for purchase pursuant to Indenture on such Purchase Date, moneys in the Liquidity Instrument Purchase Account on such Purchase Date are required to be used by the Trustee at that time to purchase such remaining Series B-3 Bonds at the Purchase Price thereof.

THIRD: If the amount of money in any Remarketing Account and Liquidity Instrument Purchase Account, if applicable, on any Purchase Date is insufficient to pay in full the Purchase Price of all Series B-3 Bonds tendered or deemed tendered for purchase pursuant to the Indenture on such Purchase Date, moneys in the District Account on such Purchase Date, if any, are required to be used by the Trustee at that time to purchase such remaining Series B-3 Bonds at the Purchase Price thereof.

To the extent funds are available in the Liquidity Instrument Purchase Account to pay the full Purchase Price of the Series B-3 Bonds and are applied to pay the Purchase Price of Series B-3 Bonds tendered or deemed tendered for purchase, the Tender Agent is obligated to withdraw funds from the Remarketing Account and the District Account (in that order) for the purpose of reimbursing the Liquidity Facility Provider for drawings under the Liquidity Facility to pay the Purchase Price of the Series B-3 Bonds.

Any moneys held by the Tender Agent in the District Account remaining unclaimed by the Holders of the Series B-3 Bonds which were to have been purchased for three years after the respective Purchase Date for such Series B-3 Bonds shall be paid, upon the written request of the District to the District, against written receipt therefor. The Holders of Series B-3 Bonds tendered or deemed tendered for purchase who have not yet claimed money in respect of such Series B-3 Bonds shall thereafter be entitled to look only to the Tender Agent, to the extent it shall hold moneys on deposit in the Purchase Fund or the District to the extent moneys have been transferred to it in accordance with the Indenture.

No representation is made herein as to the timely exercise by DTC or any of its Participants of any direction with respect to an election to tender beneficial interests in Series B-3 Bonds, nor is any representation made herein as to the timely payment of principal and interest upon a tender of beneficial interests in Series B-3 Bonds under the book-entry system. Tenders of beneficial interests in Series B-3 Bonds under the book-entry system will be governed by the procedures of DTC and its Participants in effect from time to time. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

***Undelivered Series B-3 Bonds***. If any Holder of a Series B-3 Bond who has given notice of optional tender for purchase pursuant to the terms of the Indenture or any Holder of a Series B-3 Bond subject to mandatory tender for purchase pursuant to the Indenture fails to deliver such Bond to the Tender Agent at the place and on the applicable date and at the time specified, or fails to deliver such Bond properly endorsed, such Bond constitutes an "Undelivered Bond." If funds in the amount of the purchase price of the Undelivered Bond are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (a) the Undelivered Bond will be deemed to be purchased and will no longer be deemed to be Outstanding under the Indenture; (b) interest will no longer accrue thereon; and (c) funds in the amount of the purchase price of the Undelivered Bond are to be held by the Tender Agent for such Bond for the benefit of the Holder thereof, to be paid on delivery (and proper endorsement) of the Undelivered Bond to the Tender Agent at its Designated Office.

***Insufficient Funds***. While a Liquidity Facility is in place with respect to the Series B-3 Bonds, if sufficient funds are not available for the purchase of Series B-3 Bonds tendered or deemed tendered and required to be purchased on any Purchase Date, all such Series B-3 Bonds will be returned to their respective owners, and the Trustee shall (i) return all moneys deposited in the Remarketing Account to the Remarketing Agent for return to the persons providing such moneys, (ii) return all moneys deposited in the Liquidity Instrument Purchase Account to the Liquidity Facility Provider, and (iii) return all moneys deposited in the District Account to the District.

**Remarketing**

Barclays Capital Inc. currently serves as the Remarketing Agent for the Series B-3 Bonds pursuant to the terms of the Indenture and the Remarketing Agreement. The Remarketing Agent may resign or be removed at the direction of the District. Under the Remarketing Agreement, the Remarketing Agent and the District have the right, under certain circumstances, to terminate their obligations under the Remarketing Agreement upon thirty days' written notice to the other party, the Trustee and the Tender Agent.

Upon receipt of notice that any Series B-3 Bonds will be or are required to be tendered for purchase in accordance with the Indenture, the Remarketing Agent is required under the Indenture and the Remarketing Agreement to use its best efforts to remarket such Series B-3 Bonds at a price equal to the Purchase Price on the applicable Purchase Date in accordance with the applicable optional or mandatory tender provisions of the Indenture. The Remarketing Agent will transfer to the Tender Agent the proceeds of the remarketing of such Series B-3 Bonds.

**Conversion of Interest Rate Determination Method**

The Interest Rate Determination Method for the Series B-3 Bonds is subject to conversion, at the option of the District, from one Interest Rate Determination Method to another on any date on which the Series B-3 Bonds is subject to optional redemption, with such right to be exercised by delivery by the District of a Conversion Notice to the Trustee and the Remarketing Agent. Upon receipt of a Conversion Notice, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Trustee is to give notice by first-class mail to the Owners of the Series B-3 Bonds in accordance with the Indenture. The Indenture provides that such notice may be rescinded on or prior to the effective date of the Conversion.

**Special Considerations Relating to the Series B-3 Bonds**

***The Remarketing Agent is Paid by the District***. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Series B-3 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the District and is paid by the District for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series B-3 Bonds.

***The Remarketing Agent Routinely Purchases Series B-3 Bonds for its Own Account***. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series B-3 Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series B-3

Bonds in order to achieve a successful remarketing of the Series B-3 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series B-3 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series B-3 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series B-3 Bonds by routinely purchasing and selling Series B-3 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in any of the Series B-3 Bonds. The Remarketing Agent may also sell any Series B-3 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series B-3 Bonds. The purchase of Series B-3 Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the Series B-3 Bonds in the market than is actually the case. The practices described above also may result in fewer Series B-3 Bonds being tendered in a remarketing.

***Series B-3 Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date***. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the subject Series B-3 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Series B-3 Bonds (including whether the Remarketing Agent is willing to purchase Series B-3 Bonds for its own account). There may or may not be Series B-3 Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Series B-3 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series B-3 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Series B-3 Bonds at the remarketing price. In the event a Remarketing Agent owns any Series B-3 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series B-3 Bonds on any date, including an interest rate determination date, at a discount to par to some investors.

***The Ability to Sell the Series B-3 Bonds other than through Tender Process May Be Limited***. The Remarketing Agent may buy and sell Series B-3 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series B-3 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series B-3 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series B-3 Bonds other than by tendering the Series B-3 Bonds in accordance with the tender process.

## SECURITY FOR THE SERIES B-3 BONDS

### General

**THE SERIES B-3 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES B-3 BONDS NOR THE OBLIGATION OF THE DISTRICT TO PAY THE PRINCIPAL OF, OR REDEMPTION PRICE OF OR THE INTEREST ON THE SERIES B-3 BONDS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.**

The District is obligated to satisfy its obligations under the Series B-3 Bonds from any money lawfully available in any fund of the District. The Series B-3 Bonds are not limited as to payment to any special funds of the District, including the General Fund of the District. The obligation of the District to make payments with respect to the Series B-3 Bonds is not secured by a pledge of or lien on any funds of the District.

Not later than the seventh Business Day immediately preceding each Payment Date, the Trustee is required to determine the amount which the District is obligated to deposit with the Trustee for the payment of Debt Service on the Series B-3 Bonds during the next succeeding month and to notify the District in writing of the amount so

determined. Pursuant to the Indenture, the District has agreed to and covenanted that, not later than the fifth Business Day immediately preceding each Payment Date, and following receipt of such written notice to the District, it will transfer the amount set forth in such written notice to the Trustee for deposit in the Debt Service Fund. In determining the amount of the District's payment relating thereto, the Trustee is required to compute the Debt Service based on the interest rate set pursuant to the then applicable Interest Rate Determination Method, and for any interest rate period occurring prior to the next Interest Payment Date for which the rate has yet to be set, the Trustee is required to compute the Debt Service based on an interest rate equal to the higher of (a) the rate prescribed under the Qualified Swap Agreement or (b) One Month LIBOR plus twenty five (25) basis points, and is required to subtract from the Debt Service due any funds available in the Debt Service Fund.

Not later than the fifth Business Day immediately preceding each Payment Date, the Trustee is required to determine whether the amounts held by it in the Debt Service Fund will be sufficient to pay the aggregate amount of principal of and interest on the Series B-3 Bonds coming due and payable on such Payment Date, including the amount of any Sinking Fund Payment. If the Trustee determines that the amounts on deposit in the Debt Service Fund will be insufficient to make such payment, the Trustee is required to immediately notify the District of such fact, and the District is required to pay the amount of such insufficiency to the Trustee, from any source of legally available funds of the District, with such payment to be made not later than three Business Days prior to the Payment Date.

The 2005 OPEB Bonds are secured by a pledge of and lien on amounts held by the Trustee in the Retiree Health Benefit Program Fund. As of July 1, 2020, the District had approximately $203.9 million on deposit in the Retiree Health Benefit Program Fund. Notwithstanding such pledge and lien, so long as no Event of Default has occurred and is continuing under the Indenture, amounts on deposit in the Retiree Health Benefit Program Fund will be applied to pay retiree health benefit costs and to refund or defease the 2005 OPEB Bonds.

**Retiree Health Benefit Program Fund**

The Indenture establishes the Retiree Health Benefit Program Fund to be held by the Trustee in trust. All earnings on the investment of amounts in the Retiree Health Benefit Program Fund will be retained therein. The Trustee will 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 will 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 written request 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 disbursement; in each case accompanied by documentation evidencing the underlying obligation for which disbursement is requested. The Trustee is not responsible for examining such documentation or determining whether or not such documentation constitutes sufficient evidence of the underlying obligation.

(b) Transfers to Redeem or Defease 2005 OPEB 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 written request of the District with 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 or defease the 2005 OPEB Bonds in whole or in part.

**Rate Stabilization Fund**

At the request of the District filed with the Trustee at any time, the Trustee is required to establish, hold and administer a separate fund (the "Rate Stabilization Fund") in accordance with the Indenture. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, as the District may determine. The Trustee is required to disburse amounts in the Rate Stabilization Fund at the request of the District for any of the following purposes: (a) paying or making any annual prepayment of principal of or interest on the 2005 OPEB Bonds by the District as described in the Indenture, by transferring such amount to the Debt Service Fund; or (b) providing for the payment of Retiree Health Benefit Costs, by transferring such amounts to the Retiree Health Benefit Program Fund.

Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the 2005 OPEB Bonds. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the District, be applied for any other lawful purposes. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the District. As of July 1, 2020, the District had $15,342.61 on deposit in the Rate Stabilization Fund.

**Additional Bonds**

The District may at any time issue Additional Bonds which are payable from the same sources of funds as the 2005 OPEB Bonds, but only subject to the conditions set forth in the Indenture, which include the condition that such Additional Bonds shall be applied solely for (i) the purpose of satisfying any obligation to make payments to the Retiree Health Benefit Program pursuant to the Retirement Law relating to pension benefits accruing to the Retiree Health Benefit Program Fund's members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding.

**Alternate Liquidity Facility**

Subject to the restrictions contained in the Reimbursement Agreement and the Indenture, at any time the District may, at its option, furnish an Alternate Liquidity Facility in substitution for the Letter of Credit.

## THE BANK

The information contained in this section relates to and has been obtained from the Bank. The delivery of the Reoffering Circular shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

Barclays Bank PLC (the Bank, and together with its subsidiary undertakings, the Barclays Bank Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group or Barclays) is the ultimate holding company of the Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank with a diversified and connected portfolio of businesses, serving retail and wholesale customers and clients globally. The Group's businesses include consumer banking and payment operations around the world, as well as a top-tier, full service, global consumer and investment bank. The Group operates as two divisions – the Barclays UK division (Barclays UK) and the Barclays International division (Barclays International). These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which are supported by Barclays Execution Services Limited. Barclays Execution Services Limited is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long term unsecured unsubordinated obligations of the Bank are rated A by S&P Global Ratings Europe Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Barclays Bank Group's audited financial information for the year ended 31 December 2019, the Barclays Bank Group had total assets of £876,672m (2018: £877,700m), loans and advances at amortized cost of

£141,636m (2018: £136,959m), total deposits of £213,881m (2018: £199,337m), and total equity of £50,615m (2018: £47,711m) (including non-controlling interests of £0 (2018: £2m)). The profit before tax of the Barclays Bank Group for the year ended 31 December 2019 was £3,112m (2018: £1,286m) after credit impairment charges of £1,202m (2018: £643m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Barclays Bank Group for the year ended 31 December 2019.

The delivery of the information concerning the Bank, the Barclays Bank Group and the Group contained in this Reoffering Circular shall not create any implication that there has been no change in the affairs of the Bank, the Barclays Bank Group or the Group since the date hereof, or that the information contained or referred to in this Reoffering Circular is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this section of the Reoffering Circular and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Reoffering Circular. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Reoffering Circular.

## THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The Letter of Credit will be issued pursuant to the Reimbursement Agreement. The following summarizes certain provisions of the Letter of Credit and the Reimbursement Agreement. Such summary does not purport to be a complete description or restatement of the material provisions of the Letter of Credit and the Reimbursement Agreement. Reference is made to the entire documents for the complete provisions thereof. Except for the term "Series B-3 Bonds" capitalized terms used in "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" without definition have the meanings ascribed to them in the Reimbursement Agreement.

### The Letter of Credit

The Letter of Credit will be the irrevocable transferable obligation of the Bank to pay the Trustee, upon request in accordance with the terms thereof, an amount sufficient to pay the outstanding principal amount of the Series B-3 Bonds, plus 48 days of interest thereon at a rate of twelve percent (12%) per annum, calculated on the basis of a year of 365 days for the actual number days elapsed, which amount shall initially equal $43,856,337 (the "Original Stated Amount"), subject to reduction and reinstatement as described therein. The Trustee, upon compliance with the terms of the Letter of Credit, and subject to the last sentence of this paragraph, is authorized to draw up to an amount sufficient (i) to pay accrued interest on the Series B-3 Bonds as provided for in the Indenture (referred to as an Interest Drawing), (ii) to pay the principal amount of and accrued interest on the Series B-3 Bonds in respect of any optional redemption (with the prior written consent of the Bank) or mandatory sinking fund redemption of the Series B-3 Bonds as provided for in the Indenture (referred to as a Redemption Drawing), provided that in the event the date of redemption coincides with an Interest Payment Date (as defined in the Indenture) the Redemption Drawing shall not include any accrued interest on the Series B-3 Bonds (which interest is payable pursuant to an Interest Drawing), (iii) to pay the purchase price of Series B-3 Bonds tendered for purchase as provided for in the Indenture which have not been successfully remarketed or for which the purchase price has not been received by the Trustee by 12:15 p.m., New York time, on the purchase date (referred to as a Liquidity Drawing), (iv) to pay the principal of and accrued interest in respect of the Series B-3 Bonds the payment of which has been accelerated pursuant to the Master Indenture (referred to as an Acceleration Drawing), or (v) to pay the principal amount of the Series B-3 Bonds at maturity (referred to as a Stated Maturity Drawing). No Drawings shall be made under the Letter of Credit for (i) Series B-3 Bonds bearing interest at a rate other than the Weekly Rate (the "Converted Series B-3 Bonds"), (ii) Series B-3 Bonds purchased with the proceeds of a Liquidity Drawing and registered in the name of the Bank or its nominee or a transferee of the Bank pursuant to the Reimbursement Agreement (the "Series B-3 Bank Bonds") or (iii) Series B-3 Bonds owned by or on behalf of the District or an affiliate of the District (the "Series B-3 District Bonds" and, together with the Converted Series B-3 Bonds and the Series B-3 Bank Bonds, collectively referred to herein as the "Ineligible Series B-3 Bonds").

The Letter of Credit will terminate on the earliest to occur of the Bank's close of business on: (i) August 5, 2025 ("Stated Expiration Date"), (ii) the earlier of (A) the date which is two (2) days following the date on which all of the Series B-3 Bonds bear interest at a rate other than the Weekly Rate as such date is specified in a

certificate from the Trustee to the Bank (the "Conversion Date") or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date, (iii) the date of receipt by the Bank of certificate from the Trustee that (A) no Series B-3 Bonds remain Outstanding within the meaning of the Indenture, (B) all drawings required to be made under the Second Supplemental Indenture and available under the Letter of Credit have been made and honored or (C) a substitute Liquidity Instrument or substitute Credit Support Instrument (each as defined in the Indenture) has been issued to replace the Letter of Credit pursuant to the Indenture, (iv) the date on which Stated Maturity Drawing is honored by the Bank, and (v) the date which is fifteen (15) days following receipt by the Trustee of a written notice from the Bank specifying the occurrence of an Event of Default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Series B-3 Bonds.

The Available Amount of the Letter of Credit will be reduced automatically by the amount of any drawing thereunder, subject to reinstatement with respect to Interest Drawings as described below. With respect to any Interest Drawing, the amount of any Interest Drawing will be automatically reinstated effective at 9:00 A.M., New York time, seven (7) calendar days from the date such drawing is honored by the Bank unless the Trustee receive notice from the Bank in the form attached to the Letter of Credit by 5:00 P.M., New York time, on or before the sixth (6th) calendar day (or if such day is not a Business Day, the immediately preceding Business Day) after such date that the Bank has not been reimbursed in full for any such drawing or any other Event of Default has occurred and as a consequence thereof the Letter of Credit will not be so reinstated. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor drawings under the Letter of Credit will be automatically reduced by an amount equal to the amount set forth in the certificate relating to such Liquidity Drawing. In addition, in the event of the remarketing of the Series B-3 Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligation to honor drawings under the Letter of Credit will be automatically reinstated in the amount indicated in a certificate from the Trustee in the from attached to the Letter of Credit concurrently upon receipt by the Bank of such certificate and the Bank's receipt of funds in the amount specified in such certificate.

The "Available Amount" shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to Interest Drawings, Redemption Drawings, Liquidity Drawings, Stated Maturity Drawings or Acceleration Drawings, (ii) less the amount of any prior reduction thereof pursuant to a reduction certificate, (iii) plus the amount of all reinstatements as above provided in the Letter of Credit.

**The Reimbursement Agreement**

**Events of Default**. The occurrence of any of the following events shall be an "Event of Default" under the Reimbursement Agreement:

(a) the District shall fail to pay, or cause to be paid, as and when due any Obligation; or

(b) the District shall fail to pay, or cause to be paid, when due any Parity Debt; or

(c) any representation or warranty made by or on behalf of the District to the Bank in the Reimbursement Agreement, a Related Document or in any certificate or statement delivered hereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) any "event of default" under any Related Document which is not cured within any applicable cure period shall occur; or

(e) default in the due observance or performance of certain covenants set forth in the Reimbursement Agreement; or

(f) default in the due observance or performance of any other term, covenant or agreement set forth in the Reimbursement Agreement or any other Related Document and the continuance of such default for fifteen (15) days; or

(g) (i) any provision of the Reimbursement Agreement or any material provision of any of the Related Documents shall cease to be valid and binding, or (ii) a senior officer of the District shall, in writing, (A)

claim that any material provision of the Reimbursement Agreement or any other Related Document is not valid or binding on the District or (B) repudiate its obligations under the Reimbursement Agreement or any other Related Document or its obligation to pay or repay any Parity Debt; or

(h) an Event of Insolvency shall have occurred with respect to the District; or

(i) dissolution or termination of the existence of the District; or

(j) the District or any governmental agency or authority with jurisdiction over the District shall initiate any legal proceedings to seek an adjudication that the Reimbursement Agreement, the Series B-3 Bonds, or any Related Document or its obligation to pay any Parity Debt is not valid or not binding on the District; or

(k) any court of competent jurisdiction or other governmental entity with jurisdiction to rule on the validity of the Reimbursement Agreement, Series B-3 Bonds or any of the Related Documents, shall announce, find or rule that the Reimbursement Agreement, Series B-3 Bonds or any of the Related Documents is not valid or not binding on the District; or

(l) one or more final, nonappealable judgments against the District, or attachments against the property of the District, the operation or result of which, individually or in the aggregate, equal or exceed $10,000,000 shall remain unpaid, unstayed, discharged, unbonded or undismissed for a period of sixty (60) days; or

(m) (i) one hundred twenty (120) days after the long-term unenhanced debt rating assigned to the Series B-3 Bonds or any Parity Debt shall be reduced to or below "Baa2" by Moody's or to or below "BBB" by S&P, (ii) the long-term unenhanced ratings assigned to the Series B-3 Bonds or any Parity Debt shall be withdrawn, suspended or reduced below "Baa3" by Moody's or "BBB-" by S&P, or (iii) no Parity Debt shall have a long-term unenhanced rating from S&P or Moody's; or

(n) there shall be appointed or designated with respect to the District, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; or

(o) (i) default under any mortgage, agreement or other instrument under or pursuant to which Debt which is payable, in whole or in part, as a general obligation of the District is incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto, or (ii) the District shall fail to perform any other agreement, term or condition contained in any agreement under which any such obligation is created or secured which results in such Debt becoming, or being capable of becoming, immediately due and payable, or, with respect to any Debt that is a Swap Contract, which results in such Swap Contract being terminated early or being capable of being terminated early; or

(p) Apportionment Revenues (as defined in the Reimbursement Agreement) in any fiscal year (as reflected in the District's audited financial statements) shall be at least thirty percent (30%) less than the average Apportionment Revenues received by the District from the State in the prior two fiscal years (as reflected in the District's audited financial statements); or

(q) (i) (A) any college operated by the District shall lose its accreditation from the ACCJC or any other accrediting commission, organization or entity and (B) the Apportionment Revenues received by the District for the first fiscal quarter ending after the date which is six months after such loss of accreditation is at least thirty percent (30%) less than the Apportionment Revenues received by the District for the same fiscal quarter in the prior fiscal year, or (ii) any college operated by the District shall be placed on "show cause" (or an equivalent) status by the ACCJC or any other accrediting commission, organization or entity and shall remain in such status for two (2) years or longer.

**Remedies.** Upon the occurrence of any Event of Default under the Reimbursement Agreement, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies in the Reimbursement Agreement or by law provided:

(a) by written notice to the District declare all Obligations (including Liquidity Advances and Bank Bonds resulting from a purchase in lieu of a mandatory sinking fund redemption but excluding other Liquidity Advances and other Bank Bonds) to be and such amounts shall thereupon become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the District; and/or

(b) in the event that any Bonds (as defined under the Indenture) shall have been accelerated in accordance with the Indenture, by written notice to the District declare all Obligations (including, without limitation, all Reimbursement Obligations and Bank Bonds) to be and such amounts shall thereupon become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are waived by the District; and/or

(c) give written notice to the Trustee with a copy to the District specifying that an Event of Default under the Reimbursement Agreement has occurred and is continuing, and that the Trustee is to give notice of mandatory tender of the Series B-3 Bonds thereby causing the Letter of Credit to expire fifteen (15) days thereafter; and/or

(d) exercise any and all other rights and remedies provided in the Reimbursement Agreement or under the Related Documents; and/or

(e) pursue any other action available at law or in equity.

## CERTAIN INVESTMENT CONSIDERATIONS

*The purchase of the Series B-3 Bonds involves investment risks that are discussed throughout this Reoffering Circular. The following are investment considerations that have been identified by the District and should be carefully considered by prospective purchasers of the Series B-3 Bonds. The following list should not be considered to be exhaustive and has been prepared within the context of this Reoffering Circular. Inclusion of certain investment considerations below is not intended to signify that there are not other investment considerations or risks attendant to the Series B-3 Bonds that are material to an investment decision with respect to the Series B-3 Bonds.*

### General

The primary security for the Series B-3 Bonds is intended to be an irrevocable direct-pay letter of credit. It is possible however, in the event of the insolvency of the Bank or the occurrence of some other event precluding the Bank from honoring its obligation to make payment as stated in the Letter of Credit, that the financial resources of the District will be the secondary source of payment on the Series B-3 Bonds.

The ability of the Bank to honor drawings on the Letter of Credit will be based solely on the Bank's general credit. The Trustee may not assert a claim for federal deposit insurance against the Federal Deposit Insurance Corporation in respect of the Series B-3 Bonds or the Letter of Credit, and the owners of the Series B-3 Bonds should not assume any such insurance coverages are available with respect to the Series B-3 Bonds or the Letter of Credit. The ratings assigned to the Series B-3 Bonds on the Letter of Credit Issuance Date are dependent on the ratings of the Bank. There can be no assurance that the credit ratings of the Bank at that time or the District or a substitute letter of credit may not decline, which could result in a decline in any rating that may be assigned to the Series B-3 Bonds from time to time. Such a decline could, in turn, affect the market price and the marketability of the Series B-3 Bonds. See "THE BANK."

### District Indebtedness

The District may incur additional obligations that constitute charges against its unrestricted revenues. To the extent that the District incurs any such additional obligations, the funds available to pay debt service with respect to

the Series B-3 Bonds may be decreased. The District has substantial indebtedness associated with funding its OPEB. The payment of debt service or other payments in connection with such indebtedness could decrease funds available to pay debt service with respect to the Series B-3 Bonds.

**Interest Rate Swaps**

Currently, all of the Swap Agreements have negative values to the District, such that, if either the District or the Swap Provider elects to terminate one or all of the Swap Agreements, the District will be obligated to make Termination Payments to the Swap Provider in the amount of such negative values. Such payments could be substantial, and potentially adverse to the District's financial condition. See "INTRODUCTORY STATEMENT – Interest Rate Exchange Agreements."

**Limitation of Remedies**

The rights of the Owners of the 2005 OPEB Bonds are subject to the limitations on legal remedies against community college districts in the State of California (the "State"), including applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or in law. Bankruptcy proceedings, if initiated, could subject the Owners of the Series B-3 Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of the rights of Bondowners.

**Revenue Sources to Pay the 2005 OPEB Bonds**

The District receives a portion of its funding from the collection of property taxes collected within the District's boundaries. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") pursuant to which the County has agreed to advance 100% of the tax levy to the participating tax entity rather than the actual tax collections. However, the County has reserved the right to discontinue the Teeter Plan in the event the delinquency rate with respect to property tax collections exceeds 3% for any participating tax entity in any fiscal year.

The District also receives a portion of its General Fund revenues from the State as allocated through a program funding formula per unit of FTES. The number of FTES attending the colleges within the District is dependent upon a number of factors, including, but not limited to, the general economic conditions within the District. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – District Enrollment." A substantial decline in the number of FTES could have a material adverse effect on the revenues of the District available to pay debt service on the 2005 OPEB Bonds. However, the District has covenanted in the Indenture to include all debt service payments on the Series B-3 Bonds in its annual budgets and to make the necessary annual appropriations no later than July 5 of each year for such payments of debt service in the next fiscal year, and such covenant provides that such apportionment will be made from any eligible and lawfully available source. See "– Appropriation Risk."

**Letter of Credit**

Subject to extension at the option of the Bank, the Letter of Credit expires on August 5, 2025. The District is permitted at any time to deliver a Substitute Liquidity Facility in replacement of or as substitution for the Letter of Credit (and any prior Substitute Liquidity Facility).

**Investment of OPEB Trust Assets**

Following the issuance of the 2005 OPEB Bonds, a Retirement Board was established by the District to supervise the investment of the OPEB Trust assets and oversee the investment advisor, Neuberger Berman Trust Company, N.A. The OPEB Trust portfolio is limited to domestic and international equities, fixed income securities

and cash which may be subject to market volatility that could have a negative effect on the short and long term value of the investments in the OPEB Trust. The 2005 OPEB Bonds are secured by a pledge of and lien on amounts held by the Trustee in the Retiree Health Benefit Program Fund. Reductions in the value of the OPEB Trust portfolio would adversely affect the security for the Series B-3 Bonds.

**Appropriation Risk**

There are no applicable statutory provisions that make or require a continuing appropriation for the payment of debt service on the Series B-3 Bonds. The Trustee is required under the Indenture to notify the District on or before March 1 of each calendar year of the amount due on the Series B-3 Bonds in next fiscal year. The District covenants in the Indenture to include all debt service payments on the Series B-3 Bonds in its annual budgets. Such covenant is an obligation of the District imposed pursuant to the Validation Judgment. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Other Covenants of the District."

**Retiree Health Benefit Obligation Liability**

Many factors influence the amount of the District's Retiree Health Benefit Obligation liability, including, without limitation, inflationary factors, changes in the levels of benefit provided or in the contribution rates of the District, escalating costs of health care, and changes in actuarial assumptions or methods. Any of these factors could cause an increase in the Retiree Health Benefit Obligation liability of the District. Accordingly, in order to eliminate the unfunded liability of the District's Retiree Health Benefit Obligation, the District may need to make payments to the Retiree Health Benefit Program Fund in excess of the amounts currently estimated by the District's actuarial consultant.

**Risk of Earthquake and Other Natural Disasters**

***Risk of Earthquake***. Property taxes represent a significant portion of the District's general fund revenues. The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They include the San Andreas fault, the Hayward fault, and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 45.5 miles north of the District, near the West Napa Fault (a separate fault within the North Bay region of the Bay Area) and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area, including to taxable property within the District.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

The occurrence of seismic activity or other natural disaster could have a material adverse impact on the economy within the District's boundaries and the County, residential and commercial property values, and the ability or willingness of property owners to pay their property taxes.

***Drought***. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "State Water Board") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing

conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

***Risk of Wildfire and Climate Change***. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Additionally, as greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of extreme weather events, such as coastal storm surges, drought, wildfires, floods, and heat waves. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District. The future fiscal impact on climate change on the District's budgets and operations is difficult to predict, but it could be significant.

***Risk of Sea Level Changes and Flooding***. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding as a result of a 1.4 meter sea-level rise. The paper further estimates that the replacement value of this property totals nearly $100 billion (in year 2000 dollars). The District may be vulnerable to impacts associated with sea-level rise due to development on its coastline. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The District is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

**Changes in Law**

There can be no assurance that the State Legislature will not at some future time enact legislation that will amend or adopt laws resulting in a reduction of moneys available to pay principal of and interest on the Series B-3 Bonds. Similarly, the State electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys available to pay principal of and interest on the Series B-3 Bonds.

## ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT

The factors discussed below (among others) should be considered in evaluating the probability of payment of the Series B-3 Bonds. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the Series B-3 Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors should consider the following factors, among others, and review the other information in this Reoffering Circular. There can be no assurance that other factors and considerations will not become material in the future.

**District Financial Risks**

The District's fiscal distress in recent years has led to increased oversight of its financial and budgetary practices by the ACCJC, as well as review of, and recommendations to, financial and budgetary practices by the Financial Crisis & Management Assistance Team ("FCMAT"). In response, the District engaged the Collaborative Brain Trust ("CBT") to assess the District and assist in the development of a fiscal improvement plan. Detailed information relating to the District's fiscal distress is provided under the headings: "– FCMAT Assistance and Report,"

"– CBT Report" and "– Accreditor Concerns and Probation." The District has responded to the concerns raised by such entities in its Financial Accountability and Recovery Action Plan and Integrated Financial Plan (defined below). See "– FCMAT Assistance and Report" and "– Integrated Financial Plan."

**FCMAT Assistance and Report**

In January 2019, the California Community Colleges Chancellor's Office and FCMAT entered into an agreement to conduct a management assistance study and provide professional development training for the District and prepare a fiscal health risk analysis (the "Fiscal Health Risk Analysis"). On June 28, 2019, FCMAT delivered the Fiscal Health Risk Analysis which recommended that the District make fundamental changes to avoid becoming insolvent or requiring emergency appropriations from the State. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including suffering from years of ineffective and inconsistent leadership and guidance, nonadherence to policies and procedures, and difficulties in receiving consistent information and communication as well as sharp enrollment declines. FCMAT reviewed several fiscal indicator sections in its analysis, noting that the Fiscal Health Risk Analysis identified that the majority of categories are cause for concern and contribute to the District's fiscal distress. FCMAT's assistance and review of the District ended after the Fiscal Health Risk Analysis was presented to the Board of Trustees.

For further information on FCMAT's review of and conclusions regarding the District's financial condition, investors are directed to read the full version of the Fiscal Health Risk Analysis, which is publicly available on FCMAT's website at the following address: http://www.fcmat.org/. The information referred to is prepared by FCMAT and not by the District, and the District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

In response to the Fiscal Health Risk Analysis, the District instituted its Financial Accountability and Recovery Action Plan, the ("FCMAT Response Plan"), which was presented to the Board of Trustees in September 2019. The FCMAT Response Plan objectives include: (1) leadership under the current Chancellor, (2) completing implementations of recommendations of FCMAT, ACCJC and CBT, (3) reorganizing the District for efficiency and cost-effectiveness, (4) adopting a two-year budget planning and development process, and (5) standardizing, updating and modernizing administrative practices, policies and operations. The District has also developed its Integrated Financial Plan. See "– Integrated Financial Plan."

**CBT Report**

In June 2019, CBT produced its Fiscal Improvement Plan Services Report (the "CBT Report"), an in-depth institutional assessment with recommendations for improvements. The CBT Report is the first phase of a two-phase proposal. The second phase consists of an operation plan which was delivered during fiscal year 2019-20. In the CBT Report, CBT identified several signs of fiscal distress for the District, including a drastic rise in the cost of living and concurrent decline in District enrollment, executive turnover, audit findings, and a structural deficit in the District budget. Additionally, the CBT Report noted that the implementation of the Student-Centered Funding Formula ("SCFF") and other recent legislative initiatives will pose further challenges to the District. The CBT Report acknowledges that the District and its Board of Trustees has already taken action to address its fiscal difficulties by: (1) conducting an in-depth internal assessment, resulting in the District's Integrated Financial Plan, (2) requesting FCMAT to conduct an analysis, resulting in the Fiscal Health Risk Analysis, and (3) engaging CBT in an in-depth external assessment, resulting in the CBT Report.

For further information on the CBT Report, investors are directed to read the full version of the CBT Report, which is publicly available on the District's website at the following address: https://web.peralta.edu/publicinfo/newsroom-2/. The information referred to was prepared by CBT and not by the District, and the District can take no responsibility for the accuracy, completeness or timeliness of information in the CBT Report. Such information is not incorporated herein by reference.

**Fiscal Monitor**

The California Community Colleges ("CCC") Chancellor's Office hired a fiscal monitor (the "Fiscal Monitor") on behalf of itself and the Board of Governors of the CCC to serve from September 2019 through December 2020 and: (1) report on actions taken at the District that will have impacts on its fiscal condition (in the immediate term and over a multi-year window), including assessments of the District's implementation of the plans presented to the Board of Governors of the CCC on September 2019 and the plans submitted to the ACCJC on November 2018, (2) produce independent estimates of the District's fiscal condition, and (3) make recommendations to the Board of Governors of the CCC and Chancellor of the CCC concerning any further actions that may be necessary to maintain the District's solvency.

**Accreditor Concerns and Probation**

As of January 2020, all of the District's colleges are on probation. Beginning in November 2018, the ACCJC signaled its concerns with the District's fiscal monitoring processes, and determined that there was inconclusive evidence that such processes had been sufficiently resolved. The foundational issues identified by the ACCJC include: (1) a continued structural deficit, (2) lack of adherence to Board of Trustees policies and administrative procedures, (3) deficiency in reconciliation and financial control issues, (4) key staffing issues, (5) the District's Other Pos-Employment Benefit ("OPEB") obligations, and (6) ongoing unaddressed audit findings. The issues raised by the ACCJC echo the concerns identified by FCMAT in its Fiscal Health Risk Analysis and CBT in its CBT Report. See "– FCMAT Assistance and Report" and "– CBT Report."

Regardless of the probationary status of each of the colleges, such colleges' accredited status continues until terminated. As of the date hereof, the District's colleges remain accredited notwithstanding any warning status which has been assigned to any of them. Nevertheless, each of the District's colleges is currently reviewing any findings and recommendations of the ACCJC and expects to address its accreditation eligibility requirements, accreditation standards and ACCJC policies in advance of their next respective review. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Accreditation."

**Integrated Financial Plan**

In response to concerns about its long-term fiscal viability, the District produced its five-year Integrated Financial Plan (2019-2024) (the "Integrated Financial Plan") in December 2019. The Integrated Financial Plan reflects the current state and progress of the District's financial improvement plan and actions, and serves as a framework for further work through 2024. The Integrated Financial Plan accounts for the FCMAT's detailed recommendations in its Fiscal Health Risk Analysis and summarizes and assigns responsibilities for implementing such recommendations. Additionally, concerns raised in the CBT Report are addressed. The District began implementing remedies to its financial challenges in fiscal year 2018-19 and continues to follow sound fiscal management practices. The District is also modeling scenarios in which it can proactively update and implement action plans to avoid declining general fund reserves. The Integrated Financial Plan aims to: (1) increase revenue from the State by maximizing targets for each component of the SCFF, implementing enrollment management plans at each college and at the District level, and implementing a Student Success Infrastructure Plan, (2) meet the District's 10% unrestricted general fund reserve ratio policy target by reducing expenditures, improving management of its OPEB debt, and eliminating the structural deficit, and (3) apply sound financial and administrative management by developing and implementing a plan to retain executive level administrators, addressing all audit findings, and implementing FCMAT recommendations. The Integrated Financial Plan has been reviewed and approved by the District's Participatory Governance Council, Planning and Budgeting Council Colleges' Participatory Governance, and Board of Trustees.

For further information on the District's Integrated Financial Plan, investors are directed to read the full version of the Fiscal Improvement Plan, which is publicly available on the District's website at the following address: http://web.peralta.edu/accreditation/files/2019/04/Five-Year-Integrated-Financial-Plan-4.23.19.pdf.

**Risks Related to COVID-19**

***Background***. The outbreak of the respiratory disease caused by COVID-19 has been declared a Pandemic by the World Health Organization, a National Emergency by President Trump (the "President") and a State of

Emergency by California State Governor Newsom (the "Governor"). The emergency has resulted in tremendous volatility in the financial markets in the United States and globally, and the onset of a U.S. and global recession. The District cannot predict the extent or duration of the outbreak or what impact it may have on the District's financial condition or operations.

***Federal Response***. The President's declaration of a National Emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multibillion-dollar Coronavirus relief package was signed into law by the President on March 18, 2020 providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In an effort to calm the markets, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

***CARES Act***. In response to COVID-19, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020. The CARES Act appropriates over $2 trillion to (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs and (vii) provide aid to state and local governments. California will receive approximately $1.65 billion, with 10% set aside for emergencies designated by the California Department of Education. The District has received approximately $7.7 million of CARES Act funding.

***State Response***. On March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed $1.1 billion in general purpose spending authority for emergency funds to respond to the coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes, which is in effect until further notice.

Pursuant to the Governor's Order N-60-20 of May 4, 2020, on May 7, 2020, the State's Public Health Officer released an order supporting the gradual movement of the State from Stage 1 to Stage 2 of "California's Pandemic Resilience Roadmap." Effective as of May 8, 2020, the order allows for the return of certain kinds of retail, manufacturing and other "low risk" businesses if physical distancing measures are implemented, and identifies criteria and procedures for reducing restrictions by local officers that might be less restrictive than statewide measures. Local jurisdictions within the State also issued their own shelter-in-place orders. California Counties that have met certain readiness criteria and worked with the California Department of Public Health can open more workplaces and move further ahead according to the State's resilience roadmap. However, restrictions such as those imposed in the past or present, and new and different future restrictions, could be imposed and suspended from time to time as the COVID-19 pandemic develops.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

***Impacts on State and Local Revenues***. The COVID-19 public health emergency will have negative impacts on global and local economies, including the economy of the State and in the region of the District. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain. The State has asserted that the State's General Fund will be materially adversely impacted by the health-related and economic impacts of the COVID-19 pandemic and that the negative impact on revenues will be immediate, affecting the current fiscal year and running into several fiscal years in the future. Delayed deadlines for the filing and payment of personal income, corporation, and sales and use taxes have further created uncertainties for the State with respect to its general fund cash flows. The State's revenue sources are anticipated to be materially impacted by the COVID-19 pandemic, including with respect to reductions in personal income tax receipts and capital gains tax receipts. Economic

uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, with a likely recession due to pullback in activity across wide swaths of the economy. In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed an executive order suspending penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent.

On March 24, 2020, the State Department of Finance indicated in a budget letter to State agency secretaries and State budget and accounting officials that, despite sustained efforts, COVID-19 continued to spread and was at that time impacting nearly all sectors of the State's economy. The letter also indicated that these impacts included a severe drop in economic activity, with corresponding negative effects on anticipated revenues. As a result, the impact on revenues was expected to be immediate, affecting the 2019-20 fiscal year, and to produce impacts for the upcoming fiscal year 2020-21 and beyond. On April 5, 2020, the State Office of Legislative Analyst (the "LAO") published an Update on State and School District Reserves, indicating that State revenues would be lower than estimated in the January 10, 2020 proposed fiscal year 2020-21 budget. The LAO indicated that the State at that time had $17.5 billion in reserves, including $16.5 billion in the Budget Stabilization Account ("BSA") and $900 million in a reserve established to protect safety net services during a recession (the "Safety Net Reserve"). The LAO reported that due to a transfer of $1.3 billion from the Special Fund for Economic Uncertainties ("SFEU") to its disaster fund to address the effects of COVID-19, the SFEU was then nearly depleted. However, the LAO expected the State to be reimbursed by the Federal government for most – if not all – of the funds transferred from the SFEU. The State may withdraw moneys from the BSA if a "budget emergency" is declared, and the LAO expected that if the State faces a budget deficit in either fiscal year 2019-20 or 2020-21, the conditions for the declaration of a budget emergency would likely exist. The LAO noted that the State made its first deposit into the Public School System Stabilization Account ("PSSSA") in connection with the 2019-20 State Budget for approximately $377 million, representing less than one percent of State spending on schools in fiscal year 2019-20. The 2020-21 State Budget draws down the full of amounts in the PSSSA.

For more detail regarding the 2020-21 State Budget, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – FINANCIAL INFORMATION – State Funding of the Community College System; State Budget Process – 2020-21 State Budget."

***Impacts on Districts in California***. Shelter-in-place orders suspended in-person classroom instruction indefinitely throughout California schools. Most school districts (including the District) enacted distance learning efforts to provide continuing instruction to students, and are currently in the process of planning distance learning, in-person learning protocols, or a hybrid of both for fall classes. The 2020-21 State Budget extends the Student-Centered Funding Formula hold harmless provisions for an additional two years, and authorizes the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the Student-Centered Funding Formula for fiscal year 2020-21. Pursuant to the adopted 2020-21 State budget, the State Chancellor's Office has provided community college districts with COVID-19 funds based on full time equivalent student count. The District has been accordingly been allocated $1.8 million. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – FINANCIAL INFORMATION – State Funding of the Community College System; State Budget Process – 2020-21 State Budget."

***Plans to Re-open the Economy***. On April 13, 2020, the Governor announced plans to lift shelter-in-place orders and gradually re-open economic sectors of the State. The Governor has listed six factors that will be considered with respect to the State, including (1) expanding testing, (2) protecting high risk groups, including seniors, medically vulnerable people, and people in nursing homes and similar facilities, (3) ensuring hospitals have sufficient beds and supplies to care for patients, (4) progress in developing treatments, (5) the ability of schools and businesses to support physical distancing, and (6) the ability to decide when to reinstate stay-at-home orders, if needed. The Governor suggested that requirements being considered could alter the current practices and behaviors of schools and students, including by requiring staggered school start times, not allowing students to congregate during meal times or recess, limitations or reforms to procedures involving assemblies and physical education, and the potential disallowance of school sporting events, concerts or parent nights. The Governor also suggested that significant sanitation and deep cleaning would be necessary to prevent the spread of COVID-19 in schools and on playgrounds when campuses are reopened. The Governor is engaged in conversations with county public health officials throughout the State, the State Superintendent of Public Instruction, labor leaders, and other leaders in education, and expects to re-evaluate the situation as it evolves based on the rate of hospitalizations, availability of medical equipment, and development of a

vaccine. The State is monitoring COVID-19 cases in each local community, and counties that have remained on the 'County Monitoring List' for three consecutive days will be required to shut down or modify certain operations of certain industries.

***Impacts on the District***. The District's colleges closed effective March 23, 2020 and college physical facilities will remain closed until such time as public health officials declare it is safe for students to return. The formal launch of distance learning began on April 6, 2020. On May 11, 2020, the then Chancellor announced that all courses in fall 2020 will be offered remotely. The District is currently receiving guidance on COVID-19 from County health officials and the County Superintendent of Schools which are monitoring the COVID-19 situation in accordance with COVID-19 guidelines for schools published by the Centers for Disease Control and Prevention. The District's current re-opening plan is subject to change depending on orders received from County health officials and the County Superintendent of Schools.

On May 20, 2020, the State Superintendent of Public Instruction indicated that due to the significant reductions in school funding described in the 2020-21 May Revision to the State Budget, certain school openings throughout the State may be delayed until additional funding for safety accommodations is received. On May 19, 2020, the Center for Disease Control (the "CDC") released detailed guidance for reopening of schools during the COVID-19 pandemic. The guidelines provide a three-step approach on scaling up operations, promoting health hygiene practices and intense cleaning, training on social distancing protocols, and establishing a plan in the event someone becomes sick and/or schools require closing. Additional recommendations for schools include additional spacing of desks, staggered arrival times, additional protective equipment for staff, practicing daily health checks, and limiting large gatherings, among others. The District cannot predict costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

The District is unable to predict at this time whether new proposals will be enacted or in what form they may take, or whether any new requirements related to reducing the spread of COVID-19 will materially impact its finances or operations. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Federal, State and local government websites, including but not limited to the CDC (https://www.cdc.gov), the Governor's office (http://www.gov.ca.gov), the California Department of Public Health (http://cdph.ca.gov/) and the County (https://www.sandiegocounty.gov). The District has not incorporated by reference the information on such websites and the District does not assume any responsibility for the accuracy of the information on such websites.

As discussed herein under APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – FINANCIAL INFORMATION – State Funding of the Community College System; State Budget Process," the District receives much of its revenues from local property taxes and State moneys. As the State experiences a decline in revenue as a consequence of the impacts of COVID-19, there will be a resulting decline in revenue available for funding school districts. In addition, there may be unknown consequences of the COVID-19 pandemic, which the District is unable to forecast. The District cannot predict the extent or duration of the outbreak, the overall impact it may have on the District's financial condition, operations, nor the impact of COVID-19 on the assessed values of property within the District and the economy in general. Any financial information, including projections, forecasts and budgets presented herein may not account for the potential or wide-ranging effects of COVID-19.

The economic consequences and the declines in the U.S. and global financial markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the CalSTRS Defined Benefit Program and CalPERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Impact to District Operations and Budget Due to COVID-19 Pandemic."

For a discussion regarding other impacts the District may face in connection with the COVID-19 pandemic, see APPENDIX A – "FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT – Impact to District Operations and Budget Due to COVID-19 Pandemic."

## LITIGATION

There is no litigation pending against the District or, to the knowledge of its officers, threatened, concerning the validity of the Series B-3 Bonds or any proceedings of the District taken with respect to the issuance thereof or which, if successful, would materially adversely affect the operations or financial condition of the District.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel ("Special Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series B-3 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series B-3 Bonds. Investors are urged to obtain independent tax advice regarding the Series B-3 Bonds based upon their particular circumstances.

## APPROVAL OF LEGALITY

On December 28, 2005, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District in connection with the original issuance of the Series B-3 Bonds rendered the 2005 Opinion on the validity of the Series B-3 Bonds. A complete copy of the 2005 Opinion is included as APPENDIX D to this Reoffering Circular. The 2005 Opinion has not been updated subsequent to the date of the original issuance of the Series B-3 Bonds, or as of the date of this Reoffering Circular.

## RATINGS

The District has received short-term and long-term ratings of "VMIG-1" and "Aa2," respectively, from Moody's Investors Service, Inc. ("Moody's") and short-term and long-term ratings of "A-1" and "AA+," respectively, from S&P Global Ratings ("S&P") for the Series B-3 Bonds, based on the delivery of the Letter of Credit by Barclays Bank PLC. The District has furnished to Moody's and S&P certain information and materials concerning the Series B-3 Bonds and the District. No application was made to any other rating agency for the purpose of obtaining additional ratings on the Series B-3 Bonds. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the ratings mentioned above will remain in effect for any given period of time or that they might not be lowered or withdrawn entirely by the rating agencies, if in their judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Series B-3 Bonds.

## INDEPENDENT AUDITORS

The combined financial statements of the District as of and for the fiscal year ended June 30, 2019, included in APPENDIX B of this Reoffering Circular, have been audited by Eide Bailly LLP (the "Independent Auditor"), independent auditors, as stated in their report included in APPENDIX B appearing herein which report expresses an unqualified opinion on the combined financial statements and additional information. No consent of the Independent Auditor was sought to include their report in this Reoffering Circular and they have not performed any procedures since the date of their report.

## MUNICIPAL ADVISOR

Backstrom McCarley Berry & Co., LLC ("Backstrom"), serves as municipal advisor to the District with respect to the reoffering of the Series B-3 Bonds. Backstrom is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Reoffering Circular.

Swap Financial Group LLC, South Orange, New Jersey, serves as swap advisor to the District. Swap Financial Group LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Reoffering Circular. Swap Financial Group LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## REMARKETING

The Series B-3 Bonds are being remarketed by Barclays Capital, Inc., as the Remarketing Agent. The Remarketing Agent receives ongoing fees from the District under the Remarketing Agreement for its duties as Remarketing Agent with respect to the Series B-3 Bonds. The Remarketing Agent reserves the right to join with other dealers in reoffering the Series B-3 Bonds to the public.

## CONTINUING DISCLOSURE

In connection with the reoffering of the Series B-3 Bonds, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") pursuant to which the District will undertake, for the benefit of the Beneficial Owners of the Series B-3 Bonds to provide certain information as set forth therein. A copy of the Continuing Disclosure Certificate is set forth in APPENDIX E hereto. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The District is not aware of any failures to comply with its prior obligations undertaken pursuant to the Rule in the last five years.

## RELATIONSHIP OF THE PARTIES

Barclays Bank PLC will issue the Letter of Credit. Barclays Capital Inc. has been appointed by the District to serve as the Remarketing Agent for the Series B-3 Bonds. See "THE BANK" and "REMARKETING." Barclays Bank PLC and Barclays Capital Inc. are both subsidiaries of Barclays PLC.

## MISCELLANEOUS

The foregoing and subsequent summaries and descriptions of provisions of the Series B-3 Bonds, the Indenture, the Letter of Credit and the Reimbursement Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof and reference is made to said documents for full and complete statements of their provisions. The appendices attached hereto are a part of this Reoffering Circular. Copies, in reasonable quantity, of a form of the Indenture, Letter of Credit and the Reimbursement Agreement may be obtained during the offering period upon request directed to the Remarketing Agent.

This Reoffering Circular has been reviewed and approved by the Acting Chancellor of the District. This Reoffering Circular is not to be considered as a contract or agreement between the District and the purchasers or Holders of any of the Series B-3 Bonds.

APPROVED BY:

/s/ Dr. Carla Walter
Acting Chancellor
Peralta Community College District

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## APPENDIX A

## FINANCIAL AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

### General

The Peralta Community College District was formed in 1964 and serves a 78-square mile area in Alameda County (the "County"), including the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont in the State of California (the "State" or "California"). The District operates four colleges: Laney College in downtown Oakland, College of Alameda in Alameda, Merritt College in the Oakland hills, and Berkeley City College in downtown Berkeley. The District's four colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). See "– Accreditation" below. For fiscal year 2019-20, the District has projected enrollment of 16,708 full time-equivalent students ("FTES") and assessed valuation in the District is projected to be $111,247,885,729.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent financial reports of the District may be obtained by contacting: Peralta Community College District, Attention: Vice Chancellor, Finance & Administration, 333 East 8th Street, Oakland, California 94606, tel. (510) 466-7200.

### Administration

The District is governed by an elected board of trustees consisting of seven members and two student trustees (the "Board"). The voting members are elected to four-year staggered terms. The day-to-day operations are managed by a Board-appointed Chancellor.

| Board of Trustees | End of Term |
|---|---|
| Julina Bonilla, President | November 2022 |
| Cynthia Napoli-Abella Reiss, Vice President | November 2022 |
| Bill Withrow, Trustee | November 2020 |
| Meredith Brown, Trustee | November 2020 |
| Linda Handy, Trustee | November 2022 |
| Nicky Gonzalez Yuen, Trustee | November 2020 |
| Karen Weinstein, Ph.D., Trustee | November 2020 |

Dr. Carla Walter was appointed as Acting Chancellor of the Peralta Community College District in July 2020. Dr. Walter has more than 20 years of experience in higher education, and previously worked for Chabot-Las Positas Community College District and the State Center Community College District, where she served as Vice President of Administrative Services. Prior to that, Dr. Walter served as a tenured associate professor in business at Missouri Southern State University, coming to the field after serving as Chief Operating Officer in the public finance industry. As a leader in public finance, she has partnered with public agency executives in California to issue and administer over $30 billion in bonds. Dr. Walter holds a Doctorate degree in Dance History and Theory from the University of California, Riverside, a Master of Business Administration degree from California State University, San Bernardino and a Bachelor's Degree in Economics from the University of California, Riverside.

### Accreditation

The District currently operates four colleges that are accredited by the ACCJC, a division of the Western Association of Schools and Colleges. Accreditation by the ACCJC is voluntary and designed to evaluate and enforce standards of educational quality and institutional effectiveness. Accreditation is also a form of peer review. ACCJC standards and criteria are developed and implemented by representatives from the member institutions. The ACCJC is not a governmental agency and has no direct authority over the District's operations.

The ACCJC may issue several types of sanctions against participating institutions, depending on the degree to which the institution is out of compliance with accreditation standards. Institutions may be issued a warning, indicating the ACCJC's concern regarding certain existing deficiencies. An institution deviating significantly from accreditation standards may be placed on probation. Finally, an institution that continues to be significantly out of compliance with accreditation standards, or fails to properly respond to ACCJC inquiries, will be issued an order to show cause why its accredited status should not be terminated. As of January 2020, all of the District's colleges are on probation. Beginning in November 2018, the ACCJC signaled its concerns with the District's fiscal monitoring processes, and determined that there was inconclusive evidence that such concerns had been sufficiently resolved. The foundational issues identified by the ACCJC include: (1) a continued structural deficit, (2) lack of adherence to Board policies and administrative procedures, (3) deficiency in reconciliation and financial control issues, (4) key staffing issues, (5) its OPEB obligations, and (6) ongoing unaddressed audit findings. Many of the issues raised by the ACCJC echo the concerns identified by FCMAT in its Fiscal Health Risk Analysis and CBT in its CBT Report. See "ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT – FCMAT Assistance and Report" and "– CBT Report."

As of the date hereof, the District's colleges remain accredited notwithstanding any warning status which has been assigned to them. Nevertheless, each of the District's colleges is currently reviewing any findings and recommendations of the ACCJC and expects to address accreditation eligibility requirements, accreditation standards and ACCJC policies in advance of their next respective review. See "ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT – Accreditor Concerns and Probation."

## DISTRICT FINANCIAL INFORMATION

### General

The District's annual revenues are determined by a State funding formula, and consist of local property taxes, student fees, and State appropriations that are based upon student attendance. Because the District receives over 40% of its general fund revenues from State funds, the District's fiscal position is closely tied to the fiscal health of the State. And because the State Constitution commands that approximately 40% of the State's general fund budget be used to fund local school districts and community college districts, funding for education is at the heart of an often-contentious annual State budget approval process.

This Appendix discusses overall State funding of education through the State's constitutional funding formula known as "Proposition 98", funding of the community college system, and the District's budget process. Specific information is presented regarding the District's current budgeted revenues and expenditures, as well as long-term obligations and capital financing.

Under the new Student Centered Funding Formula ("SCFF"), districts will receive revenue apportioned across enrollment, success, and need based factors. The primary basis of the State apportionment is the calculation of FTES. For fiscal year 2019-20, the District is budgeted to receive a base allocation of $124.4 million for its four colleges. Student attendance in approved credit courses (generally, those courses leading to a degree) are funded at a rate of $3,848.50 per FTES.

**District Enrollment**

A recent history of actual audited attendance and the current budgeted attendance measured in terms of FTES is shown in the table below. Since completion of the year-end financial audits, the District has made corrections to its historical FTES in fiscal year 2011-12.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Resident Full-Time Equivalent Students**

| Fiscal Year | Total FTES | Funded FTES | Unfunded FTES |
|---|---|---|---|
| 2011-12 | 18,712 | 18,006 | 706 |
| 2012-13 | 18,264 | 18,264 | 0 |
| 2013-14 | 18,642 | 18,642 | 0 |
| 2014-15 | 19,500 | 19,500 | 0 |
| 2015-16 | 19,507 | 19,507 | 0 |
| 2016-17 | 15,768 | 15,768 | 0 |
| 2017-18 | 18,802 | 18,802 | 0 |
| 2018-19 | 16,551 | 16,551 | 0 |
| 2019-20[(1)] | 16,708 | 16,708 | 0 |

[(1)] Budgeted.

The District had no unfunded FTES as of the final adjusted annual FTES report for fiscal year 2018-19 and is budgeted to have no unfunded FTES for fiscal year 2019-20. The District is planning for an overall 0.9% FTES decline over the next four fiscal years, as the State allocations are not currently known. The table below sets forth the projected funded FTES in the District for fiscal years 2020-21 through 2023-24.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**FTES Projections**
**Fiscal Year 2020-21 through 2023-24**

| Fiscal Year | FTES |
|---|---|
| 2020-21 | 15,646 |
| 2021-22 | 15,524 |
| 2022-23 | 15,402 |
| 2023-24 | 15,500 |

Source: The District.

**State Funding of the Community College System; State Budget Process**

***General***. As is true for all community college districts in California, the District's operating income consists primarily of these components: (i) a State portion funded from the State's general fund; (ii) a local portion derived from the District's share of the county-wide property tax; (iii) revenues generated from the District's operations, consisting primarily of student fees and sales; and (iv) federal government grants and transfers. The District receives over 46.4% of its general fund revenues from State funds, budgeted at approximately $72.1 million in fiscal year 2019-20. As a result, decreases in State revenues, or in State legislative appropriations made to fund higher education, may significantly affect District operations. See "*– 2019-20 State Budget*" and "*– 2020-21 State Budget*." The District is the process of preparing its fiscal year 2020-21 budget for approval by the Board of Trustees by October 2021, pursuant to the extended deadline established by the State.

State funding is guaranteed to a minimum level for community college districts, school districts, and other State agencies that provide direct elementary and secondary instructional programs. The funding guarantee is known as "Proposition 98", a constitutional and statutory initiative amendment adopted by the State's voters in 1988, and

amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution).

Under Proposition 98, a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Historically, there have been disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

With its passage of the 2018-19 State Budget in June 2018, the California Legislature adopted a new funding formula for California community colleges that the Governor ultimately signed into law, which incentivizes student success, joining approximately 35 other states with some form of performance funding formula for allocation of state support to state colleges. Under the new SCFF, districts will receive revenue apportioned across enrollment, success, and need based factors, the details of which are discussed below. The California Community College System is projecting short-term funding increases for many of the community college districts, some of them substantial. Other districts are projected to receive less funding under the SCFF, particularly districts in higher cost of living areas within the State.

Under the SCFF, the District expects to receive an estimated $124.5 million in apportionment revenue in fiscal year 2019-20. This contrasts with the $117.8 million received in fiscal year 2018-19. The District projects receipt of a Base Allocation of $89.3 million, $23.3 million through the Student Success Allocation, and $11.9 million through the Supplemental need based Allocation. There is no change proposed to the Basic Allocation, the fixed amount of operational funding directed to each approved College or Educational Center. The District projects receiving $89.3 million through the Basic Allocation for fiscal year 2019-20.

The SCFF formula includes a "hold harmless" provision that ensures no community college will receive less in fiscal years 2018-19 through 2021-22 than in fiscal year 2017-18, by allocating money to colleges that would see annual funding increases of less than a 2.7% cost-of-living adjustment. In addition, the final version includes $50 million to hire full-time faculty members and another $50 million for part-time instructors to increase their office hours.

Under the State's existing approach, all of the State's roughly $6.7 billion in general funding for community colleges is based on enrollment numbers. State law reflects a three-year transition to the new formula. Beginning in fiscal year 2018-19, 70% of funding was enrollment based, 20% was need based, and 10% success based. In fiscal year 2019-20, that framework shifted to 65% enrollment, 20% need, and 15% success. By the third year of the transition districts should see 60% enrollment based funding, 20% need based, and 20% success based. State funding also would increase overall to $7.4 billion. However, with the passage of the 2019-20 State Budget (defined below), the enrollment based and success based allocations will remain at 70% and 10%, respectively. Continued work is ongoing on fine tuning certain aspects of the SCFF in order to minimize system disruption as well as avoid any unintended consequences.

The formula uses several measures to calculate the 10% of funding that would be based on how colleges stack up on student success. Those metrics include points for the number of degrees and certificates granted, for those that are completed within three years, and for graduates who earn a "regional living wage" within a year of completion. Colleges also will get funding for students who earn an associate degree for transfer, for completions of transfer-level math and English courses in the first year, and for completions of nine credits of career and technical education courses. Weight also would be given to the number of completions of economically disadvantaged students.

The formula would allocate another 20% of State funding based on the portion of low-income students each college enrolls. Those numbers would be determined by how many students in the previous year received federal Pell Grants or students over the age of 25 who received the State's College Promise Grant fee waiver, and an additional measure of undocumented students who qualified for resident tuition rates.

Other than its initial projections for expected short-term funding, the District cannot predict any long-term impact on its operations and financial results which may be due to the implementation of the funding program or

future changes in policy or law which may be effected by the State Legislature. Under existing law and applied interpretation, the District clearly falls into the "hold harmless" provision under the SCFF which allows for stable planning and funding at least through fiscal year 2021-22. This provision guarantees the District its high water mark of revenue achieved in fiscal year 2017-18 of $149.2 million, before implementation of the SCFF, adjusted upwards by cost of living adjustments each year. With potential revenue reductions taking place in fiscal year 2022-23, the District is actively engaged in internal discussions and modeling on ways to enhance its position under the SCFF to mitigate revenue losses. As it has done in the past, the District is also exploring potential expenditure reductions should the need arise.

***State Budget Process***. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement would also apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. Community college district budgets must generally be adopted by July 1, and revised by the governing board of such district within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to community college districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

***Aggregate State Education Funding***. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent of Public Instruction and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts. However, to date, the State has retired the settle-up obligations associated with the 1995 and 2005 lawsuits.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Series B-3 Bonds, and the District takes no responsibility for informing owners of the Series B-3 Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

***AB 1469***. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implements a new funding strategy for the California State Teachers' Retirement System ("CalSTRS"), increasing the employer contribution rates in fiscal years 2014-15 through 2020-21. See "– Major District Expenditures – *Retirement Programs* – CalSTRS" below for more information about CalSTRS and AB 1469.

***State Budget***. The principal funding formulas and revenue sources for school and community college districts are derived from the budget of the State. **The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Remarketing Agent, Bond Counsel, Disclosure Counsel nor the owners of the Series B-3 Bonds to provide State budget information to the District or the owners of the Series B-3 Bonds. Although they believe the State sources of information listed above is reliable, none of the District, Bond Counsel, Disclosure Counsel nor the Remarketing Agent assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including *www.dof.ca.gov*. This website is not incorporated herein by reference and neither the District nor Remarketing Agent make any representation as to the accuracy of the information provided therein.**

***2019-20 State Budget***. The Governor signed the fiscal year 2019-20 State budget (the "2019-20 State Budget") on June 27, 2019. The 2019-20 State Budget preceded the COVID-19 pandemic, and therefore did not take into account the significant adverse impacts it will have on the State's financial condition beginning in fiscal year 2019-20. The 2020-21 State Budget (as defined herein) significantly revises the projections of revenues and expenditures in the 2019-20 State Budget. For more information on the 2020-21 State Budget, see "*– 2020-21 State*

*Budget*." Certain limited information from the 2019-20 State Budget is provided herein as a historical baseline solely for context and reference.

With total expenditures estimated at nearly $215 billion, the 2019-20 State Budget marked the largest budget in California history. The budget was balanced and included significant transfers into the State's reserve, or Rainy Day account, which is nearing its constitutional maximum of 10% of the State budget. Notably, the Proposition 98 guarantee grew to $81.1 billion, which is $2.9 billion greater than the fiscal year 2018-19 amended budget. Much of the new Proposition 98 dollars went to fund a 3.26% cost of living adjustment. For the District, this generates greater than $5.6 million in new unrestricted revenue. Additional dollars were deposited into the State pension systems to help pay down the unfunded liabilities that exist. These additional dollars provided significant relief to the District, by lowering the mandated employer contribution for CalSTRS participants.

The complete 2019-20 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by such reference.

***2020-21 State Budget***. The Governor signed the fiscal year 2020-21 State budget (the "2020-21 State Budget") on June 29, 2020. According to the State, the economic impact of COVID-19 pandemic has resulted in a $54.3 billion budget deficit, which the State is addressing through the following measures:

- Reserves. The 2020-21 State Budget draws down $8.8 billion in reserves, including $7.8 billion from the Rainy Day Fund, $450 million from the Safety Net Reserve, and all of the funds in the Public School System Stabilization Account.

- Triggers. The 2020-21 State Budget includes $11.1 billion in reductions and deferrals that will be restored if at least $14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between $2 billion and $14 billion, the reductions and deferrals will be partially restored. The trigger includes $6.6 billion in deferred spending on schools, approximately $970 million in funding for the University of California and the California State University, $2.8 billion for state employee compensation, $150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing. The trigger would also fund an additional $250 million for county programs to backfill revenue losses.

- Federal Funds. The 2020-21 State Budget relies on $10.1 billion in federal funds that provide general fund relief, including $8.1 billion already received. This includes the enhanced Federal Medical Assistance Percentage (FMAP), a portion of the State's Coronavirus Relief Fund allocation and funds provided for childcare programs.

- Revenues. The 2020-21 State Budget temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to $5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate $4.4 billion in new revenues in fiscal year 2020-21.

- Borrowing/Transfers/Deferrals. The 2020-21 State Budget relies on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 school districts. (Approximately $900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.)

- Cancelled Expansions, Updated Assumptions and Other Solutions. The 2020-21 State Budget includes $10.6 billion of other solutions for addressing the budget deficit, such as cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues, and lower health and human services caseload costs that previously estimated.

Because of such measures described above, the 2020-21 State Budget is a balanced budget for fiscal year

2020-21 that projects approximately $137.7 billion in revenues, and $88.8 billion in non-Proposition 98 expenditures and $45.1 billion in Proposition 98 expenditures. The 2020-21 State Budget sets aside $2.6 billion in the Special Fund for Economic Uncertainties, and it includes total funding of $98.8 billion ($48.1 billion general fund and $50.7 billion other funds) for all K-12 education programs. The 2020-21 State Budget estimates Proposition 98 funding levels of $78.5 billion in fiscal year 2018-19, $77.7 billion in fiscal year 2019-20, and $70.9 billion in fiscal year 2020-21. The reduction in Proposition 98 funding will result in per pupil spending of $10,654 in fiscal year 2020-21, a $1,339 reduction from fiscal year 2019-20.

The 2020-21 State Budget offsets such reduction in Proposition 98 funding in several ways, including the following:

- Supplemental Appropriations. In fiscal years 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level, by a total of approximately $12.4 billion. To accelerate the recovery from such funding reduction, the 2020-21 State Budget provides supplemental appropriations above the required Proposition 98 funding level, beginning in fiscal year 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5% of general fund revenues, up to a total of $12.4 billion.

- Revised CalPERS and CalSTRS Contributions. To provide immediate and long-term relief to school districts facing rising pension costs, the 2020-21 State Budget redirects $2.3 billion appropriated in the 2019-20 State budget to California State Teachers' Retirement System and the California Public Employees' Retirement System ("CalPERS") for long-term unfunded liabilities to instead reduce employer contribution rates in fiscal years 2020-21 and 2021-22. Such reallocation will reduce the CalSTRS employer contribution rate from 18.41% to approximately 16.15% in fiscal year 2020-21 and from 17.9% to 16.02% in fiscal year 2021-22. The CalPERS Schools Pool employer contribution rate will be reduced from 22.67% to 20.7% in fiscal year 2020-21 and from 24.6% to 22.84% in fiscal year 2021-22.

- Temporary Revenue Increases. The 2020-21 State Budget includes a temporary three-year suspension of net operating losses, and a limitation on business incentive tax credits to offset no more than $5 million of tax liability per year. These temporary changes, along with other tax changes, will generate $4.3 billion in general fund revenues and approximately $1.6 billion in benefit to the Proposition 98 guarantee.

- Employee Protections. The 2020-21 State Budget suspends layoffs of non-management certificated staff during fiscal year 2020-21 and classified staff who hold positions in nutrition, transportation, or custodial services during fiscal year 2020-21. The 2020-21 State Budget includes $60 million Proposition 98 general fund resources to provide a match of State funds for participating classified employees to be paid during the summer recess period. The 2020-21 State Budget also stated that it is the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in fiscal year 2020-21, although such statement is not binding law.

To assist California Community Colleges ("CCCs") in their recovery from the impacts of the COVID-19 recession and provide additional near-term certainty, the 2020-21 State Budget enacts statutory changes to:

- Exempt direct COVID-19-related expenses incurred by districts from the 50 Percent Law, which otherwise requires all community college districts to spend at least half of their "Current Expense of Education" for "Salaries of Classroom Instructors." This excludes revenue declines.

- Provide a hardship exemption for districts unable to meet their financial obligations due to the deferrals enacted in the 2020-21 State Budget.

- Extend the SCFF hold harmless provisions for an additional two years, and authorize the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the SCFF for fiscal year 2020-21.

- Encourage and expedite the development of short-term career technical education courses to address the impacts of the COVID-19 pandemic.

The 2020-21 State Budget also affects CCCs in the following ways:

- 2019-20 Deferrals. A deferral of approximately $330.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2019-20 to fiscal year 2020-21.

- 2020-21 Deferrals. A deferral of approximately $662.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021-22.

- 2020-21 Deferrals Subject to "Trigger Off." To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for certain purposes related to CCC funding, funds will be appropriated for fiscal year 2020-21 towards the deferral of approximately $791.1 million Proposition 98 General Fund of community college apportionments from fiscal year 2020-21 to fiscal year 2021-22.

- Block Grant for CCCs. A one-time increase of approximately $120.2 million, which is comprised of approximately $54 million from the Coronavirus Relief Fund established pursuant to the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and approximately $66.3 million Proposition 98 General Fund, for a COVID-19 Response Block Grant for the community colleges to support student learning and mitigate learning loss related to the COVID-19 pandemic.

- Dreamer Resource Liaisons. An increase of $5.8 million Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, for immigrant students including undocumented students in community colleges.

- Legal Services. An increase of $10 million ongoing Proposition 98 General Fund to provide legal services to immigrant students, faculty, and staff on community college campuses.

- Calbright College. A decrease of $5 million ongoing Proposition 98 General Fund for Calbright College, and a decrease of $40 million one-time Proposition 98 General Fund provided to Calbright College that is redirected to offset apportionments costs for fiscal year 2020-21.

- CCC Facilities. An increase of general obligation bond funding of $223.1 million, including $28.4 million to start 25 new capital outlay projects and $194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2021. This allocation represents the next installment of the $2 billion available to CCCs under Proposition 51.

- Local Property Tax Adjustment. A decrease of $60.9 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

The complete 2020-21 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

***Future Budgets and Budgetary Actions***. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during the current fiscal year and in future fiscal years. State budget shortfalls in any fiscal year could have a material adverse financial impact on the District.

***Prohibitions on Diverting Local Revenues for State Purposes***. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "*– Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

***Dissolution of Redevelopment Agencies***. On February 1, 2012, pursuant to the California Supreme Court's decision in California Redevelopment Association v. Matosantos, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2

and June 1 pursuant to Assembly Bill 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency's successor agency for payment of administrative costs; and
- Any remaining balance to school entities and local taxing agencies.

The District received approximately $1.8 million in pass-through payments in fiscal year 2018-19 and projects it will receive approximately $1.2 million in pass-through payments in fiscal year 2019-20.

It is possible that there will be additional legislation proposed and/or enacted to clarify various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. The District cannot predict the outcome of such legislation and what effect, if any, it will have on the District.

**Impact to District Operations and Budget Due to COVID-19 Pandemic**

The recent outbreak of the novel strain of coronavirus called COVID-19 has and continues to impact the operations of federal, state, and local governments, as these entities join in the widespread effort to slow the transmission of the virus. Health officials and experts are recommending, and some governments and officials are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, the Governor proclaimed a State of Emergency to make additional resources available, formalize emergency actions already underway, and help the State prepare for broader spread of COVID-19.

This situation, and the guidance from federal, State, and local officials, including California Community Colleges Office of the Chancellor, in response to the outbreak, is rapidly developing, and the District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what impact the COVID-19 outbreak, or responses by federal, State or local governments thereto, might have on the amount of funding the District receives from the State, or on the District's FTES, which is a factor in determining the District's State apportionment. Under existing law, in the event the District has a material decrease in FTES as a result of an emergency that impacts both general and categorical funding, the District may submit an attendance allowance request seeking financial relief; however, no representation can be made that such a request would be granted.

On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory statewide shelter-in-place order applicable to all non-essential services.

District schools closed effective March 23, 2020 and school physical facilities will remain closed until such time as public health officials declare it is safe for students to return. The formal launch of distance learning began on April 6, 2020. On May 11, 2020, the Chancellor announced that all courses in fall 2020 will be offered remotely. The District is currently receiving guidance on COVID-19 from County health officials and the County Superintendent

of Schools which are monitoring the COVID-19 situation in accordance with COVID-19 guidelines for schools published by the Centers for Disease Control and Prevention. The District's current re-opening plan is subject to change depending on orders received from County health officials and the County Superintendent of Schools.

**District Operating Revenues**

In fiscal year 2018-19, local property tax revenues made up 47.2% of the District's total general fund revenues, State apportionments accounted for approximately 33.8%, other State and local revenues accounted for another 13.8%, and student enrollment fees accounted for approximately 5.2% of total District general fund revenues. In its 2019-20 budget, the District projects local property tax revenues of 45.4% of the District's total general fund revenues, State general apportionment funds of 36.2%, other State and local revenues of 13.3%, and student enrollment and non-resident tuition fees of 5.1% of total District general fund revenues.

The balance of the District's general fund revenues in each fiscal year are derived from auxiliary enterprise revenues (such as bookstore, cafeteria and information technology operations), lottery income, special purpose apportionments, interest, and miscellaneous other sources. Lottery funds, which are distributed to community college districts proportional to their total enrollment, are budgeted at 2.4% of general fund revenues in fiscal year 2019-20, or approximately $3.8 million.

The District's restricted general fund revenues for fiscal year 2018-19 were $58.2 million. Fiscal year 2019-20 restricted general fund revenues are budgeted at $51.3 million, reflecting in large part the District's practice of taking such revenues into account when funding becomes more certain over the course of the year. A portion of the District's restricted general fund revenues come from State funding earmarked for specific categorical programs. The volume and allocation of categorical funding is subject to the discretion of the State legislature and the District's continued qualification for each such program. The District cannot predict how State funding of categorical programs will vary in the future. See "– State Funding of the Community College System; State Budget Process – *2019-20 State Budget*" and "– *2020-21 State Budget*."

***Tax and Revenue Anticipation Notes***. Because District revenues from local property taxes and State apportionments are received at irregular intervals throughout the year, while expenditures tend to be incurred on a regular monthly basis, the District may find it necessary to borrow for short-term cash flow needs by issuing tax and revenue anticipation notes. The District may also find it necessary to issue such notes due to reductions and/or delays or deferrals in payments from the State. See "– State Funding of the Community College System; State Budget Process – *State Budget Process*." The District has no outstanding notes but if it did such notes would be a general obligation of the District, payable from the District's general fund and any other lawfully available moneys.

***Foundation***. Peralta Colleges Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt organization. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because the amount of receipts from the Foundation is insignificant to the District as a whole, the Foundation is not considered a component unit of the District and its financial statements are not included in the District's financial statements.

**Major District Expenditures**

The largest part of each community college district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits. In its fiscal year 2019-20 budget, the District projects that it will expend $184.8 million on salaries and benefits, or approximately 79.4% of its unrestricted and restricted general fund expenditures on salaries and benefits. This amount represents a decrease of approximately 2.2% from the $188.8 million the District expended in salaries and benefits in fiscal year 2018-19.

In its fiscal year 2019-20 budget, the District projects that it will expend $28,581,820 on pension and Other Post-Employment Benefits ("OPEB"), or approximately 18.2% of its unrestricted and restricted general fund expenditures.

***Labor Relations***. As of February 1, 2020, the District employed 358 full-time certificated professionals, 436 full-time classified employees and 63 managers. In addition, the District employs approximately 747 part-time faculty and 103 part-time staff. As of February 1, 2020, 1,633 employees were represented by labor organizations, as shown in the table below. The remainder are not represented by any formal bargaining unit.

**Peralta Community College District**
**Labor Organizations**

| Labor Organization | Represented Employees (FTEs) | Contract Expiration |
|---|---|---|
| Peralta Federation of Teachers | 358 (Full-time); 747 (Part-time) | June 30, 2022 |
| Local SEIU 1021 & IUOE Local 39 (Classified) | 417 | June 30, 2022[(1)] |
| Local SEIU 1021 & IUOE Local 39 (Supervisory – Non-Management) | 101 (Short-Term Hourly & Substitutes) | June 30, 2019[(1)(2)] |

[(1)] A Tentative Agreement between the District and SEIU 1021 was signed on March 18, 2020.
[(2)] Negotiations are expected to take place in the coming months.
*Source:* The District.

**Retirement Programs**

CalSTRS. The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRs were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Governor Brown signed into law Assembly Bill 1469 on June 24, 2014, as part of the fiscal year 2014-15 State budget (the "2014-15 State Budget"). The 2014-15 State Budget introduced phased increases to employee, employer and State contributions to CalSTRs and sets forth a plan to eliminate CalSTRS' unfunded liability by June 30, 2046.

As of June 30, 2018, an actuarial valuation (the "2018 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.2 billion, a decrease of approximately $0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "– California Public Employees' Pension Reform Act of 2013" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

The 2014-15 State Budget increased employee contributions, which were previously set at 8.00% of pay, to

10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. On July 1, 2018, the rate increased to 10.250% of pay for employees hired on or after January 1, 2013. Employer contribution rates were also increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. However, due to supplemental payments of approximately $850 million pursuant to the 2019-20 State Budget, employer contribution rates are expected to decrease from 18.13% to 17.10% in fiscal year 2019-20 and 19.10% to 18.40% in fiscal year 2020-21 (see table below). The State's total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.328% of payroll in fiscal year 2019-20. The State's contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

As indicated above, there was no required contribution from teachers, districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation from June 30, 2016 noted that, as of June 30, 2017, the aggregate contribution rate, inclusive of an equivalent rate contribution of 10.219% from members, 8.00% from employers relating to the base rate, 0.25% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate equivalent to 34.467%.

Pursuant to Assembly Bill 1469, districts' contribution rates will increase in accordance with the following schedule:

| Effective Date (July 1) | District Contribution Rate |
|---|---|
| 2014 | 8.88% |
| 2015 | 10.73 |
| 2016 | 12.58 |
| 2017 | 14.43 |
| 2018 | 16.28 |
| 2019[(1)] | 17.10 |
| 2020[(1)(2)] | 18.40 |

[(1)] Pursuant to 2019-20 State Budget.
[(2)] The 2020-21 State Budget redirects funds paid to CalSTRS towards long-term unfunded liabilities to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. This reallocation will reduce the CalSTRS employer contribution rate to approximately 16.15% in fiscal year 2020-21 and to 16.02% in fiscal year 2021-22. See "– State Funding of the Community College System; State Budget Process – *2020-21 State Budget.*"
*Source:* Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2013-14 through 2018-19, and the budgeted contribution for fiscal year 2019-20:

**PERALTA COMMUNITY COLLEGE DISTRICT**
**(County of Alameda, California)**
**Contributions to CalSTRS for Fiscal Years 2013-14 through 2019-20**

| Fiscal Year | Contribution |
|---|---|
| 2013-14 | $3,486,147 |
| 2014-15 | 4,011,990 |
| 2015-16 | 5,282,541 |
| 2016-17 | 6,289,690 |
| 2017-18 | 7,272,192 |
| 2018-19 | 8,121,728 |
| 2019-20[(1)] | 8,307,203 |

[(1)] Budgeted.
*Source*: The District.

The District's total employer contributions to CalSTRS for fiscal years 2013-14 through 2018-19 were equal to 100% of the required contributions for each year. Pursuant to the 2014-15 State Budget, beginning in fiscal year 2021-22, the State Teachers Retirement Board is required to increase or decrease employer contribution rates to the rates designed to eliminate the CalSTRS unfunded liability by June 30, 2046. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. As the world is currently experiencing a pandemic, the District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See "– Impact to District Operations and Budget Due to COVID-19 Pandemic." However, the State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year. The State Teachers Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Reoffering Circular.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. Districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See "– Impact to District Operations and Budget Due to COVID-19 Pandemic." for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. Districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19, and is 20.733% for fiscal year 2019-20. See "*– 2020-21 State Budget.*"

The CalPERS Schools Actuarial Valuation as of June 30, 2018 indicates that the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis. The funded ratio, on a market value of assets basis, as of June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, was 72.1%, 71.9%, 77.5%, and 86.6%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The

new discount rates took effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is resulted in increases in the District's normal costs and unfunded actuarial liabilities. The 2020-21 State Budget redirects State funding paid to CalPERS in fiscal year 2019-20 towards long-term unfunded liabilities to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the 2020-21 State Budget provides that the CalPERS employer contribution rate will be reduced to 20.7% in fiscal year 2020-21 and to 22.84% in fiscal year 2021-22.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2013-14 through 2018-19, and the budgeted contribution for fiscal year 2019-20:

**PERALTA COMMUNITY COLLEGE DISTRICT**
**(County of Alameda, California)**
**Contributions to CalPERS for Fiscal Years 2013-14 through 2019-20**

| Fiscal Year | Contribution |
|---|---|
| 2013-14 | $3,053,688 |
| 2014-15 | 3,341,727 |
| 2015-16 | 3,868,691 |
| 2016-17 | 4,839,608 |
| 2017-18 | 5,854,403 |
| 2018-19 | 6,333,207 |
| 2019-20[(1)] | 8,081,362 |

[(1)] Budgeted.
*Source*: The District.

The District's total employer contributions to CalPERS for fiscal years 2013-14 through 2018-19 were equal to 100% of the required contributions for each year. CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Reoffering Circular.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act" or "PEPRA") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

CalSTRS and CalPERS are more fully described in Note 14 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

***GASB 67 and 68***. In June 2012, GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("GASB 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. GASB 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. GASB 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

**Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California Community Colleges Budget and Accounting Manual. The Budget and Accounting Manual has the authority of regulation in accordance with Title 5, Section 59011 of the State Code of Regulations, as defined in Section 70901 of the State Education Code. Each community college district is required to follow the Budget and Accounting Manual in accordance with Section 84030 of the State Education Code. For most activities and funds, a modified accrual basis is used. Revenues are recognized only when they are earned, measurable and available: collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.

The District's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Procedures No. 34 and No. 35, following a business-type activity model. These financial statements allow for the presentation of financial activity and results with respect to the District as a whole, rather than focusing on individual funds. The District's financial statements are presented using an accrual basis of accounting, recognizing revenues when earned and expenses when an obligation has been incurred.

Eide Bailly LLP, Rancho Cucamonga, California served as independent auditor to the District and its report for the fiscal year ended June 30, 2019, is attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Reoffering Circular. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audited financial statements with the County Clerk, County Superintendent of Schools, the Board of Governors of the California Community Colleges, and the State Department of Finance no later than December 31 following the close of each fiscal year.

**Recent Audit Findings**

The District's audited financial statements for fiscal year 2018-19 set out several findings identifying material weaknesses or significant deficiencies in the District's internal fiscal controls. The findings cover various areas of the District's finances, including administration, financial reporting, accounting, documentation and standardization of procedures. Several of these audit findings are deficiencies identified in prior audits, and represent on-going

challenges currently being addressed by District management. The District provided a response to each of the audit findings. For more information regarding the audit findings, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019" attached hereto.

**Summary of General Fund Revenues and Expenditures**

The following table summarizes the District's audited financial results for the fiscal years 2015-16 through 2018-19. See also APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

**PERALTA COMMUNITY COLLEGE DISTRICT**
**(County of Alameda, California)**
**Statement of Revenues, Expenses and Change in Net Position**
**Fiscal Years 2015-16 through 2018-19**

| | Fiscal Year 2015-16 | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Student Tuition and Fees | $32,060,301 | $30,388,551 | $29,322,941 | $30,699,934 |
| Less: Scholarship discounts and allowances | (13,579,614) | (11,604,121) | (11,814,870) | (11,290,654) |
| Net Tuition and Fees | 18,480,687 | 18,784,430 | 17,508,071 | 19,409,280 |
| Other Operating Revenue (including grants)[1] | 1,449,159 | 1,553,386 | 41,196,903 | 42,675,617 |
| **TOTAL OPERATING REVENUES** | 19,929,846 | 20,337,816 | 58,704,974 | 62,084,897 |
| **OPERATING EXPENSES** | | | | |
| Salaries | 100,366,664 | 102,615,682 | 106,972,225 | 102,978,601 |
| Employee benefits | 53,885,986 | 64,372,872 | 65,308,279 | 85,863,533 |
| Supplies, materials and other operating expenses and services | 37,736,833 | 38,913,517 | 33,738,794 | 26,831,065 |
| Student financial aid | 43,916,443 | 37,623,440 | 47,668,717 | 35,643,289 |
| Equipment, maintenance, and repairs | 1,626,550 | 1,356,893 | 14,568,590 | 14,972,964 |
| Depreciation[2] | 13,935,079 | 16,042,395 | 20,003,398 | 21,993,756 |
| **TOTAL OPERATING EXPENSES** | 251,467,555 | 260,924,799 | 288,260,003 | 288,283,208 |
| **OPERATING INCOME (LOSS)** | (231,537,709) | (240,586,983) | (229,555,029) | (226,198,311) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | |
| State apportionments, non-capital | 71,991,147 | 61,997,011 | 59,646,620 | 56,571,235 |
| Federal grants and contracts[1] | 43,821,654 | 37,075,973 | 34,048,897 | 29,973,569 |
| State grants and contracts[1] | 30,813,804 | 44,421,947 | 2,340,651 | 1,889,643 |
| Local property taxes, levied for general purposes | 45,219,964 | 55,886,908 | 61,368,015 | 64,188,593 |
| Taxes levied for specific purposes | 30,743,962 | 24,901,220 | 32,099,143 | 29,725,748 |
| State taxes and other revenues[3] | 15,855,030 | 7,933,536 | 4,023,453 | 14,248,348 |
| Net interest income | 127,025,498 | 2,566,335 | 2,086,170 | 1,313,390 |
| Net unrealized gain (loss) on investments | (136,691,108) | 24,308,298 | 29,050,969 | 11,551,733 |
| Interest expense on capital related debt | (33,214,720) | (22,801,412) | (31,180,958) | (30,104,965) |
| Investment income on capital asset-related debt, net | 92,914 | 133,391 | 195,886 | 171,583 |
| Transfer to agency fund | -- | -- | -- | -- |
| Transfer from fiduciary fund | 249,604 | -- | -- | -- |
| Transfer to fiduciary fund | (5,000) | -- | -- | -- |
| Other non-operating revenue | 8,983,824 | 13,333,615 | 5,659,110 | 6,592,783 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 204,886,573 | 249,756,822 | 199,337,956 | 186,121,660 |
| **INCOME/(LOSS) BEFORE OTHER REVENUES** | (26,651,136) | 9,169,839 | (30,217,073) | (40,076,651) |
| State revenues, capital | 2,435,181 | 1,969,799 | 982,226 | 185,612 |
| Local revenues, capital | 438,774 | 729,284 | 1,009,438 | 46,762 |
| **CHANGE IN NET POSITION** | (23,777,181) | 11,868,922 | (28,225,409) | (39,844,277) |
| **NET POSITION, BEGINNING OF YEAR** | (12,156,622) | (25,079,878) | (19,528,882) | (208,167,790) |
| **NET POSITION, BEGINNING OF YEAR, AS RESTATED[3]** | (1,302,697) | (31,397,804) | (179,942,381)[4] | -- |
| **NET POSITION, END OF YEAR** | $(25,079,878) | $(19,528,882) | $(208,167,790) | $(248,012,067) |

[1] In fiscal year 2017-18, the District began including grants in the "Other Operating Revenue" category, resulting in significant increases in this category of funding from prior fiscal years and significant decreases in the "Non-Operating Revenues (Expenses) – Federal grants and contracts" category of funding from prior fiscal years.
[2] The increase in depreciation expenses in fiscal years 2017-18 and 2018-19 is due to recent completion of projects and that such projects started accumulating depreciation.
[3] Fluctuations in State taxes and other revenues are related to changes in mandated costs (inclusive of lottery proceeds), which vary from year to year based on State allocations and disbursements.
[4] Beginning net positions are typically restated for the correction of errors.
[5] The District's adoption of Governmental Accounting Standards Board Statement No. 75 resulted in the inclusion of its aggregate net OPEB liability of $160,413,499 in its net position.
Source: The District.

***The Budget Process***. Community college district budgeting begins each year with the State Budget process discussed above. The District prepares a preliminary budget by June 30 of each year for the upcoming fiscal year commencing July 1. By September 15 of the budget year, the Governing Board of the District is required to formally adopt a revised budget, and deliver it to the State Chancellor not later than October 10, pursuant to Section 58305 of the State Code of Regulations, Title V. Once adopted, the budget may be amended throughout the fiscal year as the District's financial circumstances change. Set forth below is information relating to the District's revised budget for fiscal year 2019-20.

The statewide Board of Governors of the California Community Colleges and the State Chancellor have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the State Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources, and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the State Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the State Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

***2020-21 District Budget***. The District's budget for fiscal year 2020-21 is being developed in accordance with the following assumptions: (1) a final 2020-21 State Budget enacted to reflect the initial and profound effects of the COVID-19 pandemic on the State's economy, (2) the District will not experience any enrollment growth in such fiscal year, (3) no cost-of-living adjustment will be made in the current fiscal year, (4) the hold harmless provision under the SCFF will be extended until fiscal year 2023-24, (5) unrestricted lottery funds will increase to $223.45 per FTES, from $204 per FTES, and (6) the District will receive approximately $8 million in parcel tax revenues. Additionally, the District received approximately $7.7 million under the CARES Act, and expects to receive funds from the Federal Emergency Management Agency (FEMA), in an amount equal to 75% of its emergency COVID-19 expenditures, for items such as laptops, cleaning supplies and overtime related thereto, as well as personal protective equipment (PPE). See "ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT – Risks Related to COVID-19."

Based on the 2020-21 State Budget, the District does not anticipate a significant decline in State revenues in fiscal year 2020-21. Pursuant to the adopted 2020-21 State budget, the State Chancellor's Office has provided community college districts with COVID-19 funds based on full time equivalent student count. The District has been accordingly allocated $1.8 million. See "ADDITIONAL CONSIDERATIONS RELATING TO THE DISTRICT – Risks Related to COVID-19" and "*– 2020-21 State Budget*."

The District's Board adopted its Tentative Budget for fiscal year 2020-21 on July 29, 2020. The State is expected to take additional budgetary action relating to the 2020-21 State Budget, in the form of an "August Revise." The District's Adopted Budget for fiscal year 2020-21 will reflect an adjusted budget and forecasts based on the August Revise, and the District is expected to present such Adopted Budget to the Board of Trustees for adoption in late October 2020. Finally, the District expects to receive an additional allocation from the State in December 2020, such allocation to be determined after the August Revise.

The presentation of the District's audits as summarized in the preceding table is used only for the District's external audit. The District manages it funds in a different format, including with respect to its budgets. The following table sets forth the District's adopted general fund budgets for fiscal years 2018-19 and 2019-20, audited actuals for fiscal years 2017-18 through 2018-19, estimated actuals for fiscal year 2019-20 and the tentative budget for fiscal year 2020-21.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**General Fund Beginning Balance, Income, Expense and Ending Balance**
**Fiscal Years 2017-18 through 2020-21**

| | Audited Actuals 2017-2018 | Adopted Budget 2018-2019 | Amended Budget 2018-2019 | Audited Actuals 2018-2019 | Revised Budget 2019-2020 | Estimated Actuals 2019-2020 | Tentative Budget 2020-2021 |
|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | |
| Federal Revenue | - | - | - | - | - | - | - |
| State Revenue | $71,311,059 | $65,486,282 | $72,692,251 | $64,006,532 | $72,060,019 | $68,077,817 | $69,689,847 |
| Local Revenue | 69,868,956 | 70,787,368 | 70,787,368 | 73,457,731 | 73,562,117 | 72,579,565 | 75,077,953 |
| Interfund Transfer In | 7,971,120 | 9,650,000 | 9,650,000 | 9,496,623 | 9,650,000 | - | - |
| International Shortfall | - | - | - | - | - | 696,037 | - |
| Student Refund | - | - | - | - | - | 722,545 | - |
| **Total Revenues:** | **149,151,135** | **145,923,650** | **153,129,619** | **146,960,886** | **155,272,136** | **142,075,964** | **144,767,800** |
| **Expenditures:** | | | | | | | |
| Full Time Academic | 22,709,343 | 25,151,587 | 25,985,115 | 22,008,148 | 26,494,736 | 23,502,599 | 25,400,106 |
| Academic Administration | 5,267,029 | 5,424,834 | 5,424,834 | 5,455,284 | 5,545,939 | 5,401,817 | 5,984,656 |
| Other Faculty[(1)] | 4,660,583 | 4,236,677 | 4,236,677 | 4,618,907 | 4,862,479 | 7,041,075 | 6,266,430 |
| Part Time Academic[(1)] | 16,569,082 | 11,677,623 | 12,050,064 | 18,238,275 | 10,083,450 | 17,931,788 | 8,240,603 |
| Classified Salary | 28,639,881 | 27,276,438 | 27,276,438 | 26,053,294 | 29,131,772 | 26,717,887 | 28,834,977 |
| Fringe Benefits[(1)] | 46,955,002 | 41,944,230 | 47,944,230 | 45,762,426 | 47,030,588 | 37,951,253 | 39,065,286 |
| Bad Debts | 600,000 | 1,050,000 | 1,050,000 | 1,050,000 | 850,000 | 850,000 | 670,830 |
| Books Supplies, Services[(2)] | 11,631,987 | 19,121,578 | 21,001,078 | 11,248,836 | 21,319,082 | 15,625,317 | 22,394,604 |
| Equipment Outlay | 461,833 | 274,071 | 274,071 | 377,567 | 273,267 | 263,424 | 219,303 |
| Debt Service | - | - | - | - | - | - | - |
| Other Outgo | 10,045,680 | 6,309,000 | 8,309,000 | 8,113,818 | 6,198,805 | 6,198,805 | 7,150,000 |
| Reserve for Contingency | - | - | - | - | - | - | 541,005 |
| PT Peralta Faculty Parity 75% | - | - | - | - | 600,000 | - | - |
| Cola 3.26% | - | - | - | - | 3,080,000 | - | - |
| **Total Expenses:** | **147,540,420** | **142,466,038** | **153,551,507** | **142,926,555** | **155,470,118** | **141,483,965** | **144,767,800** |
| **Beginning Fund Balance:** | **12,283,839** | **13,894,554** | **13,894,554** | **13,894,554** | **20,253,640** | **17,928,885** | **20,845,639** |
| Net Increase (Decrease) | 1,610,715 | 3,457,612 | (421,888) | 4,034,331 | (197,982) | 591,999 | - |
| Audit Adjustment | - | | - | - | - | 2,324,755 | - |
| **Ending Fund Balance:** | **$13,894,554** | **$17,352,166** | **$13,472,666** | **$17,928,885** | **$20,055,658** | **20,845,639** | **$20,845,639** |
| Fund Balance % | **9.42%** | **12.18%** | **8.77%** | **12.54%** | **12.90%** | **14.73%** | **14.40%** |

[(1)] Amounts for "Other Faculty," "Part Time Academic" and "Fringe Benefits" for fiscal years 2019-20 and 2020-21 are reflective of aligning the Faculty Obligation Numbers and controlling part time faculty hiring.
[(2)] Amounts for "Books Supplies, Services" may vary across fiscal years, and are inclusive of services across the District, with the majority of the funds allocated to services such as information technology.
Source: The District.

**Other Post-Employment Benefits**

***Benefits Plan***. The District operates a single-employer defined benefit plan (the "Plan") that provides post-employment healthcare benefits, or OPEB, in accordance with negotiated labor contracts. For employees hired prior to July 1, 2004, the Plan provides life-time post-retirement healthcare benefits to eligible retirees, spouses and, in many cases, dependent children (the "Pre-2004 Employee Pool"). For employees hired after July 1, 2004, the District is responsible only for the payment of healthcare benefit premiums for eligible employees until the age of Medicare eligibility (the "Post-2004 Employee Pool"). The contribution requirements of Plan members and the District are established and amended by the District and its bargaining units every three years.

***Accrued Liability***. Beginning in fiscal year 2007-08, the District was required to implement Governmental Accounting Standards Board Statement No. 45 ("GASB 45") which directs certain changes in accounting for post-employment healthcare benefits in order to quantify a government agency's current liability for future benefit payments.

In June 2015, GASB approved new accounting and financial reporting standards for state and local government OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 74"), applies to OPEB plans. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75"), applies to state and local employers that sponsor OPEB. Generally, the new OPEB standards parallel those applied to defined-benefit pension plans and participating employers by GASB 67 and 68, respectively. The new standards introduce new procedures for measuring OPEB liabilities and costs, require employers to report a net OPEB liability on their financial statements, and require more extensive disclosure in plan and employer financial statements. GASB 74 was effective for plans with fiscal years beginning after June 15, 2016. GASB 75 is effective for employers for fiscal years beginning after June 15, 2017.

The District has implemented GASB 74 and GASB 75, the latter as a replacement to GASB 45. Under GASB 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service ("total OPEB liability"), less the amount of the OPEB plan's fiduciary net position.

The following tables set forth the District's annual required contribution ("ARC"), Annual OPEB Cost reflecting the interest on the District's Net OPEB Obligation and the adjustment to the ARC, the District's contribution toward the ARC and the Net OPEB Obligation as of June 30 for fiscal years 2010-11 through 2016-17.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Funding of Annual Requirement Contributions - OPEB**
**Fiscal Years 2010-11 through 2016-17**

| Fiscal Year | Annual Required Contribution | Annual OPEB Cost | District Contribution | Net OPEB Obligation |
|---|---|---|---|---|
| 2010-11 | $12,812,000 | $13,217,137 | $8,190,235 | $18,269,394 |
| 2011-12 | 12,812,000 | 13,005,505 | 7,893,515 | 23,381,384 |
| 2012-13 | 11,228,305 | 11,471,921 | 7,692,012 | 27,161,293 |
| 2013-14 | 11,228,305 | 11,511,305 | 8,756,303 | 29,916,295 |
| 2014-15 | 9,874,857 | 10,186,562 | 7,308,367 | 32,794,490 |
| 2015-16 | 9,874,857 | 10,216,551 | 7,151,315 | 35,859,726 |
| 2016-17 | 11,357,878 | 11,731,509 | 7,627,708 | 39,963,527 |

*Source:* The District.

The following tables set forth the District's service cost/interest, changes of assumptions, benefit payments and net OPEB liability as of June 30 for fiscal years 2017-18 through 2018-29, for each of the Pre-2004 Employee Pool and the Post-2004 Employee Pool.

The Total OPEB Liability for the Other Post-Employment Benefits related to employees hired prior to July 1, 2004, as of June 30, 2019, was $196,543,327. The Net OPEB Liability related to employees hired prior to July 1, 2004, as of June 30, 2019, was $196,543,327. The Total OPEB Liability for the Other Post-Employment Benefits related to employees hired on or after July 1, 2004, as of June 30, 2019, was $15,954,670. The Net OPEB Liability related to employees hired on or after July 1, 2004, as of June 30, 2019, was $14,904,068.

The District's net OPEB obligation (the "Net OPEB Obligation") is the cumulative difference between the annual cost of OPEB (the "Annual OPEB Cost") to the District of its postemployment benefit plan and the actual contribution for a given year. For information regarding the basic assumptions upon which the valuations described above were based, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 12."

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Funding of Actuarially Required Contributions - OPEB**
**Fiscal Years 2017-18 through 2018-19**
**Pre-2004 Employee Pool**

| Fiscal Year | Service Cost/Interest | Changes of Assumptions | Benefit Payments | Net OPEB Liability |
|---|---|---|---|---|
| 2017-18 | $10,622,856 | - | $9,781,668 | $188,821,787 |
| 2018-19 | 10,189,359 | $6,705,116 | 10,172,935 | 196,543,327 |

*Source:* The District.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Funding of Actuarially Required Contributions - OPEB**
**Fiscal Years 2017-18 through 2018-19**
**Post-2004 Employee Pool**

| Fiscal Year | Service Cost/Interest | Changes of Assumptions | Benefit Payments | Net OPEB Liability |
|---|---|---|---|---|
| 2017-18 | $2,569,016 | - | $299,127 | $12,914,792 |
| 2018-19 | 2,713,132 | $637,838 | 311,092 | 14,904,068 |

*Source:* The District.

***Funding Policy; OPEB Trusts***. The District currently funds its OPEB on a "pay-as-you-go" basis to cover the cost of benefits provided to current retirees. The District has established the OPEB Trust, which is a revocable trust, from which the District reimburses its unrestricted General Fund for expenditures on OPEB for employees hired prior to July 1, 2004. Initially, the OPEB Trust was funded with proceeds derived from the sale of the District's OPEB Bonds (defined herein). Responsibility for the investment of monies in the OPEB Trust rests with an independent retirement board (the "Retirement Board") established by the District. The Retirement Board is comprised of five members appointed pursuant to the Retirement Board's bylaws. Currently, the members include two members of the Board of Trustees, one member appointed by the Retirement Board to fill a vacancy pursuant to the Retirement Board's bylaws, the Vice Chancellor, Human Resources and the Vice Chancellor of Finance & Administration. The Retirement Board also includes three advisory members representing the District's bargaining units and three advisory members who are current retirees receiving Plan benefits.

At the direction of the Retirement Board, assets on deposit in the OPEB Trust are managed by Neuberger Berman Trust Company N.A. (the "Investment Advisor"), in accordance with its Investment Policy Statement and Investment Guidelines (the "Investment Policy") established by the Retirement Board. The Investment Advisor, who also serves as discretionary Investment Trustee with fiduciary obligations to the Retirement Board, advises the Retirement Board as to recommended asset allocations within the OPEB Trust portfolio, as well as long-term economic and market trends.

The Investment Policy is modeled after similar policies developed for the CalPERS program and the Alameda County Employees Retirement Association. The objectives of the Investment Policy are to ensure the growth of OPEB Trust assets in a prudent manner and to invest OPEB Trust assets for the sole interest and exclusive purpose of providing benefits to participants. The OPEB Trust portfolio is generally limited to domestic and international equities, fixed income securities, and cash. Real and alternative asset investments are subject to the approval of the Retirement Board and the long-term target is for such investments to compose 15% of total portfolio assets. The Investment Policy calls for the Investment Advisor to deliver quarterly reports on the performance of the portfolio, and the Retirement Board meets quarterly to review investments and returns. As of the fiscal year ended June 30, 2019, the OPEB Trust had assets with a market value of $214.1 million. The OPEB Trust does not qualify as a "plan" under GASB 74. Accordingly, the District's most recent actuarial valuation recognizes plan assets as $0.

The following table sets forth the value of assets in the OPEB Trust based on the market value from fiscal years 2010-11 through 2018-19.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Market Value of Assets – OPEB Trust**
**Fiscal Year 2010-11 through 2018-19**
**($ in millions)**

| Fiscal Year | Market Value of OPEB Trust Assets[1] |
|---|---|
| 2010-11 | $162.1 |
| 2011-12 | 175.1 |
| 2012-13 | 194.3 |
| 2013-14 | 220.1 |
| 2014-15 | 214.1 |
| 2015-16 | 200.9 |
| 2016-17 | 212.6 |
| 2017-18 | 214.9 |
| 2018-19 | 214.1 |

*Source:* The District.
[1] The OPEB Trust does not qualify as a "plan" under GASB 74. Accordingly, the actuarial valuations recognize plan assets as $0.

The following tables set forth the funding progress of the OPEB Trust from fiscal years 2010-11 through

2018-19.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Schedule of Funding Progress**
**Fiscal Year 2010-11 through 2016-17**
**($ in millions)**

| Fiscal Year | Actuarial Value of Assets[1] | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Covered Payroll | UAAL as Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2010-11 | -- | $221.2 | $221.2 | $53.4 | 414% |
| 2011-12 | -- | 221.2 | 221.2 | 48.9 | 452 |
| 2012-13 | -- | 174.7 | 174.7 | 48.4 | 361 |
| 2013-14 | -- | 174.7 | 174.7 | 54.2 | 322 |
| 2014-15 | -- | 152.4 | 152.4 | 91.9 | 166 |
| 2015-16 | -- | 152.4 | 152.4 | 91.9 | 166 |
| 2016-17 | -- | 145.5 | 145.5 | N/A | N/A |

*Source:* The District.
[1] The OPEB Trust does not qualify as a "plan" under GASB 74. Accordingly, the actuarial valuations recognize plan assets as $0.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Schedule of Funding Progress**
**Fiscal Year 2017-18 through 2018-19**
**Pre-2004 Employee Pool**
**($ in millions)**

| Fiscal Year | Fiduciary Net Position [1] | Total OPEB Liability | Net OPEB Liability | Covered Payroll | Net OPEB Liability as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2017-18 | -- | $189.8 | $189.8 | N/A | N/A |
| 2018-19 | -- | 196.5 | 196.5 | N/A | N/A |

*Source:* The District.
[1] The OPEB Trust does not qualify as a "plan" under GASB 74. Accordingly, the actuarial valuations recognize plan assets as $0.

The District has established an OPEB trust, which is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended, for the purpose of funding certain postemployment benefits for the Post-2004 Employee Pool. This OPEB trust is managed through the Community College League of California Retiree Health Benefits Joint Powers Authority.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**Schedule of Funding Progress**
**Fiscal Year 2017-18 through 2018-19**
**Post-2004 Employee Pool**
**($ in millions)**

| Fiscal Year | Fiduciary Net Position | Total OPEB Liability | Net OPEB Liability | Covered Payroll | Net OPEB Liability as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2017-18 | - | $12.9 | $12.9 | N/A | 0.0% |
| 2018-19 | $1.1 | 16.0 | 14.9 | $32.4 | 42.0 |

*Source:* The District.

***OPEB Charge***. Beginning in fiscal year 2010-2011, the District implemented a uniformly applied District-paid charge (the "OPEB Charge") to all programs to supplement funds available in the OPEB Trust. The OPEB Charge is calculated as a percentage of payroll for categorically funded active employees. The categorical funds to which the OPEB Charge applies are, during each fiscal year, accounted for in the OPEB Reserve Fund (defined herein). At certain intervals, and as such amounts are available, portions of such amounts are transferred to the OPEB Trust, to be invested in accordance with its Investment Policy; the balance of such amounts are retained in the OPEB Reserve Fund. The District budgeted $6.3 million for the OPEB Charge for fiscal year 2019-20.

***OPEB Reserve Fund***. The District established a reserve fund (the "OPEB Reserve Fund") during 2012, independent of the OPEB Trust or its General Fund, into which it has set aside surplus funds. Amounts on deposit in the OPEB Reserve Fund (other than amounts attributable to the OPEB Charge) are available to pay for any lawful expenditures of the District, including but not limited to, swap agreement payments (including termination), debt service on the OPEB Bonds, or OPEB. However, amounts in the OPEB Reserve Fund (other than amounts attributable to the OPEB Charge) may be withdrawn therefrom without any legal obligation of the District to replenish such amounts. Funds on deposit in the OPEB Reserve Fund are invested in the County Investment Pool. See APPENDIX G – "ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT; ALAMEDA COUNTY POOLED SURPLUS INVESTMENTS."

In fiscal year 2019-20, the District deposited approximately $6.3 million in the OPEB Reserve Fund, representing the OPEB Charge for fiscal year 2019-20. In fiscal year 2020-21, the District expects to withdraw approximately $6.0 million from the OPEB Reserve Fund, $6.0 million of which it expects to use to pay debt service and swap payments coming due on the OPEB Bonds. The following table sets forth the ending balances in the OPEB Reserve Fund for fiscal years 2013-14 through 2018-19 and the projected ending balance for fiscal year 2019-20.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**OPEB Reserve Fund – Ending Balance**
**Fiscal Year 2013-14 through 2019-20**

| Fiscal Year | Ending Balance[1] |
|---|---|
| 2013-14 | $12,377,130 |
| 2014-15 | 15,488,000 |
| 2015-16 | 13,688,000 |
| 2016-17 | 14,363,823 |
| 2017-18 | (2,692,238)[2] |
| 2018-19 | 11,013,140 |
| 2019-20[3] | 11,104,505 |

*Source:* The District.
[1] As of June 30.
[2] After prior year adjustment.
[3] Budgeted.

***OPEB Bonds***. On December 28, 2005, the District issued its Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds (the "2005 OPEB Bonds") in the aggregate principal amount of $153,749,832.25 to refund the District's accrued liability with respect to OPEB. The net proceeds from the 2005 OPEB Bonds were deposited into the OPEB Trust. The 2005 OPEB Bonds were issued as a series of fixed-rate bonds bearing periodic interest (the "Standard Bonds"), as well as six series of convertible auction rate bonds (the "CARS"). The CARS initially do not bear periodic interest, but instead accrete in value from their date of issuance to a full accretion date (the "Full Accretion Date"). On the Full Accretion Date for each maturity of the CARS, an auction (each, an "Auction") is required to be held pursuant to the auction and settlement procedures applicable thereto. Following each such Auction, the CARS bear periodic, variable interest on the accreted value thereof as of the Full Accretion Date, at the rates set at each subsequent Auction.

In October of 2006, a portion of the 2005 OPEB Bonds were the subject of a modification whereby three maturities of the taxable Standard Bonds were purchased from investors and were issued as convertible capital appreciation bonds (the "Modified OPEB Bonds") that were fully accreted and converted on August 1, 2009 to a fixed

interest rate of 6.25% per annum. The purpose of this modification was to restructure the District's debt service obligations with respect thereto and provide short-term budget relief to the District.

On February 19, 2009, the District issued its 2009 Taxable OPEB (Other Post-Employment Benefit) Refunding Bonds, in an aggregate principal amount $48,725,000 (the "2009 OPEB Bonds"), to refund the remaining outstanding Standard Bonds, and one series of the CARS. On October 28, 2011, the District issued its 2011 Taxable OPEB Refunding Bonds, in an aggregate principal amount of $53,505,000 (the "2011 OPEB Bonds" and together with the 2005 OPEB Bonds, Modified OPEB Bonds, and 2009 OPEB Bonds, the "OPEB Bonds"), to refund all of the outstanding 2009 OPEB Bonds.

On August 6, 2015, the District converted the Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit), Series B-2 to bonds bearing interest at a rate of 4% per annum payable on each February 5 and August 5, commencing February 5, 2016 computed on the basis of a 360 day year of twelve 30-day months. In addition, the Series B-2 Bonds are subject to mandatory tender for purchase by the District on any Business Day for conversion to an alternate interest rate mode at a purchase price equal to the aggregate principal amount thereof at the option of the District.

On August 20, 2015, the District converted the Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit), Series B-2 to Weekly Rate Mode.

The following table sets forth the requirements to amortize the accreted value on the remaining, unrefunded CARS and estimated interest due thereon, as well as the full debt service schedules for the Modified OPEB Bonds and the 2011 OPEB Bonds. The District is considering several options for a possible restructuring of the OPEB Bonds.

**PERALTA COMMUNITY COLLEGE DISTRICT**
**OPEB Bonds Debt Service**

| Bond Year ended August 5 | OPEB Bonds: Unrefunded CARS[1] | OPEB Bonds: Estimated Interest[2] | 2006 Modified Bonds[3] | 2011 OPEB Bonds[4] | Total Debt Service |
|---|---|---|---|---|---|
| 2020 | $ 7,375,000.00 | $ 380,402.50 | $730,440.00 | $5,491,365.00 | $13,977,207.00 |
| 2021 | 7,800,000.00 | 2,279,208.25 | 729,312.00 | 4,444,545.00 | 15,253,065.00 |
| 2022 | 8,325,000.00 | 1,867,446.25 | 733,825.00 | 4,895,494.00 | 15,821,765.00 |
| 2023 | 9,200,000.00 | 1,427,969.50 | 731,568.00 | 5,037,503.00 | 16,397,041.00 |
| 2024 | 9,925,000.00 | 942,301.50 | 734,953.00 | 5,441,487.00 | 17,043,742.00 |
| 2025 | 7,925,000.00 | 418,360.75 | 731,568.00 | 6,279,600.00 | 15,354,529.00 |
| 2026 | 8,325,000.00 | 2,995,326.75 | 733,825.00 | 4,822,895.00 | 16,877,047.00 |
| 2027 | 8,850,000.00 | 2,561,844.00 | 735,330.00 | 5,391,303.00 | 17,538,477.00 |
| 2028 | 9,875,000.00 | 2,101,024.50 | 730,064.00 | 5,488,910.00 | 18,194,998.00 |
| 2029 | 10,600,000.00 | 1,586,833.25 | 736,458.00 | 5,990,204.00 | 18,913,496.00 |
| 2030 | 11,650,000.00 | 1,034,891.25 | 735,706.00 | 6,243,758.00 | 19,664,355.00 |
| 2031 | 8,225,000.00 | 428,275.75 | 734,201.00 | 7,538,457.00 | 16,925,934.00 |
| 2032 | 8,550,000.00 | 4,380,157.50 | 731,944.00 | - | 13,662,102.00 |
| 2033 | 8,975,000.00 | 3,947,955.00 | 734,953.00 | - | 13,657,908.00 |
| 2034 | 10,225,000.00 | 3,494,268.75 | 736,834.00 | - | 14,456,103.00 |
| 2035 | 10,850,000.00 | 2,977,395.00 | 737,586.00 | - | 14,564,981.00 |
| 2036 | 12,100,000.00 | 2,428,927.50 | 737,210.00 | - | 15,266,138.00 |
| 2037 | 13,000,000.00 | 1,817,272.50 | 735,706.00 | - | 15,552,978.00 |
| 2038 | 14,275,000.00 | 1,160,122.50 | 739,091.00 | - | 16,174,213.00 |
| 2039 | 8,675,000.00 | 438,521.25 | 740,971.00 | - | 9,854,493.00 |
| 2040 | 8,825,000.00 | 6,636,341.25 | 741,348.00 | - | 16,202,689.00 |
| 2041 | 9,100,000.00 | 6,200,827.50 | 740,219.00 | - | 16,041,047.00 |
| 2042 | 10,650,000.00 | 5,751,742.50 | 743,604.00 | - | 17,145,347.00 |
| 2043 | 11,150,000.00 | 5,226,165.00 | 745,109.00 | - | 17,121,274.00 |
| 2044 | 12,750,000.00 | 4,675,912.50 | 744,733.00 | - | 18,170,645.00 |
| 2045 | 13,525,000.00 | 4,046,700.00 | 742,476.00 | - | 18,314,176.00 |
| 2046 | 15,125,000.00 | 3,379,241.25 | 744,357.00 | - | 19,248,598.00 |
| 2047 | 16,400,000.00 | 2,632,822.50 | 743,981.00 | - | 19,776,803.00 |
| 2048 | 17,650,000.00 | 1,823,482.50 | 747,366.00 | - | 20,220,848.00 |
| 2049 | 19,300,000.00 | 952,455.00 | 748,118.00 | - | 21,000,573.00 |
| Total | $329,200,000.00 | $79,994,194.25 | $22,132,856.00 | $67,065,522.00 | $654,656,471.00 |

*Source:* Backstrom McCarley Berry & Co., LLC.

(1) Reflects the amortization of accreted value of the remaining outstanding CARS, comprising, for each maturity thereof, the initial principal amount and accreted interest thereon to the Full Accretion Date. Accreted value payments with respect to the CARS are due on August 5 of each year.

(2) Assumes the respective associated swap rates for the 2005 OPEB Bonds.

(3) Payments of accreted value are due on August 1 of each year.

(4) Payments of interest on the 2011 OPEB Bonds are payable semiannually on February 1 and August 1. Principal of the 2011 OPEB Bonds is payable on August 1 of each year.

***Interest Rate Swaps***. In 2006, the District entered into six forward-starting interest rate swaps (each, a "Swap Agreement") with Morgan Stanley Capital Services Inc. (the "Swap Provider"). Each Swap Agreement corresponds to one series of the CARS, with a term equal to the final maturity thereof and with an effective date matching the full accretion date for the related series of CARS. Under the Swap Agreements, the District pays to the Swap Provider a fixed rate of interest on an initial notional amount, and in return the District receives a floating rate of interest equal to 100% of the one-month London Interbank Offered Rate. The amounts payable by each party under the Swap Agreements are netted against the payments receivable by such party thereunder. The Swap Agreements were designed to create a synthetic fixed rate security that mitigates variable rate interest risk on the CARS.

Both the District and the Swap Provider have the right to terminate each Swap Agreement under certain conditions, in which event termination payments may be due to the non-terminating counterparty. Such termination

payments could be substantial, and potentially adverse to the District's financial condition. The District has also retained an advisor with nationally-recognized expertise in interest rates swaps to assist the District in monitoring the values of the remaining Swap Agreements. The Retirement Board has adopted a policy regarding its engagement in swap agreements. As of March 1, 2020, the outstanding notional amount of the Swap Agreements is $329,200,000. As of June 30, 2020, the mark-to-market value on the interest rate swaps is -$60,572,177.

For more information regarding the District's Swap Agreements, see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 12."

**District Debt**

The District has issued general obligation bonds pursuant to several voter-approved authorizations. The proceeds of such bonds have been used to renovate, construct and acquire District sites and facilities, as well as the refunding of prior outstanding debt. The District's general obligation bonds are payable solely from *ad valorem* taxes levied by the County upon all property subject to taxation by the District without limitation of rate or amount (with the exception of certain personal property which is taxable at limited rates). The District's general fund is not a source of payment for general obligation bonds.

District voters authorized the District to issue general obligation bonds at an election held on November 3, 1992 (the "1992 Authorization"). The entire authorization under the 1992 Authorization has been issued. District voters authorized the District to issue general obligation bonds at an election held on November 5, 1996 (the "1996 Authorization"). The entire authorization under the 1996 Authorization has been issued. District voters authorized the District to issue $153,200,000 in general obligation bonds at an election held on November 7, 2000 (the "2000 Authorization"). The entire authorization under the 2000 Authorization has been issued. On June 6, 2006, District voters authorized the District to issue $390,000,000 in general obligation bonds (the "2006 Authorization"). The entire authorization under the 2006 Authorization has been issued. On November 6, 2018, District voters authorized the District to issue $800,000,000 in general obligation bonds (the "2018 Authorization"), of which $750,000,000 of authorized but unissued general obligation bonds remains. All general obligation bonds of the District are issued on a parity with one another.

The table below sets forth the District's outstanding general obligation bond issuances as of July 1, 2020.

**OUTSTANDING GENERAL OBLIGATION BONDS**
**Peralta Community College District**
**As of July 1, 2020**

| Issuance | Initial Principal Amount | Principal Outstanding | Date of Delivery | Final Maturity Date |
|---|---|---|---|---|
| 2009 Refunding Bonds[1] | $ 39,080,000 | $ 975,000 | January 14, 2010 | August 1, 2020 |
| 2012 Refunding Bonds[2] | 59,005,000 | 42,385,000 | May 4, 2012 | August 1, 2034 |
| 2014 Refunding Bonds, Series A[3] | 127,505,000 | 111,350,000 | September 11, 2014 | August 1, 2035 |
| 2014 Refunding Bonds, Series B[4] | 30,220,000 | 18,665,000 | November 4, 2014 | August 1, 2032 |
| Election of 2006, Series D | 50,000,000 | 50,000,000 | June 29, 2016 | August 1, 2039 |
| 2016 Refunding Bonds, Series A[5] | 107,825,000 | 105,525,000 | June 29, 2016 | August 1, 2039 |
| Election of 2006, Series E-1 | 53,625,000 | 53,625,000 | May 5, 2020 | August 1, 2030 |
| Election of 2006, Series E-2 | 11,375,000 | 11,375,000 | May 5, 2020 | August 1, 2020 |
| Election of 2018, Series A | 50,000,000 | 50,000,000 | May 5, 2020 | February 1, 2050 |
| 2020 Refunding Bonds[6] | 19,550,000 | 19,550,000 | June 10, 2020 | August 1, 2031 |
| **Total** | $548,185,000 | $463,450,000 | | |

[1] Refunded the District's then-outstanding 2001 Refunding General Obligation Bonds, Election of 2000 Series A Bonds, and a portion of the then-outstanding 2000 Series B Bonds.
[2] Refunded portions of the District's then-outstanding Election of 2000, Series C Bonds, Election of 2000 Series D Bonds and 2002 General Obligation Refunding Bonds.
[3] Refunded portions of the District's then-outstanding Election of 1992 Series C Bonds, Election of 2000 Series D Bonds, Election of 2006 Series A Bonds and Election of 2006, Series B Bonds.
[4] Refunded portions of the District's then-outstanding Election of 2000 Series B Bonds and 2005 Series B Refunding Bonds.
[5] Refunded portions of the District's then-outstanding Election of 2006, Series B Bonds and Election of 2006, Series C Bonds.
[6] Refunded portions of the District's then-outstanding 2009 General Obligation Refunding Bonds.

**Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in joint powers agreements with the Schools Excess Liability Fund ("SELF"), the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"), and the Alameda County Schools Insurance Group ("ACSIG" and, together with SELF and ASCIP, the "JPAs") for its property, liability and health insurance. See also APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 – Note 13" and "– Note 15." The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The District has contracted with ASCIP for property and liability insurance coverage. ASCIP is a shared risk pool comprised of school districts, community college districts, charter schools and joint powers authorities in the State of California. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year. The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The District has contracted with ACSIG to provide workers compensation insurance. ACSIG is a shared risk pool comprised of schools in Alameda County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Trustees of ACSIG has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

## CONSTITUTIONAL INITIATIVES AND STATUTORY MEASURES

### Article XIIIA of the California Constitution

On June 16, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA").

### Proposition 26

On November 2, 2010, California voters approved Proposition 26 as an amendment to Section 3 of Article XIIIA (and Section 1 of Article XIIIC) of the State Constitution that requires a two-thirds vote in the State Legislature to pass certain State fees, levies, charges and tax revenue allocations that under the State's previous rules could be enacted by a simple majority vote. Certain local fees must also be approved by two-thirds of voters. Proposition 26 expanded the scope and definition of a State or local tax to include many payments previously considered to be fees or charges, so that more proposals would require approval by two-thirds of the State Legislature or by local voters.

### Article XIIIB of the California Constitution

Under Article XIIIB of the California Constitution, state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

### Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with fiscal year 1988-89, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation is allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

### California Lottery

In the November 1984 general election, the voters of the State approved a constitutional amendment establishing a California State Lottery (the "State Lottery"), the net revenues (revenues less expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance or full-time equivalent students at each school and community college district; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

**Proposition 46**

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

**Proposition 39**

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters voting on the measure, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the California Education Code. Under amendments to Section 15268 and 15270 of the California Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary or high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

**Article XIIIC and XIIID of the California Constitution**

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed,

and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State Constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6,1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

The District imposes a parcel tax which is subject to the provisions of Proposition 218. On November 6, 2018, voters within the District approved Measure E by a two-thirds vote; the ballot measure renewed an existing annual tax of $48 per parcel, for a total annual parcel tax of $48 per parcel within the District for each year between July 1, 2020, and June 30, 2028. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, or a 55% vote when issuing general obligation bonds under Proposition 39, although certain procedures and burdens of proof may be altered slightly. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

**Proposition 1A**

Proposition 1A, proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate from 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

**Future Initiatives and Propositions**

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46, 39 and 1A were each adopted as measures that were subject to voter approval. From time to time, voter-approved initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

The boundaries of the District include the cities of Alameda, Albany, Berkeley, Emeryville, Oakland and Piedmont. The following table sets forth the population figures of the City of Alameda, the City of Albany, the City of Berkeley, the City of Emeryville, the City of Oakland, the City of Piedmont, the County and the State from 2011 through 2019.

**POPULATION**
**2011 through 2019[1]**

| Year | City of Alameda | City of Albany | City of Berkeley | City of Emeryville | City of Oakland | City of Piedmont | County of Alameda | State of California |
|---|---|---|---|---|---|---|---|---|
| 2011 | 74,052 | 18,345 | 113,925 | 10,110 | 392,333 | 10,710 | 1,517,756 | 37,427,946 |
| 2012 | 74,546 | 18,468 | 114,690 | 10,186 | 394,838 | 10,793 | 1,530,206 | 37,668,804 |
| 2013 | 75,197 | 18,446 | 115,814 | 10,278 | 388,699 | 10,900 | 1,550,119 | 37,984,138 |
| 2014 | 75,961 | 18,457 | 117,383 | 10,481 | 405,703 | 11,011 | 1,574,497 | 38,357,121 |
| 2015 | 76,638 | 18,565 | 118,780 | 10,570 | 410,603 | 11,113 | 1,594,569 | 38,714,725 |
| 2016 | 79,338 | 18,905 | 119,997 | 11,730 | 423,191 | 11,227 | 1,629,233 | 39,189,035 |
| 2017 | 79,928 | 18,988 | 121,238 | 11,854 | 426,074 | 11,283 | 1,645,359 | 39,523,613 |
| 2018 | 78,980 | 19,216 | 122,369 | 11,871 | 431,373 | 11,368 | 1,656,884 | 39,740,508 |
| 2019 | 79,316 | 19,393 | 123,328 | 11,885 | 432,897 | 11,420 | 1,669,301 | 39,927,315 |

[1] Data as of January 1 of each year.
*Source:* California State Department of Finance.

### Employment

The following tables set forth the principal employers in the County of Alameda, and in three most populous cities within the District's boundaries, the City of Alameda, the City of Berkeley and the City of Oakland during fiscal year 2018-19.

**COUNTY OF ALAMEDA**
**Principal Employers**
**Fiscal Year 2018-19**

| | Employer | Number of Employees |
|---|---|---|
| 1. | Kaiser Permanente Medical Group Inc. | 58,269 |
| 2. | Sutter Health | 24,347 |
| 3. | Wells Fargo Bank | 14,000 |
| 4. | Safeway Inc. | 13,397 |
| 5. | Tesla | 10,000 |
| 6. | PG&E Corporation | 9,600 |
| 7. | Oracle Corp. | 7,535 |
| 8. | UPS | 6,700 |
| 9. | John Muir Health | 6,518 |
| 10. | County of Alameda | 9,428[1] |

[1] The number of employees, except for the County of Alameda, include both Alameda and Contra Costa County employees. Total employment for the County of Alameda is unavailable.
*Source:* County of Alameda, 2018-19 Annual Financial Report.

**CITY OF ALAMEDA**
**Principal Employers**
**Fiscal Year 2018-19**

| | Employer | Number of Employees |
|---|---|---|
| 1. | Penumbra, Inc. | 1,839 |
| 2. | Alameda Unified School District | 1,025 |
| 3. | Allegis Group Services, Inc. | 950 |
| 4. | Alameda Hospital | 754 |
| 5. | Oakland Raiders | 694 |
| 6. | Abbott Diabetes Care Inc. | 600 |
| 7. | City of Alameda | 533 |
| 8. | Kaiser Foundation Health Plan | 425 |
| 9. | U.S. Department of Transportation | 400 |
| 10. | Performance Contracting Inc. | 380 |

*Source:* City of Alameda, 2018-19 Comprehensive Annual Financial Report.

**CITY OF BERKELEY**
**Principal Employers**
**Fiscal Year 2018-19**

| | Employer | Number of Employees |
|---|---|---|
| 1. | University of California, Berkeley | 13,394 |
| 2. | Lawrence Berkeley National Laboratory | 3,312 |
| 3. | Sutter East Bay Medical Foundation/Hospitals | 2,242 |
| 4. | City of Berkeley | 1,568 |
| 5. | Bayer Corporation | 1,267 |
| 6. | Berkeley Unified School District | 1,225 |
| 7. | Siemens Corporation/Healthcare Diagnostics, Inc. | 885 |
| 8. | Kaiser Permanente Medical Group | 831 |
| 9. | Berkeley Bowl Produce | 640 |
| 10. | Whole Foods Market California Inc. | 389 |

*Source:* City of Berkeley, 2018-19 Comprehensive Annual Financial Report.

**CITY OF OAKLAND**
**Principal Employers**
**Fiscal Year 2018-19**

| | Employer | Number of Employees |
|---|---|---|
| 1. | Kaiser Foundation Health Plan, Hospitals and Kaiser Permanente Medical Group | 12,000+ |
| 2. | County of Alameda | 8,000-10,000 |
| 3. | Oakland Unified School District | 5,000-5,500 |
| 4. | City of Oakland | 4,000-4,500 |
| 5. | San Francisco BART District | 3,500-4,000 |
| 6. | State of California | 3,000-3,500 |
| 7. | United Parcel Service | 2,500-3,000 |
| 8. | Southwest Airlines Co. | 2,500-3,000 |
| 9. | Children's Hospital & Research Center | 2,500-3,000 |
| 10. | Internal Revenue Service | 2,500-3,000 |

*Source:* City of Oakland, 2018-19 Comprehensive Annual Financial Report.

The following table sets forth the labor force, employment, civilian employment and the unemployment rate in the City of Alameda, the City of Albany, the City of Berkeley, the City of Emeryville, the City of Oakland, the City of Piedmont, the State of California and the United States during the period from 2015 through 2019.

**LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
**Yearly Average for Years 2015 through 2019**

| Year and Area | Labor Force | Civilian Employment | Civilian Unemployment | Unemployment Rate |
|---|---|---|---|---|
| **2015** | | | | |
| City of Alameda | 41,000 | 39,300 | 1,700 | 4.1% |
| City of Albany | 9,800 | 9,500 | 300 | 3.0 |
| City of Berkeley | 61,400 | 59,100 | 2,300 | 3.8 |
| City of Emeryville | 7,700 | 7,500 | 200 | 3.0 |
| City of Oakland | 209,900 | 197,600 | 12,200 | 5.8 |
| City of Piedmont | 5,500 | 5,300 | 100 | 2.6 |
| California | 18,893,200 | 17,723,300 | 1,169,900 | 6.2 |
| United States | 157,130,000 | 148,834,000 | 8,296,000 | 5.3 |
| **2016** | | | | |
| City of Alameda | 41,800 | 40,300 | 1,500 | 3.6% |
| City of Albany | 10,000 | 9,700 | 300 | 2.7 |
| City of Berkeley | 62,600 | 60,500 | 2,100 | 3.4 |
| City of Emeryville | 7,900 | 7,700 | 200 | 2.7 |
| City of Oakland | 213,400 | 202,200 | 11,200 | 5.3 |
| City of Piedmont | 5,600 | 5,500 | 100 | 2.4 |
| California | 19,102,700 | 18,065,000 | 1,037,700 | 5.4 |
| United States | 159,187,000 | 151,436,000 | 7,751,000 | 4.9 |
| **2017** | | | | |
| City of Alameda | 41,700 | 40,200 | 1,400 | 3.5% |
| City of Albany | 9,800 | 9,500 | 300 | 3.1 |
| City of Berkeley | 62,900 | 60,700 | 2,200 | 3.5 |
| City of Emeryville | 7,400 | 7,200 | 200 | 2.6 |
| City of Oakland | 212,300 | 203,500 | 8,900 | 4.2 |
| City of Piedmont | 5,100 | 5,000 | 100 | 2.1 |
| California | 19,176,400 | 18,257,100 | 919,300 | 4.8 |
| United States | 160,320,000 | 153,337,000 | 6,982,000 | 4.4 |
| **2018** | | | | |
| City of Alameda | 41,300 | 40,100 | 1,200 | 2.9% |
| City of Albany | 9,800 | 9,600 | 300 | 2.6 |
| City of Berkeley | 62,600 | 60,800 | 1,800 | 2.9 |
| City of Emeryville | 7,400 | 7,300 | 200 | 2.2 |
| City of Oakland | 214,500 | 207,000 | 7,500 | 3.5 |
| City of Piedmont | 5,200 | 5,100 | 100 | 1.8 |
| California | 19,280,800 | 18,460,700 | 820,100 | 4.3 |
| United States | 162,075,000 | 155,761,000 | 6,314,000 | 3.9 |
| **2019** | | | | |
| City of Alameda | 41,400 | 40,300 | 1,100 | 2.6% |
| City of Albany | 9,900 | 9,600 | 200 | 2.5 |
| City of Berkeley | 62,800 | 61,100 | 1,700 | 2.8 |
| City of Emeryville | 7,500 | 7,300 | 200 | 2.1 |
| City of Oakland | 215,000 | 207,800 | 7,200 | 3.4 |
| City of Piedmont | 5,200 | 5,100 | 100 | 1.7 |
| California | 19,411,600 | 18,627,400 | 784,200 | 4.0 |
| United States | 163,539,000 | 157,538,000 | 6,001,000 | 3.7 |

*Source:* State of California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

**Taxable Transactions**

The following tables set forth taxable transactions in the three most populous cities in the District's boundaries, the City of Alameda, the City of Berkeley and the City of Oakland for the years 2014 through 2018, the last year being the most recent full year for which data is currently available.

**CITY OF ALAMEDA**
**Taxable Sales Transactions**
**($ in thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Motor Vehicle and Parts Dealers | $22,925 | $22,874 | 23,833 | 21,484 | 23,419 |
| Home Furnishings and Appliance Stores | 13,955 | 59,439 | 30,088 | 30,092 | 30,112 |
| Building Materials, Garden Equipment and Supplies | 21,973 | 22,743 | 25,029 | 23,911 | 23,456 |
| Food and Beverage Stores | 71,530 | 76,003 | 77,087 | 78,937 | 81,200 |
| Gasoline Stations | 71,840 | 65,080 | 61,335 | 66,110 | 78,617 |
| Clothing and Clothing Accessories Stores | 39,618 | 40,917 | 42,925 | 40,140 | 38,357 |
| General Merchandise Stores | 46,946 | 55,635 | 61,187 | 64,939 | 68,018 |
| Food Services and Drinking Places | 134,237 | 152,238 | 167,763 | 179,924 | 185,991 |
| Other Retail Group | 94,745 | 112,322 | 122,405 | 136,437 | 129,240 |
| Total Retail and Food Services | $517,770 | $607,254 | $611,654 | 641,974 | 658,410 |
| All Other Outlets | 244,722 | 246,287 | 205,964 | 268,770 | 284,819 |
| Total All Outlets | $762,492 | $853,540 | $817,618 | 910,744 | 943,229 |

*Source:* California State Board of Equalization, Research and Statistics Division.

**CITY OF BERKELEY**
**Taxable Sales Transactions**
**($ in thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Motor Vehicle and Parts Dealers | $126,527 | $125,716 | $115,808 | $117,513 | $119,884 |
| Home Furnishings and Appliance Stores | 74,682 | 74,514 | 71,927 | 72,358 | 69,746 |
| Building Materials, Garden Equipment and Supplies | 90,104 | 98,959 | 100,899 | 107,333 | 109,053 |
| Food and Beverage Stores | 123,572 | 133,916 | 145,462 | 150,894 | 149,662 |
| Gasoline Stations | 94,630 | 83,285 | 75,720 | 84,041 | 93,694 |
| Clothing and Clothing Accessories Stores | 59,369 | 57,048 | 55,449 | 52,645 | 52,991 |
| General Merchandise Stores | 12,292 | 15,165 | 15,610 | 17,178 | 20,782 |
| Food Services and Drinking Places | 323,135 | 347,926 | 364,417 | 371,299 | 374,792 |
| Other Retail Group | 248,626 | 255,133 | 251,324 | 243,881 | 262,209 |
| Total Retail and Food Services | $1,152,938 | $1,161,661 | $1,196,618 | $1,217,142 | $1,252,813 |
| All Other Outlets | 394,169 | 413,156 | 431,614 | 364,736 | 361,292 |
| Total All Outlets | $1,547,107 | $1,604,817 | $1,628,232 | $1,581,879 | $1,614,105 |

*Source:* California State Board of Equalization, Research and Statistics Division.

**CITY OF OAKLAND**
**Taxable Sales Transactions**
**($ in thousands)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Motor Vehicle and Parts Dealers | $534,171 | $565,502 | $561,284 | $560,013 | $532,740 |
| Home Furnishings and Appliance Stores | 138,959 | 189,118 | 155,890 | 152,995 | 168,223 |
| Building Materials, Garden Equipment and Supplies | 233,339 | 255,448 | 275,585 | 292,573 | 300,902 |
| Food and Beverage Stores | 300,992 | 325,928 | 343,925 | 356,173 | 358,328 |
| Gasoline Stations | 587,645 | 460,157 | 410,316 | 490,425 | 567,381 |
| Clothing and Clothing Accessories Stores | 86,098 | 92,929 | 94,924 | 97,078 | 100,947 |
| General Merchandise Stores | 162,538 | 162,540 | 101,055 | 98,245 | 101,058 |
| Food Services and Drinking Places | 688,552 | 773,250 | 825,498 | 874,249 | 912,163 |
| Other Retail Group | 308,793 | 334,414 | 366,936 | 391,994 | 394,762 |
| Total Retail and Food Services | $3,041,086 | $3,159,287 | $3,135,414 | $3,313,745 | $3,436,505 |
| All Other Outlets | 1,316,321 | 1,296,340 | 1,324,193 | 1,448,507 | 1,502,826 |
| Total All Outlets | $4,357,407 | $4,455,627 | $4,459,606 | $4,762,252 | $4,939,331 |

*Source:* California State Board of Equalization, Research and Statistics Division.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF**
**THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Annual Financial Report
June 30, 2019

# Peralta Community College District

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**PERALTA COMMUNITY COLLEGE DISTRICT**

**TABLE OF CONTENTS**
**JUNE 30, 2019**

# FINANCIAL SECTION

# INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Peralta Community College District
Oakland, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2018-2019 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 15, and other required supplementary schedules on pages 75 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 20, 2019

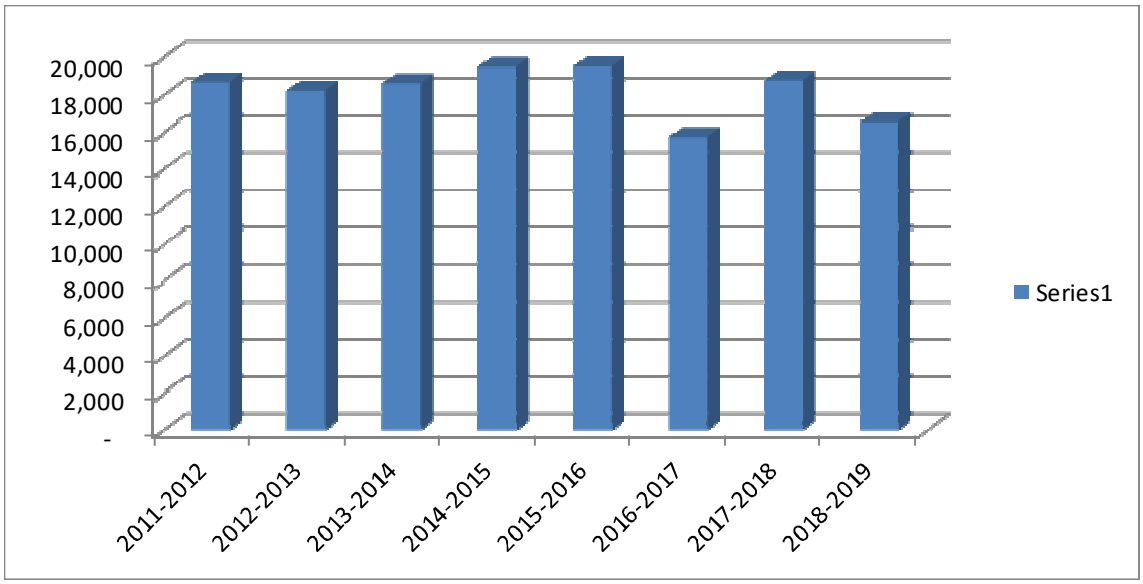
## Introduction

The following discussion and analysis provides an overview of the financial position and activities of Peralta Community College District (the District) for the year ended June 30, 2019. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Peralta Community College District was founded in 1964 and serves six cities in the East Bay Area, including Albany, Alameda, Berkeley, Emeryville, Oakland, and Piedmont. The four colleges comprising the District include: Berkeley City College, College of Alameda, Laney College, and Merritt College. The District has a reputation for developing effective approaches to serving the varied interests and needs of its vibrant community. The District serves over 23,743 students a semester, and is one of the top community college districts in California in transferring students into the UC system. Currently, 865 full-time employees and over 1,915 part-time faculty and staff are employed by the District.

## Selected Highlights

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the fiscal year 2018-2019, Peralta Colleges generated 16,551 FTES (including credit and noncredit FTES), as compared to 18,802 in the fiscal year 2017-2018. This represents a 11.97 percent increase. FTES is generated at the District's four colleges: Berkeley City College, College of Alameda, Laney College, and Merritt College.
- FTES claimed by the District in 2018-2019, 16,511 included utilizing all of summer enrollment/FTES, thereby surpassing the FTES claimed in 2017-2018 of 18,802 which also included prior year summer enrollment.




| | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
|---|---|---|---|---|---|---|---|---|
| Full-Time Equivalent Students | 18,712 | 18,264 | 18,642 | 19,500 | 19,507 | 15,768 | 18,802 | 16,551 |
| Percentage Increase/(Decrease) | | -2.39% | 2.07% | 4.60% | 0.04% | -19.17% | 19.24% | -11.97% |

- Unrestricted General Fund revenues for the year were $141,592,515, a decrease of 1.4 percent from prior year's revenue of $143,558,089. This was due, in large part, to the base increase community colleges received in the current year.

- Unrestricted General Fund expenditures for the year were $137,623,147, decrease of 7.1 percent over prior year's expenditures of $148,210,338.

- The District received approximately $1,953,608 in Student Success and Support Program funding allocated to the four Colleges.

- The District received approximately $8,353,443 in Student Equity funding that was distributed among the four Colleges and the District Office.

- The District received approximately $1.1 million in one-time Scheduled Maintenance and Instructional Equipment funding that was distributed among the four Colleges and the District Office.

- Medical benefit rates for both employees and retirees increased by zero percent for Kaiser and remained flat for the Self-Insurance plan over the prior year. The District continues to provide retirees who were hired prior to July 1, 2004, with lifetime medical benefits. For employees hired after July 1, 2004, medical benefits upon retirement are provided until age 65 or Medicare eligibility. The District's aggregate net OPEB liability (TOL) as of June 30, 2019, is $212,035,476 ($196,543,327 for those employees hired prior to July 1, 2004, and $14,904,068 for employees hired after July 1, 2004 and $588,081 for the Medicare Premium Payment (MPP) Program). In December 2005, the District issued $153 million in Other Postemployment Benefits (OPEB) Bonds. The proceeds of the bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the District for payment of retiree health benefit costs or related debt service costs.

- The District is using Measures A and E bonds to pay for various capital improvements to our educational facilities. They include, but are not limited to, the following:
    - Investment in technology infrastructure District-wide, including wifi at the Colleges.
    - Renovate and improve classrooms, laboratories, and other instructional facilities.
    - District-wide safety systems including disaster preparedness, campus security, and hazardous and toxic waste handling.
    - Renovation of student service buildings and facilities at Laney College, Merritt College, and College of Alameda.
    - Cabling and power upgrades.
    - Construction of a six story urban campus for Berkeley City College in Berkeley.

- The District utilizes Measure B proceeds, its special parcel tax, as approved by the voters in June 2012 in the following manner:
    - Restore and maintain core academic programs such as Math, Science, and English.
    - Train students for careers.
    - Prepare students to transfer to four-year universities.

**Statement of Net Position**

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the District as of the end of the fiscal year and was prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point-of-time financial statement whose purpose is to present to the reader a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning assets, liabilities, and net position.

From the data presented, the reader of the Statement of Net Position is able to determine the assets available to continue operations of the District. The reader is also able to determine how much the District owes to vendors and employees. Finally, the Statement of Net Position provides a picture of the assets and their availability for expenditure by the District.

The difference between total assets, deferred outflows, total liabilities, and deferred inflows is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation.

The net position is divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted assets; these assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which is available to the District for any lawful purpose of the District.

A summary of the Statement of Net Position as of June 30, 2019 and June 30, 2018, is presented below:

**Net Position**
**As of June 30,**

| | 2019 | 2018 |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | $ 300,667,588 | $ 330,087,731 |
| Accounts receivable, net | 23,827,988 | 21,443,584 |
| Other current assets | 1,609,969 | 1,561,944 |
| Total Current Assets | 326,105,545 | 353,093,259 |
| Noncurrent Assets | | |
| Capital assets, net | 447,161,347 | 458,101,304 |
| TOTAL ASSETS | 773,266,892 | 811,194,563 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charges on refunding | 15,376,720 | 16,289,627 |
| Interest rate SWAP | 27,371,014 | 18,647,542 |
| Deferred outflows of resources related to pensions | 43,895,258 | 44,552,270 |
| Deferred outflows of resources related to OPEB | 594,447 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 87,237,439 | 79,489,439 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 20,886,947 | 28,191,727 |
| Unearned revenue | 16,584,492 | 14,404,250 |
| SWAP liability | 307,602 | 675,897 |
| Current portion of long-term obligations | 21,386,513 | 23,682,307 |
| Total Current Liabilities | 59,165,554 | 66,954,181 |
| Noncurrent Liabilities | | |
| Bonds payable | 396,935,966 | 413,758,348 |
| Other long-term liabilities | 616,719,522 | 590,418,344 |
| Long-term obligations | 1,013,655,488 | 1,004,176,692 |
| TOTAL LIABILITIES | 1,072,821,042 | 1,071,130,873 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Interest rate SWAP | 27,371,014 | 18,647,542 |
| Deferred inflows of resources related to pensions | 8,309,061 | 9,073,377 |
| Deferred inflows of resources related to OPEB | 15,281 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 35,695,356 | 27,720,919 |
| NET POSITION | | |
| Net investment in capital assets | 75,628,609 | 97,175,592 |
| Restricted for: | | |
| Debt service | 14,270,881 | 15,151,659 |
| Capital projects | 5,804,951 | 8,535,574 |
| Other activities | 19,458,583 | 16,179,335 |
| Unrestricted deficit | (363,175,091) | (345,209,950) |
| TOTAL NET POSITION | $ (248,012,067) | $ (208,167,790) |

- Approximately 85 percent of the cash equivalent balance per the Statement of Cash Flows is cash deposited in the Alameda County Treasury Pool, and approximately 15 percent is cash deposited in local financial banking institutions. All funds are invested in accordance with Board Policy, which emphasizes prudence, safety, liquidity, and return on investment. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash, and the net decrease in cash during the 2018-2019 fiscal year.

- The majority of the accounts receivable balance is from Federal and State sources for grant and entitlement programs, and student receivables. Receivables totaling $8,401,093 for reimbursements from Federal and State agencies related to grant awards, $7,618,272 from local sources, and $7,808,623 for student receivables.

- Capital assets had a net decrease of $10,939,957. The District had additions of $23,295,697 related to construction in progress. Depreciation expense of $21,993,756 was recognized during 2018-2019. Additional information related to capital assets is found in Note 6 of the financial statements.

- Accounts payable are amounts due as of the fiscal year end for goods and services received as of June 30, 2019. Total accounts payable are $11,192,850; $4,425,099 of the balance was accrued in the Capital Projects fund, Bond fund, and Special Revenue fund related to capital outlay. $1,843,170 is for amounts due to or on behalf of employees for wages and benefits, $859,547 is related to Federal and State categorical programs, with the remaining $4,065,034 due to vendors and suppliers in the normal course of business.

- The District's noncurrent liabilities primarily consist of bonds payable, related to the issuance of Election 2000 Series B, C, and D of the District General Obligation Bonds; 2005 Series A and B Refunding of the District General Obligation Bonds; Election 2006 Series A, B, and C of the District General Obligation Bonds; and Election 2009 and Other Postemployment Benefit Bonds. The face value of these bonds at the time of initial sale totaled $700.1 million, and $411,140,966 represents the remaining long-term debt to satisfy these obligations. Additional information related to long-term obligations is found in Note 10 of the financial statements.

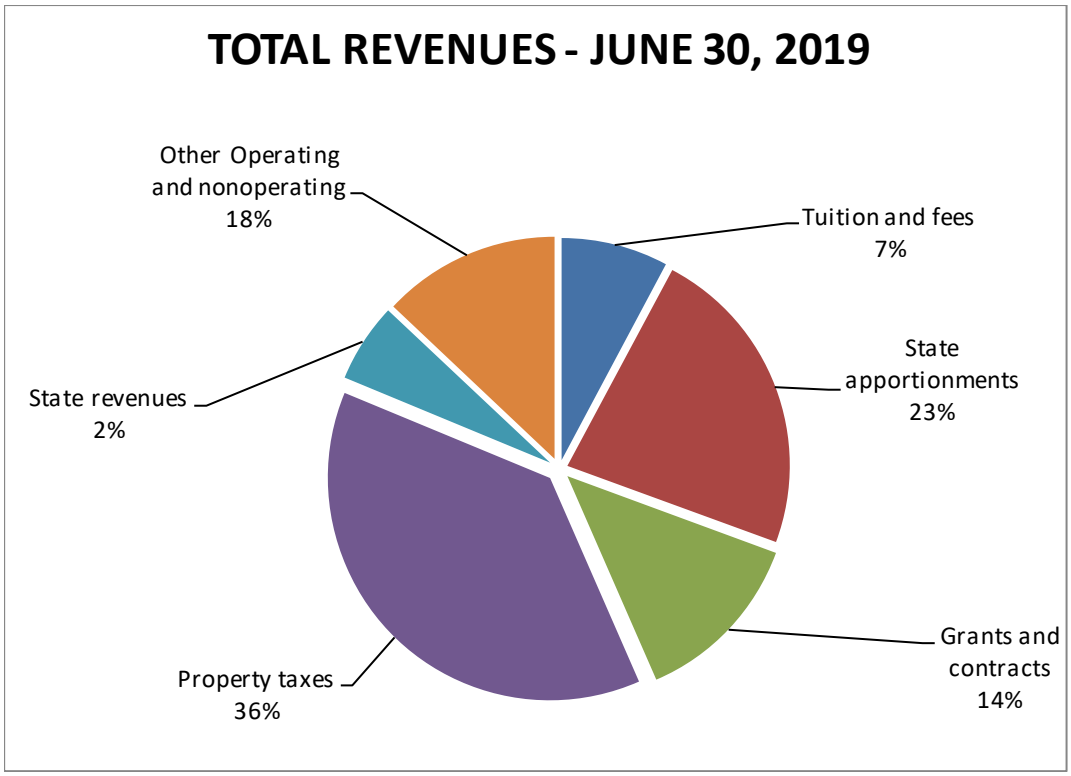
**Statement of Revenues, Expenses, and Changes in Net Position**

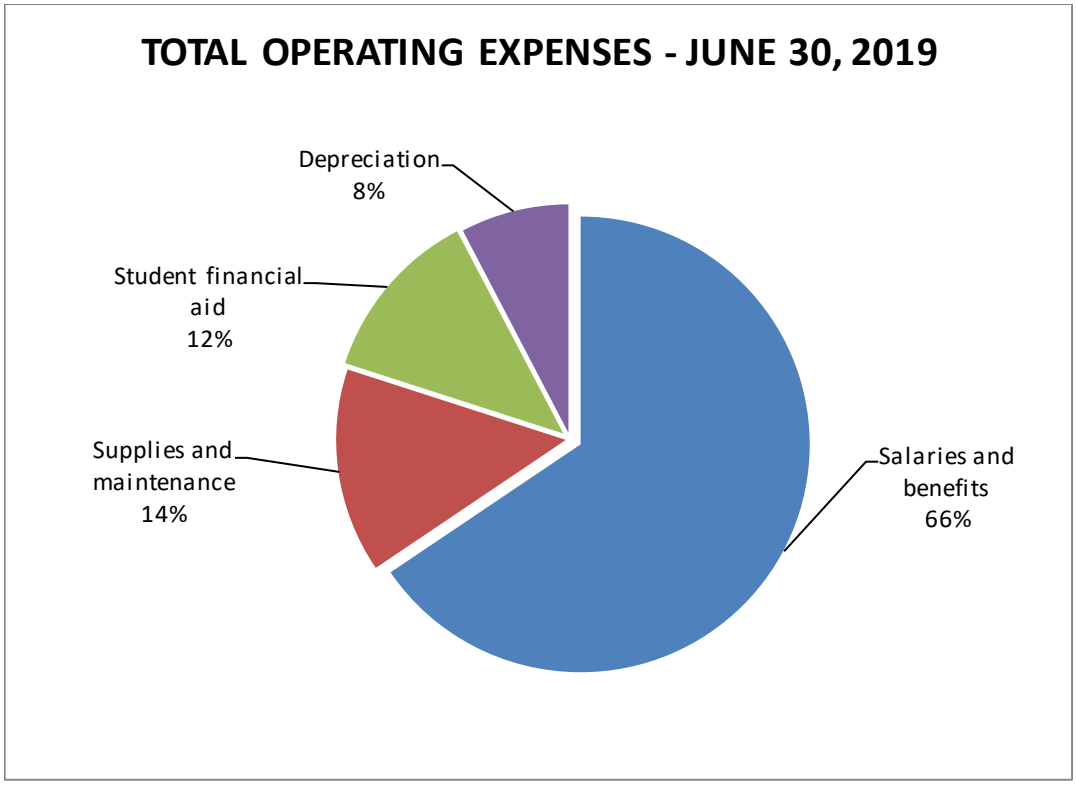
The Statement of Revenues, Expenses, and Changes in Net Position presents the financial results of the District's operations, as well as its nonoperating activities. The distinction between these two activities involves the concepts of exchange and nonexchange. Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. For example, tuition fees paid by the student are considered an exchange for instructional services. The receipt of State apportionments and property taxes, however, do not include this exchange relationship between the payment and receipt of specified goods or services. These revenues and related expenses are classified as nonoperating activities. It is because of the methodology used to categorize between operating and nonoperating, combined with the fact that the primary source of funding that supports the District's instructional activities comes from State apportionment and local property taxes, results in a net operating loss for the District's operations.

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2019 and June 30, 2018, is summarized below:

**Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30,**

| | 2019 | 2018 |
|---|---|---|
| Operating Revenues | | |
| Tuition and fees | $ 19,409,280 | $ 17,508,071 |
| Grants and contracts, noncapital | 42,675,617 | 41,196,903 |
| Total Operating Revenues | 62,084,897 | 58,704,974 |
| Operating Expenses | | |
| Salaries and benefits | 188,842,134 | 172,280,504 |
| Equipment, supplies, and maintenance | 41,804,029 | 48,307,384 |
| Student financial aid | 35,643,289 | 47,668,717 |
| Depreciation | 21,993,756 | 20,003,398 |
| Total Operating Expenses | 288,283,208 | 288,260,003 |
| Operating Loss | (226,198,311) | (229,555,029) |
| Nonoperating Revenues and (Expenses) | | |
| State apportionments | 56,571,235 | 59,646,620 |
| Financial aid grants and contracts | 31,863,212 | 36,389,548 |
| Property taxes | 93,914,341 | 93,467,158 |
| State revenues | 14,248,348 | 4,023,453 |
| Investment income and unrealized gain on investments | 13,036,706 | 31,333,025 |
| Interest expense on capital related debt | (30,104,965) | (31,180,958) |
| Other nonoperating revenues | 6,592,783 | 5,659,110 |
| Total Nonoperating Revenues (Expenses) | 186,121,660 | 199,337,956 |
| Other Revenues | | |
| State and local capital income | 232,374 | 1,991,664 |
| Net Decrease in Net Position | $ (39,844,277) | $ (28,225,409) |


TOTAL REVENUES - JUNE 30, 2019
Other Operating and nonoperating 18%
Tuition and fees 7%
State apportionments 23%
State revenues 2%
Grants and contracts 14%
Property taxes 36%


TOTAL OPERATING EXPENSES - JUNE 30, 2019
Depreciation 8%
Student financial aid 12%
Supplies and maintenance 14%
Salaries and benefits 66%

- The primary components of tuition and fees are the $46 per unit enrollment fee that is charged to all students registering for classes and the additional $258 per unit fee that is charged to all non-resident students.

- Personnel costs across all funds account for 68 percent of operating expenses in fiscal year 2019 compared to 60 percent in 2018. The balance of operating expenses is for supplies, materials, other operating expenses, financial aid, equipment, maintenance, and depreciation expense.

- The principal components of the District's nonoperating revenue are: capital Federal and State grants, State apportionment, local property taxes, other State funding, and interest income. With the exception of interest income, the majority of this revenue is received to support the District's instructional activities. The amount of State general apportionment received by the District is dependent upon the number of FTES generated and reported to the State, less amounts received from enrollment fees and local property taxes. Increases in either of the latter two revenue-categories lead to a corresponding decrease in apportionment.

- A schedule of functional expenses is displayed below:

| | Salaries and Benefits | Supplies, Material, and Other Operating Expenses and Services | Student Financial Aid | Depreciation | Total |
|---|---|---|---|---|---|
| Instructional activities | $ 81,842,282 | $ 2,753,351 | $ - | $ - | $ 84,595,633 |
| Academic support | 14,133,399 | 1,067,324 | - | - | 15,200,723 |
| Student services | 39,570,484 | 3,008,168 | - | - | 42,578,652 |
| Plant operations and maintenance | 8,285,061 | 6,477,196 | - | - | 14,762,257 |
| Institutional support services | 38,772,260 | 7,002,552 | - | - | 45,774,812 |
| Community services and economic development | 411,803 | 57,700 | - | - | 469,503 |
| Ancillary services and auxiliary operations | 4,490,686 | 1,693,023 | - | - | 6,183,709 |
| Student aid | - | 3,665 | 35,643,289 | - | 35,646,954 |
| Physical property and related acquisitions | 1,336,159 | 19,741,050 | - | - | 21,077,209 |
| Unallocated expense | - | - | - | 21,993,756 | 21,993,756 |
| Total | $ 188,842,134 | $ 41,804,029 | $ 35,643,289 | $ 21,993,756 | $ 288,283,208 |

**Statement of Cash Flows**

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. It deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Cash Flows for the fiscal years ended June 30, 2019 and June 30, 2018, is summarized below:

**Statement of Cash Flows**
**for the Years Ended June 30,**

| | 2019 | 2018 |
|---|---|---|
| Cash From | | |
| Operating activities | $ (189,455,682) | $ (200,848,956) |
| Noncapital financing activities | 169,778,586 | 170,752,861 |
| Capital and related financing activities | (22,239,875) | (12,426,370) |
| Investing activities | 17,664,956 | 23,236,749 |
| Net Change in Cash | (24,252,015) | (19,285,716) |
| Cash, Beginning of Year | 110,688,360 | 129,974,076 |
| Cash, End of Year | $ 86,436,345 | $ 110,688,360 |

- Cash receipts from operating activities are from student tuition. Use of cash is for payments to employees, vendors, and students related to the instructional program.

- State apportionment received based on the workload measures generated by the District accounts for 33.3 percent and 37.7 percent of noncapital financing for fiscal years 2019 and 2018, respectively. Cash receipts from Federal and State grants represent 30.2 percent in 2019 and 22.9 percent in 2018. Cash received from property taxes accounts for 37.8 percent in fiscal year 2019 and 35.9 percent in fiscal year 2018 of the cash generated in this section.

- The majority of the activity in the capital and related financing activities is for the purchase of capital assets (buildings, building improvements, and equipment).

- Cash from investing activities is purchase of investments and investment income for interest earned on cash in bank and cash invested through the Alameda County pool, and on investments with local banking institutions.

**Aggregate Net Pension Liability (NPL)**

At year end, the District has an aggregate net pension liability of $160,121,635 versus $149,028,086 last year, an increase of $11,093,549 or 7.4 percent.

**Other Postemployment Benefits Obligation (OPEB)**

During the year ended June 30, 2018, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District had two actuarial studies performed in November 2018 to identify the District's total OPEB liability (TOL). These studies determined the District's TOL to be approximately $212,497,997.

In December 2005, the District issued $153,749,832 aggregate principal amount of Taxable 2005 Limited Obligation OPEB (Other Postemployment Benefits) Bonds to fund a $150,000,000 deposit to the Retiree Health Benefit Program Fund. The Retiree Health Benefit Program Fund has been invested in various financial instruments as directed by the District's Retirement Board of Authority and/or an investment advisor as selected by the Retirement Board of Authority. The District may cause a draw from the Retiree Health Benefit Fund for the payment of Retiree Health Benefit Costs or defeasance of Outstanding Bonds. From time to time, the District has made deposits and withdrawals from the Retiree Health Benefit Program Fund in accordance with the Indenture of Trust. As of June 30, 2019, the balance of the Retiree Health Benefit Program Fund was $214,231,243.

**Economic Factors that May Affect the Future**

The District looks forward to 2019-2020 with the same cautious optimism that has served it well over the past few years. A new District-wide Enrollment Management task force has begun work to enhance outreach and marketing efforts designed to showcase the excellent opportunities that the Peralta Colleges affords its students. The District anticipates that the fruits of these endeavors will manifest in 2019-2020 and thereafter.

The State economy remains robust: property taxes and personal income taxes are forecast to increase, albeit slightly, over the next year, and the extension of Proposition 30 via the November 2018 ballot (Proposition 55) bodes well. The Legislative Analyst's Office, in its most recent assessment, derives a "positive outlook" with an emphasis on back-up contingencies – e.g. – strong reserve levels – in case of an economic downturn.

With respect to the State's solid economy, after three years of increased funding coming to the California community colleges in the form of targeted, restricted resources – in a ratio of nearly 2:1 – the District anticipates seeing a larger share of the new State resources allocated in the form of unrestricted resources in the future. These additional unrestricted funds would certainly assist with the continued rise in operating costs, the most substantial being, of course, the escalating costs of STRS and PERS.

The District has also recently refined its budget allocation model, through the work of a cross-functional task force, and expects to begin implementation of the changes. This will allow for the equitable distribution of resources through the four Peralta Colleges.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the District at: Peralta Community College District, 333 East 8th Street, Oakland, California 94606.

## PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
## JUNE 30, 2019

| | | |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ | 13,249,405 |
| Investments | | 73,186,940 |
| Restricted investments | | 214,231,243 |
| Accounts receivable | | 16,019,365 |
| Student receivables, net | | 7,808,623 |
| Due from fiduciary funds | | 77,649 |
| Prepaid expenses | | 1,392,940 |
| Inventories | | 139,380 |
| **Total Current Assets** | | 326,105,545 |
| **NONCURRENT ASSETS** | | |
| Nondepreciable capital assets | | 39,839,449 |
| Depreciable capital assets, net of depreciation | | 407,321,898 |
| **Total Noncurrent Assets** | | 447,161,347 |
| **TOTAL ASSETS** | | 773,266,892 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred charges on refunding | | 15,376,720 |
| Interest rate SWAP | | 27,371,014 |
| Deferred outflows of resources related to pensions | | 43,895,258 |
| Deferred outflows of resources related to OPEB | | 594,447 |
| **Total Deferred Outflows of Resources** | | 87,237,439 |
| **LIABILITIES** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | | 11,192,850 |
| Accrued interest payable | | 9,593,790 |
| Due to fiduciary funds | | 100,307 |
| Unearned revenue | | 16,584,492 |
| SWAP liability | | 307,602 |
| General obligation bonds - current portion | | 14,205,000 |
| Other postemployment benefits bonds - current portion | | 7,181,513 |
| **Total Current Liabilities** | | 59,165,554 |
| **NONCURRENT LIABILITIES** | | |
| Claims liability | | 3,951,000 |
| Load banking | | 2,147,764 |
| Compensated absences | | 6,736,165 |
| General obligation bonds | | 396,935,966 |
| Other postemployment benefits bonds | | 231,727,482 |
| Aggregate net pension obligation | | 160,121,635 |
| Aggregate net other postemployment benefits (OPEB) liability | | 212,035,476 |
| **Total Noncurrent Liabilities** | | 1,013,655,488 |
| **TOTAL LIABILITIES** | | 1,072,821,042 |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET POSITION - PRIMARY GOVERNMENT, Continued
## JUNE 30, 2019

| | | |
|---|---|---|
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Interest rate SWAP | $ | 27,371,014 |
| Deferred inflows of resources related to pensions | | 8,309,061 |
| Deferred inflows of resources related to OPEB | | 15,281 |
| **Total Deferred Inflows of Resources** | | 35,695,356 |
| **NET POSITION** | | |
| Net investment in capital assets | | 75,628,609 |
| Restricted for: | | |
| Debt service | | 14,270,881 |
| Capital projects | | 5,804,951 |
| Educational programs | | 5,406,020 |
| Other activities | | 14,052,563 |
| Unrestricted deficit | | (363,175,091) |
| **TOTAL NET POSITION** | $ | (248,012,067) |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| **OPERATING REVENUES** | |
| Student Tuition and Fees | $ 30,699,934 |
| Less: Scholarship discount and allowance | (11,290,654) |
| Net tuition and fees | 19,409,280 |
| Grants and Contracts, Noncapital: | |
| Federal | 4,606,200 |
| State | 33,925,838 |
| Local | 4,143,579 |
| Total grants and contracts, noncapital | 42,675,617 |
| **TOTAL OPERATING REVENUES** | 62,084,897 |
| **OPERATING EXPENSES** | |
| Salaries | 102,978,601 |
| Employee benefits | 85,863,533 |
| Supplies, materials, and other operating expenses and services | 26,831,065 |
| Student financial aid | 35,643,289 |
| Equipment, maintenance, and repairs | 14,972,964 |
| Depreciation | 21,993,756 |
| **TOTAL OPERATING EXPENSES** | 288,283,208 |
| **OPERATING LOSS** | (226,198,311) |
| **NONOPERATING REVENUES (EXPENSES)** | |
| State apportionments, noncapital | 56,571,235 |
| Federal financial aid grants and contracts, noncapital | 29,973,569 |
| State financial aid grants and contracts, noncapital | 1,889,643 |
| Local property taxes, levied for general purposes | 64,188,593 |
| Taxes levied for other specific purposes | 29,725,748 |
| State taxes and other revenues | 14,248,348 |
| Interest income | 1,313,390 |
| Net unrealized gain on investments | 11,551,733 |
| Interest expense on capital related debt | (30,104,965) |
| Investment income on capital asset-related debt | 171,583 |
| Other nonoperating revenue | 6,592,783 |
| **TOTAL NONOPERATING REVENUES (EXPENSES)** | 186,121,660 |
| **LOSS BEFORE OTHER REVENUES** | (40,076,651) |
| **OTHER REVENUES** | |
| State revenues, capital | 185,612 |
| Local revenues, capital | 46,762 |
| **TOTAL OTHER REVENUES** | 232,374 |
| **CHANGE IN NET POSITION** | (39,844,277) |
| **NET POSITION, BEGINNING OF YEAR** | (208,167,790) |
| **NET POSITION, END OF YEAR** | $ (248,012,067) |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
## FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Tuition and fees | $ 16,506,731 |
| Federal and state grants and contracts | 47,030,132 |
| Payments to or on behalf of employees | (167,630,506) |
| Payments made to students from financial aid | (35,643,289) |
| Payments to vendors for supplies and services | (49,718,750) |
| **Net Cash Flows From Operating Activities** | (189,455,682) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| State apportionments | 56,571,235 |
| Federal and state financial aid grants | 34,338,639 |
| Property taxes - nondebt related | 64,188,593 |
| State taxes and other revenues | 14,248,348 |
| Other nonoperating revenues | 431,771 |
| **Net Cash Flows From Noncapital Financing Activities** | 169,778,586 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Capital grants | 232,374 |
| Taxes levied for debt repayment | 29,725,748 |
| Accretion of bonds | 8,382,080 |
| Acquisition and construction of capital assets | (8,487,365) |
| Principal paid on capital debt | (23,168,720) |
| Interest received on capital debt | 171,583 |
| Interest paid on capital debt and leases | (29,095,575) |
| **Net Cash Flows From Capital and Related Financing Activities** | (22,239,875) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Sale of investments | 5,168,128 |
| Investment income | 12,496,828 |
| **Net Cash Flows From Investing Activities** | 17,664,956 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (24,252,015) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 110,688,360 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 86,436,345 |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
## FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| **RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating Loss | $ (226,198,311) |
| Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities: | |
| Depreciation | 21,993,756 |
| Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows | |
| Receivables, net | 1,747,151 |
| Inventories | 7,832 |
| Prepaid expenses | (295,524) |
| Accounts payable and accrued liabilities | (7,698,573) |
| Unearned revenue | (295,185) |
| Aggregate net pension obligation | 11,093,549 |
| Aggregate net OPEB liability | 8,656,665 |
| Load banking | 113,105 |
| Compensated absences | 2,106,323 |
| Deferred outflows of resources related to pensions | 657,012 |
| Deferred outflows of resources related to OPEB | (594,447) |
| Deferred inflows of resources related to pensions | (764,316) |
| Deferred inflows of resources related to OPEB | 15,281 |
| Total Adjustments | 36,742,629 |
| **Net Cash Flows From Operating Activities** | $ (189,455,682) |
| | |
| **CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:** | |
| Cash in banks | $ 13,249,405 |
| Investment in county treasury | 73,186,940 |
| **Total Cash and Cash Equivalents** | $ 86,436,345 |
| | |
| **NONCASH TRANSACTIONS** | |
| On behalf payments for benefits | $ 3,764,490 |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## FIDUCIARY FUNDS
## STATEMENT OF NET POSITION
## JUNE 30, 2019

| | Retiree OPEB Trust | Other Trust |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ - | $ 152,534 |
| Investments | 1,050,602 | 1,133,226 |
| Accounts receivable | - | 61,200 |
| Student receivable | - | 32,806 |
| Due from primary government | - | 100,307 |
| Prepaid expenses | - | 418 |
| Other current assets | - | 3,596 |
| **Total Assets** | 1,050,602 | 1,484,087 |
| **LIABILITIES** | | |
| Accounts payable | - | 152,485 |
| Due to primary government | - | 77,649 |
| Unearned revenue | - | 102 |
| **Total Liabilities** | - | 230,236 |
| **NET POSITION** | | |
| Restricted for postemployment benefits other than pensions | 1,050,602 | - |
| Unrestricted | - | 1,253,851 |
| **Total Net Position** | $ 1,050,602 | $ 1,253,851 |

The accompanying notes are an integral part of these financial statements.

## PERALTA COMMUNITY COLLEGE DISTRICT

## FIDUCIARY FUNDS
## STATEMENT OF CHANGES IN NET POSITION
## FOR THE YEAR ENDED JUNE 30, 2019

| | Retiree OPEB Trust | Other Trust |
|---|---|---|
| **ADDITIONS** | | |
| District Contributions | $ 1,311,092 | $ - |
| Local revenues | 51,420 | 270,253 |
| **Total Additions** | $ 1,362,512 | $ 270,253 |
| **DEDUCTIONS** | | |
| Classified salaries | - | 8,486 |
| Employee benefits | 311,092 | 487 |
| Services and operating expenditures | 818 | 210,743 |
| Capital outlay | - | 99,987 |
| **Total Deductions** | 311,910 | 319,703 |
| **CHANGE IN NET POSITION** | 1,050,602 | (49,450) |
| **NET POSITION, BEGINNING OF YEAR** | - | 1,303,301 |
| **NET POSITION, END OF YEAR** | $ 1,050,602 | $ 1,253,851 |

The accompanying notes are an integral part of these financial statements.

## *NOTE 1 - ORGANIZATION*

Peralta Community College District (the District) was established in 1964 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board of Trustees must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates four college campuses located in Alameda, Oakland, and Berkeley, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

### Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District.

Peralta Community College District and the Golden West Financing Authority, as represented by the 2005 General Obligation Revenue Bonds, Series B, have a financial and operational relationship that meets the reporting definition antenna of GASB Statement No. 14, *The Financial Reporting Entity*, for the inclusion of the related debt. Therefore, the related debt has been included in the financial statements of the District.

The following entity does not meet the above criteria for inclusion as a component unit of the District.

- **Peralta Colleges Foundation, Inc.**

  Peralta Colleges Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because the amount of receipts from the Foundation is insignificant to the District as a whole, the Foundation is not considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. Financial statements for the Foundation can be obtained from the Foundation's Business Office at 333 East 8th Street, Oakland, California 94606.

## *NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and noncapital grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows.

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2019, are stated at fair value. Fair value is estimated based on quoted market prices at year end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**Restricted Assets**

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required to be set aside by the District for the purpose of satisfying certain requirements.

**Accounts Receivable**

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District has recorded an allowance for uncollectible related to student receivables. The allowance is based upon management's estimates and analysis. The allowance was estimated at $7,992,097 for the year ended June 30, 2019.

**Prepaid Expenses**

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2019.

**Inventories**

Inventories consist primarily of operating supplies. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

**Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $50,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 40 years; equipment, 5 to 20 years; vehicles, 5 to 10 years.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

**Hedging Derivative Instruments (Interest Rate SWAPS)**

The District accounts for derivatives in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, (GASB Statement No. 53). GASB Statement No. 53 requires that hedging derivative instruments (Hedging Transactions) be recorded at fair value and establishes certain requirements for revenue recognition, measurement, and disclosure related to Hedging Transactions. The District's Hedging Transactions have been tested for effectiveness under the guidelines prescribed by GASB Statement No. 53. The District utilized one of the three quantitative methods required by GASB Statement No. 53, the dollar-off set method.

**Debt Premiums**

Debt premiums are amortized over the life of the bonds using the straight-line method.

**Deferred Charges on Refunding**

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, interest rate SWAPs, for pension related items and OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for interest rate SWAPs, pension related items and OPEB related items.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the District's OPEB Plan and the CalSTRS Medicare Premium Payment (MPP) Program fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by District's OPEB Plan and MPP. For this purpose, the District's OPEB Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified employees who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

**Noncurrent Liabilities**

Noncurrent liabilities include general obligation bonds, OPEB bond obligations, compensated absences, claims liability, load banking, the aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

**Net Position**

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Net Investment in Capital Assets**: Consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

**Restricted**: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Unrestricted**: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $39,534,415 of restricted net position.

**Operating Revenues and Expenses**

**Classification of Revenues** - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

**Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, and Federal, State, and local grants and contracts.

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

**Classification of Expenses** - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

**Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

**State Apportionments**

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. The Alameda County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes on behalf of the District. Local property tax revenues are recorded in the unrestricted General Fund when received.

The voters of the District passed a general obligation bond in 2006 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and set aside for repayment to the bond holders in the Bond Interest and Redemption Fund.

The voters of the District passed a Parcel Tax on June 5, 2012, for the general revenues of the District. The parcel tax levies $48 per parcel for eight years to provide for core academic programs, training, and education of students attending the District and transferring to university. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

**Scholarships, Discounts, and Allowances**

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

**Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Interfund Activity**

Interfund transfers and interfund receivables and payables for are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

**Change in Accounting Principles**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

**New Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

## *NOTE 3 - DEPOSITS AND INVESTMENTS*

### Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

**Investment in County Treasury**

In accordance with the *Budget and Accounting Manual,* the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the Alameda County Investment Pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Alameda County Treasurer, which is recorded on the amortized cost basis.

**Other Investments**

The District maintains investments outside the Alameda County Investment Pool as allowed by the District's investment policy. The District relies on a third party investment firm to manage the investment portfolio. The investments are stated at fair value.

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

| Authorized Investment Type | Maximum Remaining Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| Local Agency Bonds, Notes, Warrants | 5 years | None | None |
| Registered State Bonds, Notes, Warrants | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptance | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% of base | None |
| Medium-Term Corporate Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | 5 years | 20% | None |
| County Pooled Investment Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| Joint Powers Authority Pools | N/A | None | None |

**Authorized Under Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code.

**Summary of Deposits and Investments**

Deposits and investments of as of June 30, 2019, consist of the following:

| | |
|---|---|
| Primary government | $ 300,667,588 |
| Fiduciary funds | 2,336,362 |
| Total Deposits and Investments | $ 303,003,950 |

| | |
|---|---|
| Cash on hand and in banks | $ 13,335,294 |
| Cash in revolving | 66,645 |
| Investments | 289,602,011 |
| Total Deposits and Investments | $ 303,003,950 |

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Alameda County Investment Pool and various short term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $74,320,166 with the Alameda County Investment Pool with a weighted maturity of 420 days. Additionally, OPEB bond proceeds of $214,231,243 and $1,050,602 in an OPEB Trust have been invested in other instruments which equate to the CalPERS investment strategy.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Alameda County Investment Pool and OPEB Trust are not required to be rated, nor have they been rated as of June 30, 2019. The District's OPEB investments (bond proceeds) ratings range from Aaa to Caa according to Moody's Investors Service as of June 30, 2019.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $12,686,656 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

## *NOTE 4 - FAIR VALUE MEASUREMENTS*

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Alameda County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

| Asset Type | Fair Value | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Uncategorized |
|---|---|---|---|---|---|
| Alameda County Investment Pool | $ 74,604,403 | $ - | $ - | $ - | $ 74,604,403 |
| Mutual Funds | 1,050,602 | 1,050,602 | - | - | - |
| First American Government Obligation Fund | 805,976 | - | 805,976 | - | - |
| Fixed Income | 86,912,592 | 31,436,004 | 55,476,588 | - | - |
| Equities | 116,872,023 | 116,872,023 | - | - | - |
| Private Equities | 4,843,888 | - | - | 4,843,888 | |
| Money market | 4,796,764 | 4,796,764 | - | - | - |
| Derivative Instruments (Interest Rate SWAPS) | 27,371,014 | - | 27,371,014 | - | - |
| Total | $ 317,257,262 | $ 154,155,393 | $ 83,653,578 | $ 4,843,888 | $ 74,604,403 |

| | Level 3 Inputs |
|---|---|
| Investments at Fair Value | |
| Balance at July 1, 2018 | $ 4,533,064 |
| Net realized and unrealized Gains | 310,824 |
| Balance at June 30, 2019 | $ 4,843,888 |

All assets have been valued using a market approach, with quoted market prices.

### *NOTE 5 - ACCOUNTS RECEIVABLE*

Accounts receivable at June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

| | Primary Government | Fiduciary Funds |
|---|---|---|
| Federal Government | | |
| Categorical aid | $ 1,818,038 | $ - |
| Student Financial Assistance | 5,031,358 | - |
| State Government | | |
| Categorical aid | 561,682 | - |
| Lottery | 990,015 | - |
| Local Sources | | |
| Other local sources | 7,618,272 | 61,200 |
| Total | $ 16,019,365 | $ 61,200 |
| | | |
| Student receivables | $ 15,800,720 | $ 32,806 |
| Less allowance for bad debt | (7,992,097) | - |
| Student receivables, net | $ 7,808,623 | $ 32,806 |

### *NOTE 6 - CAPITAL ASSETS*

Capital asset activity for the primary government for the fiscal year ended June 30, 2019, was as follows:

| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 11,913,296 | $ - | $ - | $ 11,913,296 |
| Construction in progress | 25,301,266 | 23,295,697 | 20,670,810 | 27,926,153 |
| Total Capital Assets Not Being Depreciated | 37,214,562 | 23,295,697 | 20,670,810 | 39,839,449 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 317,141,009 | - | - | 317,141,009 |
| Site improvements | 273,079,895 | 3,045,130 | - | 276,125,025 |
| Software and IT development | 37,320,150 | 1,978,146 | - | 39,298,296 |
| Machinery and equipment | 55,854,324 | 3,405,636 | - | 59,259,960 |
| Total Capital Assets Being Depreciated | 683,395,378 | 8,428,912 | - | 691,824,290 |
| Total Capital Assets | 720,609,940 | 31,724,609 | 20,670,810 | 731,663,739 |
| Less Accumulated Depreciation | | | | |
| Buildings | 129,886,279 | 6,502,992 | - | 136,389,271 |
| Site improvements | 56,968,180 | 11,743,780 | - | 68,711,960 |
| Software and IT development | 32,721,332 | 1,047,786 | - | 33,769,118 |
| Machinery and equipment | 42,932,845 | 2,699,198 | - | 45,632,043 |
| Total Accumulated Depreciation | 262,508,636 | 21,993,756 | - | 284,502,392 |
| Net Capital Assets | $ 458,101,304 | $ 9,730,853 | $ 20,670,810 | $ 447,161,347 |

Depreciation expense for the year was $21,993,756.

### *NOTE 7 - ACCOUNTS PAYABLE*

Accounts payable at June 30, 2019, consisted of the following:

| | Primary Government | Fiduciary Funds |
|---|---|---|
| Accrued payroll and benefits | $ 1,843,170 | $ 3,205 |
| Construction | 4,425,099 | - |
| State categorical | 859,547 | - |
| Student representation fees | - | 128,439 |
| Vendors and supplies | 4,065,034 | 20,841 |
| Total | $ 11,192,850 | $ 152,485 |

### *NOTE 8 - UNEARNED REVENUE*

Unearned revenue at June 30, 2019, consisted of the following:

| | Primary Government | Fiduciary Funds |
|---|---|---|
| Federal categorical aid | $ 67,861 | $ - |
| State categorical aid | 10,533,314 | - |
| Other State | 2,712,608 | - |
| Enrollment fees | 77,111 | 102 |
| Other local | 3,193,598 | - |
| Total | $ 16,584,492 | $ 102 |

### *NOTE 9 - INTERFUND TRANSACTIONS*

**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2019, the amount owed to the Fiduciary Funds from the Primary Government was $100,307, and the amount owed to Primary Government from the Fiduciary Funds was $77,649.

**Interfund Operating Transfers**

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019 fiscal year, there were no transfers between the Primary Government and the Fiduciary Funds.

## *NOTE 10 - LONG-TERM OBLIGATIONS*

### Summary

The changes in the District's long-term obligations during the fiscal year 2019 consisted of the following:

| | Balance July 1, 2018 | Additions | Accretion | Deductions | Balance June 30, 2019 | Due in One Year |
|---|---|---|---|---|---|---|
| General obligation bonds | $ 427,943,348 | $ - | $ - | $ 16,802,382 | $ 411,140,966 | $ 14,205,000 |
| 2005 Taxable Limited Obligation OPEB Bonds | 180,865,069 | - | 8,382,080 | 4,994,031 | 184,253,118 | 5,378,188 |
| 2006 OPEB Bond modification and restructuring | 10,068,184 | - | - | 102,307 | 9,965,877 | 108,325 |
| 2011 Taxable Refunding bonds | 45,960,000 | - | - | 1,270,000 | 44,690,000 | 1,695,000 |
| Total Bonds Payable | 664,836,601 | - | 8,382,080 | 23,168,720 | 650,049,961 | 21,386,513 |
| Other liabilities | | | | | | |
| Claims liability | 3,951,000 | 1,281,055 | - | 1,281,055 | 3,951,000 | - |
| Load banking | 2,034,659 | 113,105 | - | - | 2,147,764 | - |
| Compensated absences | 4,629,842 | 2,106,323 | - | - | 6,736,165 | - |
| Aggregate net OPEB liability | 203,378,811 | 8,656,665 | - | - | 212,035,476 | - |
| Aggregate net pension obligation | 149,028,086 | 11,093,549 | - | - | 160,121,635 | - |
| Total Long-Term Obligations | $ 1,027,858,999 | $ 23,250,697 | $ 8,382,080 | $ 24,449,775 | $ 1,035,042,001 | $ 21,386,513 |

### Description of Obligations

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. Debt service payments on the Other Postemployment Benefits (OPEB) Bonds will be made from the Unrestricted General Fund and the Deferred Compensation Trust Fund. Workers' compensation claims liability is an estimate based on an actuarial study completed by a third party specialist. Actual claims paid will be made from the Self-Insurance Fund. Management is responsible to evaluate the adequacy of the change in value. The aggregate net OPEB liability is funded through payments for benefits and is reported within the fund the employees' salaries are charged. The compensated absences will be paid by the fund for which the employee worked. Load banking obligations are the responsibility of the General Fund in the year the employee utilizes the banked leave time. The aggregate net pension obligation will be paid by the fund for which the employee is currently working.

### Bonded Debt

### 2006 General Obligation Bonds, Series C

In August 2009, the District issued $100,000,000 of General Obligation Bonds, Election of 2006, Series C. The bonds are being issued to finance the acquisition, construction, and rehabilitation of District facilities. The bonds mature beginning August 1, 2012 through August 1, 2039, with interest rates ranging from 2.00 to 5.50 percent.

**2016 General Obligation Bonds, Series D**

In June 2016, the District issued $50,000,000 of General Obligation Bonds, Election of 2006, Series D. The bonds are being issued to finance the acquisition, construction, and rehabilitation of District facilities. The bonds mature beginning August 1, 2032 through August 1, 2039, with interest rates ranging from 3.50 to 4.00 percent.

**2009 General Obligation Refunding Bonds**

In December 2009, the District issued, in the amount of $39,080,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2010 through August 1, 2031, with interest rates ranging from 2.00 to 5.50 percent.

**2012 General Obligation Refunding Bonds**

In March 2012, the District issued, in the amount of $59,005,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2012 through August 1, 2034, with interest rates ranging from 2.00 to 5.00 percent.

**2014 General Obligation Refunding Bonds Series A**

In August 2014, the District issued, in the amount of $127,505,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2015 through August 1, 2035, with interest rates ranging from 2.00 to 5.00 percent.

**2014 General Obligation Refunding Bonds Series B**

In August 2014, the District issued, in the amount of $30,220,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2015 through August 1, 2032, with interest rates ranging from 2.00 to 5.00 percent.

**2016 General Obligation Refunding Bonds**

In June 2016, the District issued, in the amount of $107,825,000, the General Obligation Refunding Bonds to refund portions of the District's prior outstanding bonds. The bonds mature beginning August 1, 2016 through August 1, 2039, with interest rates ranging from 3.00 to 5.00 percent.

The outstanding general obligation debt is as follows:

| Series | Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2018 | Issued/ Amortized | Redeemed | Bonds Outstanding June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| 2006 C | 8/26/2009 | 8/01/2039 | 2.00%-5.50% | $ 100,000,000 | $ 4,640,000 | $ - | $ 2,265,000 | $ 2,375,000 |
| 2006 D | 06/16/2016 | 8/01/2039 | 3.50%-4.00% | 50,000,000 | 50,000,000 | - | - | 50,000,000 |
| | Subtotal Election of 2006 | | | | | | | 52,375,000 |
| 2009 | 12/17/2009 | 8/01/2031 | 2.00%-5.50% | 39,080,000 | 26,340,000 | - | 1,555,000 | 24,785,000 |
| 2012 | 3/28/2012 | 8/01/2034 | 2.00%-5.00% | 59,005,000 | 47,715,000 | - | 2,600,000 | 45,115,000 |
| 2014 A | 8/21/2014 | 8/01/2035 | 2.00%-5.00% | 127,505,000 | 122,515,000 | - | 5,440,000 | 117,075,000 |
| 2014 B | 8/21/2014 | 8/01/2032 | 2.00%-5.00% | 30,220,000 | 23,435,000 | - | 2,325,000 | 21,110,000 |
| 2016 | 06/16/2016 | 8/01/2039 | 3.00%-5.00% | 107,825,000 | 105,525,000 | - | - | 105,525,000 |
| | Subtotal Refundings | | | | | | | 313,610,000 |
| | Subtotal General Obligation Bonds | | | | | | | 365,985,000 |
| | Bond Premiums | | | | 47,773,348 | - | 2,617,382 | 45,155,966 |
| | Total General Obligation Bonds | | | | $ 427,943,348 | $ - | $ 16,802,382 | $ 411,140,966 |

**General Obligation Bond - 2006 Series C and D**

The general obligation bonds mature through 2040 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 2,375,000 | $ 2,023,569 | $ 4,398,569 |
| 2021 | - | 1,961,225 | 1,961,225 |
| 2022 | - | 1,961,225 | 1,961,225 |
| 2023 | - | 1,961,225 | 1,961,225 |
| 2024 | - | 1,961,225 | 1,961,225 |
| 2025-2029 | - | 9,806,125 | 9,806,125 |
| 2030-2034 | 4,390,000 | 9,667,525 | 14,057,525 |
| 2035-2039 | 31,445,000 | 6,800,888 | 38,245,888 |
| 2040 | 14,165,000 | 283,300 | 14,448,300 |
| Total | $ 52,375,000 | $ 36,426,307 | $ 88,801,307 |

**General Obligation Bond - 2009 Refunding**

The 2009 general obligation bonds mature through 2032 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 930,000 | $ 1,260,450 | $ 2,190,450 |
| 2021 | 975,000 | 1,213,950 | 2,188,950 |
| 2022 | 2,060,000 | 1,174,950 | 3,234,950 |
| 2023 | 2,170,000 | 1,070,863 | 3,240,863 |
| 2024 | 2,270,000 | 966,863 | 3,236,863 |
| 2025-2029 | 11,750,000 | 2,900,813 | 14,650,813 |
| 2030-2032 | 4,630,000 | 484,838 | 5,114,838 |
| Total | $ 24,785,000 | $ 9,072,727 | $ 33,857,727 |

**General Obligation Bond - 2012 Refunding**

The 2012 general obligation bonds mature through 2035 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 2,730,000 | $ 2,113,056 | $ 4,843,056 |
| 2021 | 2,860,000 | 1,976,556 | 4,836,556 |
| 2022 | 3,000,000 | 1,833,556 | 4,833,556 |
| 2023 | 3,145,000 | 1,683,556 | 4,828,556 |
| 2024 | 3,295,000 | 1,526,306 | 4,821,306 |
| 2025-2029 | 11,475,000 | 5,649,031 | 17,124,031 |
| 2030-2034 | 16,485,000 | 2,525,331 | 19,010,331 |
| 2035 | 2,125,000 | 92,969 | 2,217,969 |
| Total | $ 45,115,000 | $ 17,400,361 | $ 62,515,361 |

**General Obligation Bond - 2014 Refunding Series A and B**

The 2014 general obligation bonds mature through 2036 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 8,170,000 | $ 6,269,975 | $ 14,439,975 |
| 2021 | 8,570,000 | 5,851,475 | 14,421,475 |
| 2022 | 8,060,000 | 5,435,725 | 13,495,725 |
| 2023 | 7,865,000 | 5,037,600 | 12,902,600 |
| 2024 | 8,260,000 | 4,658,500 | 12,918,500 |
| 2025-2029 | 44,090,000 | 17,079,125 | 61,169,125 |
| 2030-2034 | 47,325,000 | 5,258,925 | 52,583,925 |
| 2035-2036 | 5,845,000 | 219,338 | 6,064,338 |
| Total | $ 138,185,000 | $ 49,810,663 | $ 187,995,663 |

**General Obligation Bond - 2016 Refunding**

The 2016 general obligation bonds mature through 2040 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ - | $ 4,784,350 | $ 4,784,350 |
| 2021 | 2,465,000 | 4,735,050 | 7,200,050 |
| 2022 | 2,560,000 | 4,621,750 | 7,181,750 |
| 2023 | 2,690,000 | 4,490,500 | 7,180,500 |
| 2024 | 2,830,000 | 4,352,500 | 7,182,500 |
| 2025-2029 | 16,345,000 | 19,522,250 | 35,867,250 |
| 2030-2034 | 25,445,000 | 14,877,125 | 40,322,125 |
| 2035-2039 | 47,305,000 | 5,663,200 | 52,968,200 |
| 2040 | 5,885,000 | 117,700 | 6,002,700 |
| Total | $ 105,525,000 | $ 63,164,425 | $ 168,689,425 |

**Taxable 2005 Limited Obligation Other Postemployment Benefits Bonds**

In December 2005, the District issued $153,749,832 aggregate principal amount of Taxable 2005 Limited Obligation OPEB (Other Postemployment Benefits) Bonds to fund the District's obligation to pay certain health care benefits for certain retired District employees and pay certain costs of issuance. The bonds consisted of $20,015,000 principal amount of fixed rate bonds, and $133,734,832 initial principal amount of Convertible Auction Rate Securities. The Convertible Auction Rate Securities accrete to matured principal amount of $394,225,000. Interest rates on the bonds range from 4.71 percent to 5.52 percent.

The bonds mature through 2050 as follows:

| Year Ending June 30, | Principal (Including Accreted Interest to Date) | Accreted Interest | Current Interest | Total |
|---|---|---|---|---|
| 2020 | $ 5,378,188 | $ 3,371,812 | $ 836,888 | $ 9,586,888 |
| 2021 | 4,533,044 | 2,841,956 | 382,763 | 7,757,763 |
| 2022 | 3,589,014 | 4,210,986 | 2,240,783 | 10,040,783 |
| 2023 | 3,830,582 | 4,494,418 | 1,835,963 | 10,160,963 |
| 2024 | 4,233,196 | 4,966,804 | 1,403,895 | 10,603,895 |
| 2025-2029 | 17,629,966 | 27,270,034 | 8,970,915 | 53,870,915 |
| 2030-2034 | 14,960,240 | 33,039,760 | 11,590,568 | 59,590,568 |
| 2035-2039 | 15,009,131 | 45,440,869 | 12,195,203 | 72,645,203 |
| 2040-2044 | 8,536,134 | 39,863,866 | - | 48,400,000 |
| 2045-2049 | 12,121,796 | 63,328,204 | - | 75,450,000 |
| 2050 | 3,100,738 | 16,199,262 | - | 19,300,000 |
| Subtotal | 92,922,029 | 245,027,971 | 39,456,978 | 377,406,978 |
| Accumulated accretion | 91,331,089 | (91,331,089) | - | - |
| Total | $ 184,253,118 | $ 153,696,882 | $ 39,456,978 | $ 377,406,978 |

**2006 Limited Obligation Other Postemployment Benefits Bond Modification and Restructuring**

The OPEB Bonds issued in 2005 were subject to an amendment wherein Lehman Brothers purchased three maturities (2006, 2007, and 2008 except $135,000) in 2006. This is outlined in the "Supplement to the Official Statement" dated as of October 25, 2006, relating to the Taxable 2005 Limited Obligation OPEB Bonds. The purpose of the amendment was to convert 2006, 2007, and 2008 original maturities into bonds maturing August 5, 2049. The vehicle used was a capital accretion type financing that the supplement indicates would fully accrete by August 5, 2009, and would have bonds that mature through August 1, 2049. This financing structure was developed to accommodate District wishes to reduce debt service in the initial years of the financing. Interest rate on the bonds is 6.250 percent.

The bonds mature through 2050 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 108,325 | $ 619,482 | $ 727,807 |
| 2021 | 114,343 | 612,524 | 726,867 |
| 2022 | 120,361 | 605,189 | 725,550 |
| 2023 | 132,397 | 597,291 | 729,688 |
| 2024 | 138,415 | 588,828 | 727,243 |
| 2025-2029 | 842,526 | 2,796,885 | 3,639,411 |
| 2030-2034 | 1,149,449 | 2,487,896 | 3,637,345 |
| 2035-2039 | 1,570,709 | 2,066,633 | 3,637,342 |
| 2040-2044 | 2,154,459 | 1,489,466 | 3,643,925 |
| 2045-2049 | 2,930,787 | 700,538 | 3,631,325 |
| 2050 | 704,106 | 22,003 | 726,109 |
| Total | $ 9,965,877 | $ 12,586,735 | $ 22,552,612 |

**2011 Taxable Refunding Bonds**

In October 2011, the District refunded the District's outstanding 2009 Taxable OPEB Refunding Bonds. The refunding was a current legal defeasance of the previously issued bonds. The new refunding bonds carry interest rates ranging from 3.47 percent to 6.91 percent and mature annually through August 1, 2031. The proceeds of the refunding were used to refinance all of the District's outstanding obligation 2009 Taxable OPEB Refunding Bonds and paying costs of issuing.

The bonds mature through 2032 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 1,695,000 | $ 3,127,370 | $ 4,822,370 |
| 2021 | 2,465,000 | 3,026,365 | 5,491,365 |
| 2022 | 1,570,000 | 2,874,545 | 4,444,545 |
| 2023 | 2,120,000 | 2,775,494 | 4,895,494 |
| 2024 | 2,400,000 | 2,637,503 | 5,037,503 |
| 2025-2029 | 17,335,000 | 10,089,195 | 27,424,195 |
| 2030-2032 | 17,105,000 | 2,667,420 | 19,772,420 |
| Total | $ 44,690,000 | $ 27,197,892 | $ 71,887,892 |

**Other Postemployment Benefits Letter of Credit**

In August 2015, the District converted $38,450,000 of Convertible Auction Rate Securities (CARS) to variable rate bonds with an LOC from Barclays Bank. As of June 30, 2019, the bonds carry Barclays Bank's short-term rating of VMIG-1 (Moody's Investors Service) and A-1 (Standard & Poor's).

**Claims Liability**

At June 30, 2019, the liability for claims liability was $3,951,000. See Note 13 for additional information.

**Load Banking**

At June 30, 2019, the liability for load banking agreements was $2,147,764.

**Compensated Absences**

At June 30, 2019, the liability for compensated absences was $6,736,165.

**Aggregate Net OPEB liability**

At June 30, 2019, the liability for the aggregate net OPEB liability was $212,035,476. See Note 11 for additional information on the aggregate net OPEB liability.

**Aggregate Net Pension Obligation**

At June 30, 2019, the liability for the aggregate net pension obligation was $160,121,635. See Note 14 for additional information on the aggregate net pension obligation.

## *NOTE 11 - AGGREGATE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY*

For the fiscal year ended June 30, 2019, the District reported an aggregate net OPEB liability, deferred outflows, and inflows of resources, and OPEB expense for the following plans:

| OPEB Plan | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---|---|---|---|---|
| District Plan - Pre-2004 | $ 196,543,327 | $ - | $ - | $ 6,721,540 |
| District Plan - Post-2004 | 14,904,068 | 594,447 | 15,281 | 1,410,110 |
| Medicare Premium Payment (MPP) Program | 588,081 | - | - | (54,151) |
| Total | $ 212,035,476 | $ 594,447 | $ 15,281 | $ 8,077,499 |

The details of each plan are as follows:

**District Plan - Pre-2004 Employees**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Management of the Plan is vested in the District management.

*Plan Membership*

At June 30, 2019, the Plan membership consisted of the following:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits payments | 674 |
| Active employees | 233 |
| | 907 |

*Benefits Provided*

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

*Contributions*

The contribution requirements of the Plan members and the District are established and may be amended by the District, the bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed $10,172,935 to the Plan, all of which was used for current premiums.

**Total OPEB Liability of the District**

The District's total OPEB liability of $196,543,327 as measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as June 30, 2018.

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary increases | 2.75 percent, average, including inflation |
| Investment rate of return | 3.50 percent |
| Health care cost trend rates | 4.00 percent |

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2018 | $ 189,821,787 |
| Service cost | 3,659,580 |
| Interest | 6,529,779 |
| Changes of assumptions | 6,705,116 |
| Benefit payments | (10,172,935) |
| Net change in total OPEB liability | 6,721,540 |
| Balance at June 30, 2019 | $ 196,543,327 |

There were no changes in benefit terms since the previous valuation.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rates:

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (2.50%) | $ 220,827,984 |
| Current discount rate (3.50%) | 196,543,327 |
| 1% increase (4.50%) | 176,811,049 |

*Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower or higher than the current health care costs trend rates:

| Health Care Cost Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (3.00%) | $ 175,116,356 |
| Current health care cost trend rate (4.00%) | 196,543,327 |
| 1% increase (5.00%) | 222,056,470 |

**District Plan - Post-2004 Employees**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

*Plan Membership*

At June 30, 2019, the Plan membership consisted of the following:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits payments | 7 |
| Active employees | 581 |
| | 588 |

**Peralta Community College District OPEB Trust**

The District's OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Program Joint Powers Agency as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

*Benefits Provided*

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

*Contributions*

The contribution requirements of Plan members and the District are established and may be amended by the District, the Peralta Federation of Teachers, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Board of Trustees. The District contributed $1,311,092 to the Plan, of which $311,092 was used for current premiums and $1,000,000 was contributed to the District's irrevocable OPEB trust.

**Investment**

*Investment Policy*

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

| Asset Class | Target Allocation |
|---|---|
| Cash and fixed income | 40% |
| Equities | 57% |
| Real and alternative assets | 3% |

*Rate of Return*

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 9.76 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the District**

The District's net OPEB liability of $14,904,068 was measured as of June 30, 2019, and the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

| | |
|---|---|
| Total OPEB liability | $ 15,954,670 |
| Plan fiduciary net position | (1,050,602) |
| District's net OPEB liability | $ 14,904,068 |
| | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.58% |

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary increases | 2.75 percent, average, including inflation |
| Discount rate | 6.30 percent |
| Health care cost trend rates | 4.00 percent |

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, (see the discussion of the Plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| U.S. Stock | 7.50% |
| Non-U.S. Stock | 7.50% |
| Bonds | 4.50% |

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.30 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

**Changes in the Net OPEB Liability of the District**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at June 30, 2018 | $ 12,914,792 | $ - | $ 12,914,792 |
| Service cost | 1,850,993 | - | 1,850,993 |
| Interest | 862,139 | - | 862,139 |
| Contributions - employer | - | 1,311,092 | (1,311,092) |
| Net investment income | - | 51,420 | (51,420) |
| Changes of assumptions | 637,838 | - | 637,838 |
| Benefit payments | (311,092) | (311,092) | - |
| Administrative expense | - | (818) | 818 |
| Net change in total OPEB liability | 3,039,878 | 1,050,602 | 1,989,276 |
| Balance at June 30, 2019 | $ 15,954,670 | $ 1,050,602 | $ 14,904,068 |

There were no changes in benefit terms since the previous valuation.

Changes of assumptions and other inputs reflect a change in the discount rate from 6.75 percent to 6.30 percent since the previous valuation.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the District calculated using the District's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rates:

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (5.30%) | $ 16,276,874 |
| Current discount rate (6.30%) | 14,904,068 |
| 1% increase (7.30%) | 13,765,284 |

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower or higher than the current health care costs trend rates:

| Health Care Cost Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (3.00%) | $ 13,593,090 |
| Current health care cost trend rate (4.00%) | 14,904,068 |
| 1% increase (5.00%) | 16,450,078 |

**Deferred Outflows and Inflows of Resources related to OPEB**

The deferred outflows of resources related to the changes in assumptions will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources |
|---|---|
| 2020 | $ 43,391 |
| 2021 | 43,391 |
| 2022 | 43,391 |
| 2023 | 43,391 |
| 2024 | 43,391 |
| Thereafter | 377,492 |
| Total | $ 594,447 |

The deferred inflows of resources related to the difference between projected and actual earnings on OPEB plan investments will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Inflows of Resources |
|---|---|
| 2020 | $ (3,821) |
| 2021 | (3,821) |
| 2022 | (3,821) |
| 2023 | (3,818) |
| Total | $ (15,281) |

**Medicare Premium Payment (MPP) Program**

**Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

**Benefits Provided**

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

**Contributions**

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

**Net OPEB Liability and OPEB Expense**

At June 30, 2019, the District reported a liability of $588,081 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, was 0.1536 percent and 0.1527, respectively, resulting in a net increase, in the proportionate share of 0.0009 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of ($54,151).

**Actuarial Methods and Assumptions**

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

| | | |
|---|---|---|
| Measurement Date | June 30, 2018 | June 30, 2017 |
| Valuation Date | June 30, 2017 | June 30, 2016 |
| Experience Study | July 1, 2010 through June 30, 2015 | July 1, 2010 through June 30, 2015 |
| Actuarial Cost Method | Entry age normal | Entry age normal |
| Investment Rate of Return | 3.87% | 3.58% |
| Medicare Part A Premium Cost Trend Rate | 3.70% | 3.70% |
| Medicare Part B Premium Cost Trend Rate | 4.10% | 4.10% |

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (2.87%) | $ 650,447 |
| Current discount rate (3.87%) | 588,081 |
| 1% increase (4.87%) | 531,769 |

*Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates*

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that is one percent lower or higher than the current rate:

| Medicare Costs Trend Rates | Net OPEB Liability |
|---|---|
| 1% decrease (2.7% Part A and 3.1% Part B) | $ 536,270 |
| Current Medicare costs trend rates (3.7% Part A and 4.1% Part B) | 588,081 |
| 1% increase (4.7% Part A and 5.1% Part B) | 643,802 |

## *NOTE 12 - INTEREST RATE SWAPS*

### 2005 Limited Obligation Other Postemployment Benefits Bonds

*Objective of the Morgan Stanley Interest Rate SWAP.* The District entered into a series of six forward starting floating-to-fixed rate interest rate swaps to manage interest rate risk associated with its 2005 Taxable Limited Obligation Other Postemployment Bonds. The OPEB Bonds included six series of bonds that were initially issued at a fixed rate of interest, converting to a variable rate (auction rate) on separate dates and continuing in that mode until maturity of the individual series of bonds. In order to effectively convert the variable rate to a fixed rate for each of the six series of bonds in November 2006, the District entered into separate swap transactions with Morgan Stanley corresponding to each of the individual variable rate periods. Because the swap obligation only arises during the variable rate interest period for each series of bonds, the District does not become obligated to make swap payments until those periods arrive for each series of bonds. As of June 30, 2019, the 2005 Series B-2 through B-6 has a fair market value of ($27,678,616). The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.158 percent, 5.279 percent, 5.207 percent, 5.055 percent, and 4.935 percent, respectively.

*Terms.* Under the swap agreement, the District pays a fixed rate of percent (as noted above) and the counterparty pays the District a floating rate option of 100 percent of London Interbank Offered Rate (LIBOR) with designated maturity of one month.

*Credit Risk.* As of June 30, 2019, the District was not exposed to credit risk because the swap had a negative fair value. Ongoing swap risks lay if the counterparty defaults and the District incur cost to obtain replacement swap at the same economic terms.

*Basis Risk.* Adverse changes in the District's or credit providers' financial strength could result in basis risk.

*Termination Risk.* The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract.

### Derivative Instrument Types

*Hedge Effectiveness.* As of June 30, 2019, derivative instrument B-2 under governmental activities no longer meets the criteria for effectiveness and, thus, is considered to be an investment derivative instrument. Accordingly, the accumulated changes in its fair value in fiscal year 2019 of $368,295 are reported within the investment revenue classification for the year ended June 30, 2019. The other interest rate swaps, B-3 through B-6, are considered to be effective hedging derivative instruments and are identified above as fair value hedges, change in market values are shown as deferred cash out flows on the Statement of Net Position.

The District used the dollar-offset method to evaluate hedge effectiveness for the interest rate swaps. This method evaluates the effectiveness of a hedge transaction by dividing changes in the fair values or cash flows of the hedged item with those of the potential hedging derivative instrument, or vice versa.

**Fair Values**

Fair values for the District's derivative instruments were estimated using the following methods:

*Interest Rate Swaps.* Fair values for the interest rate swaps are valued using the discounted cash flow methodology which considers the net present value of the future scheduled payment from each leg of the SWAP. For the floating leg of a swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve data as of the valuation date. The present value discount factors applied to each future scheduled payment is determined by the LIBOR or Overnight Index Swap, curve data using the zero coupon method.

| Trade ID | Trade Date | Effective Date | Maturity Date | Currency | Original Notional | Market Value | Fixed Rate |
|---|---|---|---|---|---|---|---|
| AUF3X | November 28, 2006 | August 5, 2039 | August 5, 2049 | USD | $ 134,475,000 | $ (10,393,962) | 4.935% |
| AUF3W | November 28, 2006 | August 5, 2031 | August 5, 2039 | USD | 86,650,000 | (7,171,336) | 5.055% |
| AUF3V | November 28, 2006 | August 5, 2025 | August 5, 2031 | USD | 57,525,000 | (5,197,485) | 5.207% |
| AUF3U | November 28, 2006 | August 5, 2020 | August 5, 2025 | USD | 43,175,000 | (4,608,231) | 5.279% |
| AUF3T | November 28, 2006 | August 5, 2015 | August 5, 2020 | USD | 38,450,000 | (307,602) | 5.158% |

## *NOTE 13 - RISK MANAGEMENT*

**Property and Liability Insurance Coverage**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2019, the District contracted with the Alliance of Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Claims Liabilities**

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

| | Workers' Compensation |
|---|---|
| Liability Balance, July 1, 2017 | $ 2,733,000 |
| Net claims and changes in estimates | 2,431,685 |
| Claims payments | (1,213,685) |
| Liability Balance, June 30, 2018 | 3,951,000 |
| Net claims and changes in estimates | 1,281,055 |
| Claims payments | (1,281,055) |
| Liability Balance, June 30, 2019 | $ 3,951,000 |

At June 30, 2019, the Internal Service Fund had a retained deficit in the amount of ($1,147,822).

**Employee Medical Benefits**

The District has contracted with the Alameda County Schools Insurance Group (ACSIG) Joint Powers Authority (JPA) to provide employee medical and surgical benefits. The JPA is a shared risk pool comprised of schools in Alameda County. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Trustees has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

## *NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS*

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement Systems (CalSTRS) and classified employees are members of California Public Employees' Retirement Systems (CalPERS).

For the fiscal year ended June 30, 2019, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan | | Collective Net Pension Liability | Collective Deferred Outflows of Resources | Collective Deferred Inflows of Resources | Collective Pension Expense |
|---|---|---|---|---|---|
| CalSTRS | | $ 84,224,453 | $ 22,148,370 | $ 8,309,061 | $ 9,492,582 |
| CalPERS | | 75,897,182 | 21,746,888 | - | 15,948,598 |
| | Total | $ 160,121,635 | $ 43,895,258 | $ 8,309,061 | $ 25,441,180 |

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

**Benefits Provided**

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 16.28% | 16.28% |
| Required State contribution rate | 9.828% | 9.828% |

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the District's total contributions were $8,121,728.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|---|---|
| Total net pension liability, including State share: | |
| District's proportionate share of net pension liability | $ 84,224,453 |
| State's proportionate share of net pension liability associated with the District | 48,222,438 |
| Total | $ 132,446,891 |

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.0916 percent and 0.0906 percent, respectively, resulting in a net increase in the District's proportionate share by 0.0010 percent.

For the year ended June 30, 2019, the District recognized pension expense of $9,492,582. In addition, the District recognized pension expense and revenue of $5,665,049 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 8,121,728 | $ - |
| Net change in proportionate share of net pension liability | 680,969 | 3,842,480 |
| Differences between projected and actual earnings on the pension plan investments | - | 3,243,174 |
| Differences between expected and actual experience in the measurement of the total pension liability | 261,177 | 1,223,407 |
| Changes of assumptions | 13,084,496 | - |
| Total | $ 22,148,370 | $ 8,309,061 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2020 | $ 704,184 |
| 2021 | (510,976) |
| 2022 | (2,720,896) |
| 2023 | (715,486) |
| Total | $ (3,243,174) |

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2020 | $ 1,672,009 |
| 2021 | 1,672,009 |
| 2022 | 1,672,009 |
| 2023 | 1,844,297 |
| 2024 | 2,000,536 |
| Thereafter | 99,895 |
| Total | $ 8,960,755 |

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2017 |
| Measurement date | June 30, 2018 |
| Experience study | July 1, 2010 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.10% |
| Investment rate of return | 7.10% |
| Consumer price inflation | 2.75% |
| Wage growth | 3.50% |

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 47% | 6.30% |
| Fixed income | 12% | 0.30% |
| Real estate | 13% | 5.20% |
| Private equity | 13% | 9.30% |
| Absolute Return/Risk Mitigating Strategies | 9% | 2.90% |
| Inflation sensitive | 4% | 3.80% |
| Cash/liquidity | 2% | -1.00% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.10%) | $ 123,378,968 |
| Current discount rate (7.10%) | 84,224,453 |
| 1% increase (8.10%) | 51,761,561 |

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 18.062% | 18.062% |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the total District contributions were $6,333,207.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $75,897,182. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.2847 percent and 0.2731 percent, respectively, resulting in a net increase in the proportionate share of 0.0116 percent.

For the year ended June 30, 2019, the District recognized pension expense of $15,948,598. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 6,333,207 | $ - |
| Net change in proportionate share of net pension liability | 2,237,614 | - |
| Differences between projected and actual earnings on the pension plan investments | 622,527 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 4,975,542 | - |
| Changes of assumptions | 7,577,998 | - |
| Total | $ 21,746,888 | $ - |

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2020 | $ 2,264,268 |
| 2021 | 541,479 |
| 2022 | (1,735,243) |
| 2023 | (447,977) |
| Total | $ 622,527 |

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2020 | $ 6,604,462 |
| 2021 | 5,999,800 |
| 2022 | 2,186,892 |
| Total | $ 14,791,154 |

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2017 |
| Measurement date | June 30, 2018 |
| Experience study | July 1, 1997 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.15% |
| Investment rate of return | 7.15% |
| Consumer price inflation | 2.50% |
| Wage growth | Varies by entry age services |

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 50% | 5.98% |
| Fixed income | 28% | 2.62% |
| Inflation assets | 0% | 1.81% |
| Private equity | 8% | 7.23% |
| Real assets | 13% | 4.93% |
| Liquidity | 1% | -0.92% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.15%) | $ 110,502,667 |
| Current discount rate (7.15%) | 75,897,182 |
| 1% increase (8.15%) | 47,186,978 |

**On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2019, amounted to $7,688,051 (9.828 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2019. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–19 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements.

## *NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES*

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Alameda County Schools Insurance Group (ACSIG), and Golden West Financing Authority Joint Powers Authorities (JPAs). ASCIP and ACSIG provide property and liability insurance and health insurance. Golden West Financing Authority provides assistance related to school facilities financing. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

## *NOTE 16 - COMMITMENT AND CONTINGENCIES*

**Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

**Parking Mitigation**

The District has set aside funds to mitigate the impact of parking at Berkeley City College. These funds have been requested by the City of Berkeley as part of the development of the area surrounding Berkeley City College. At June 30, 2019, the total amount that has been deposited in a separate account owned by the District is $4,183,778. A formal agreement has not yet been finalized as to the actual mitigation project parameters. The funds that have been set aside are from general obligation bonds sold specifically for the construction of the Berkeley City College Campus.

**Construction Commitments**

The District is involved with various long-term construction and renovation projects throughout the four college campuses and the District Office. The projects are in various stages of completion and are funded primarily through the voter approved general obligation bonds.

# REQUIRED SUPPLEMENTARY INFORMATION

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITIES AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

| | Pre-2004 Employees 2019 | Pre-2004 Employees 2018 |
|---|---|---|
| **Total OPEB Liability** | | |
| Service cost | $ 3,659,580 | $ 3,561,635 |
| Interest | 6,529,779 | 7,061,221 |
| Changes of assumptions | 6,705,116 | - |
| Benefit payments | (10,172,935) | (9,781,668) |
| **Net change in total OPEB liability** | 6,721,540 | 841,188 |
| **Total OPEB liability - beginning** | 189,821,787 | 188,980,599 |
| **Total OPEB liability - ending** | $ 196,543,327 | $ 189,821,787 |
| **Covered payroll** | N/A[1] | N/A[1] |
| **District's total OPEB liability as a percentage of covered payroll** | N/A[1] | N/A[1] |

| | Post-2004 Employees 2019 | Post-2004 Employees 2018 |
|---|---|---|
| **Total OPEB Liability** | | |
| Service cost | $ 1,850,993 | $ 1,801,453 |
| Interest | 862,139 | 767,563 |
| Changes of assumptions | 637,838 | - |
| Benefit payments | (311,092) | (299,127) |
| **Net change in total OPEB liability** | 3,039,878 | 2,269,889 |
| **Total OPEB liability - beginning** | 12,914,792 | 10,644,903 |
| **Total OPEB liability - ending** | $ 15,954,670 | $ 12,914,792 |
| **Plan Fiduciary Net Position** | | |
| Contributions - employer | $ 1,311,092 | $ - |
| Net investment income | 51,420 | - |
| Benefit payments | (311,092) | - |
| Administrative expense | (818) | - |
| **Net change in plan fiduciary net position** | 1,050,602 | - |
| **Plan fiduciary net position - beginning** | - | - |
| **Plan fiduciary net position - ending (b)** | $ 1,050,602 | $ - |
| **District's net OPEB liability - ending (a) - (b)** | $ 14,904,068 | $ 12,914,792 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 6.58% | 0.00% |
| **Covered payroll** | 35,360,298 | N/A[1] |
| **District's net OPEB liability as a percentage of covered payroll** | 42% | N/A[1] |

*Note:* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF OPEB INVESTMENT RETURNS
## FOR THE YEAR ENDED JUNE 30, 2019

| | 2019 |
|---|---|
| Annual money-weighted rate of return, net of investment expense | 9.76% |

*Note:* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

| Year ended June 30, | 2019 | 2018 |
|---|---|---|
| District's proportion of the net OPEB liability | 0.1536% | 0.1527% |
| District's proportionate share of the net OPEB liability | $ 588,081 | $ 642,232 |
| District's covered-employee payroll | N/A[1] | N/A[1] |
| District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll | N/A[1] | N/A[1] |
| Plan fiduciary net position as a percentage of the total OPEB liability | -0.40% | 0.01% |

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

*Note:* In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2019

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| **CalSTRS** | | | |
| District's proportion of the net pension liability | 0.0916% | 0.0906% | 0.0977% |
| District's proportionate share of the net pension liability | $ 84,224,453 | $ 83,830,537 | $ 79,009,663 |
| State's proportionate share of the net pension liability associated with the District | 48,222,438 | 49,593,437 | 44,978,792 |
| Total | $ 132,446,891 | $ 133,423,974 | $ 123,988,455 |
| District's covered-employee payroll | $ 50,396,341 | $ 49,997,536 | $ 49,324,706 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 167.12% | 167.67% | 160.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 71% | 69% | 70% |
| **CalPERS** | | | |
| District's proportion of the net pension liability | 0.2847% | 0.2731% | 0.2700% |
| District's proportionate share of the net pension liability | $ 75,897,182 | $ 65,197,549 | $ 53,328,235 |
| District's covered-employee payroll | $ 37,694,952 | $ 34,847,408 | $ 32,908,677 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 201.35% | 187.09% | 162.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 71% | 72% | 74% |

*Note* : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

| 2016 | 2015 |
|---|---|
| 0.0977% | 0.0940% |
| $ 65,754,587 | $ 54,918,256 |
| 34,776,928 | 33,162,014 |
| $ 100,531,515 | $ 88,080,270 |
| $ 45,180,068 | $ 39,942,761 |
| 145.54% | 137.49% |
| 74% | 77% |
| 0.2636% | 0.2533% |
| $ 38,855,675 | $ 28,756,787 |
| $ 28,389,491 | $ 26,688,411 |
| 136.87% | 107.75% |
| 79% | 83% |

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR PENSIONS FOR THE YEAR ENDED JUNE 30, 2019

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| **CalSTRS** | | | |
| Contractually required contribution | $ 8,121,728 | $ 7,272,192 | $ 6,289,690 |
| Contributions in relation to the contractually required contribution | (8,121,728) | (7,272,192) | (6,289,690) |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| District's covered-employee payroll | $ 49,887,764 | $ 50,396,341 | $ 49,997,536 |
| Contributions as a percentage of covered-employee payroll | 16.28% | 14.43% | 12.58% |
| **CalPERS** | | | |
| Contractually required contribution | $ 6,333,207 | $ 5,854,403 | $ 4,839,608 |
| Contributions in relation to the contractually required contribution | (6,333,207) | (5,854,403) | (4,839,608) |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| District's covered-employee payroll | $ 35,063,708 | $ 37,694,952 | $ 34,847,408 |
| Contributions as a percentage of covered-employee payroll | 18.062% | 15.531% | 13.888% |

*Note* : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

| 2016 | 2015 |
|---|---|
| $ 5,292,541 | $ 4,011,990 |
| (5,292,541) | (4,011,990) |
| $ - | $ - |
| $ 49,324,706 | $ 45,180,068 |
| 10.73% | 8.88% |
| $ 3,898,691 | $ 3,341,727 |
| (3,898,691) | (3,341,727) |
| $ - | $ - |
| $ 32,908,677 | $ 28,389,491 |
| 11.847% | 11.771% |

## *NOTE 1 - PURPOSE OF SCHEDULES*

### Schedule of Changes in the District's Net OPEB Liabilities and Related Ratios

This schedule presents information on the District's changes in the net OPEB liabilities, including beginning and ending balances and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

***District Plan - Pre-2004***

***Changes in Benefit Terms*** - There were no changes in benefit terms since the previous valuation.

***Changes of Assumptions*** - Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

***District Plan - Post-2004***

***Changes in Benefit Terms*** - There were no changes in benefit terms since the previous valuation.

***Changes of Assumptions*** - Changes of assumptions and other inputs reflect a change in the discount rate from 6.75 percent to 6.30 percent since the previous valuation.

### Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

### Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

***Changes in Benefit Terms*** - There were no changes in the benefit terms since the previous valuation.

***Changes of Assumptions*** - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

# NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
# JUNE 30, 2019

**Schedule of the District's Proportionate Share of the Net Pension Liability**

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

***Changes in Benefit Terms*** - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Changes of Assumptions*** - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

**Schedule of District Contributions for Pensions**

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

# SUPPLEMENTARY INFORMATION

# PERALTA COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION
## JUNE 30, 2019

Peralta Community College District was established in 1964 by the electorates of six Alameda County school districts: Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont. The District consists of the following two-year community colleges: College of Alameda, Laney College, Merritt College, and Berkeley City College. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

### BOARD OF TRUSTEES

| MEMBER | | TERM EXPIRES |
|---|---|---|
| Ms. Julina Bonilla | President | 2022 |
| Ms. Karen Weinstein | Vice President | 2020 |
| Ms. Meredith Brown | Member | 2020 |
| Ms. Cindi Reiss | Member | 2022 |
| Dr. Nicky González Yuen | Member | 2020 |
| Ms. Linda Handy | Member | 2022 |
| Mr. Bill Withrow | Member | 2020 |
| Ms. Rowena Contreras | Student Trustee | 2019 |
| Mr. Dowell Standley | Student Trustee | 2019 |

### ADMINISTRATION

| | |
|---|---|
| Dr. Jowel C. Laguerre | Chancellor |
| Dr. Tammeil Gilkerson | President, Laney College |
| Dr. Rowena Tomaneng | President, Berkeley City College |
| Dr. Marie-Elaine Burns | President, Merritt College |
| Dr. Timothy Karas | President, College of Alameda |
| Dr. Albert Harrison | Vice Chancellor, Finance and Administration |
| Mr. Leigh Sata | Vice Chancellor, General Services |
| Ms. Chanelle Whitaker | Interim Vice Chancellor, Human Resources |
| Dr. Siri Brown | Vice Chancellor, Academic Affairs |
| Mr. Jason Cifra | Vice Chancellor, Student Affairs |
| Mr. Minh Lam | Interim Vice Chancellor, Information Technology |

See accompanying note to supplementary information.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. DEPARTMENT OF EDUCATION** | | | |
| Student Financial Assistance Cluster | | | |
| Federal Pell Grant Program | 84.063 | | $ 26,199,867 |
| Federal Supplemental Educational Opportunity Grants (FSEOG) | 84.007 | | 1,140,336 |
| Federal Work Study Program | 84.033 | | 930,101 |
| Federal Work Study Program Administration Allowance | 84.033 | | 198,494 |
| Federal Direct Student Loans | 84.268 | | 2,511,652 |
| Total Student Financial Assistance Cluster | | | 30,980,450 |
| Asian Pacific Academic Student Success | 84.382B | | 652,518 |
| Passed through the California Community College Chancellor's Office | | | |
| Career and Technical Education, Perkins IV, Title I-C | 84.048A | 18-C01-041 | 691,690 |
| Career and Technical Education Transitions | 84.048A | 18-C01-041 | 163,647 |
| Passed through the California Department of Rehabilitation | | | |
| State Vocational Rehabilitation Services - Workability | 84.126A | 30715 | 271,507 |
| State Vocational Rehabilitation Services - College 2 Career Program | 84.126A | 30370 | 217,192 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 32,977,004 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| Passed through the California Department of Education | | | |
| Child and Adult Care Food Program | 10.558 | 04348-CACFP-01-CC-CS | 75,741 |
| **U.S. DEPARTMENT OF LABOR** | | | |
| Workforce Innovation and Opportunity Act (WIOA) Cluster | | | |
| Passed through the Alameda County Workforce Development Board | | | |
| WIA Adult - One Stop Career Center | 17.258 | 17372 | 144,491 |
| WIA Dislocated Workers - One Stop Career Center | 17.278 | 17372 | 212,223 |
| Total WIOA Cluster | | | 356,714 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | 356,714 |
| **U.S. DEPARTMENT OF STATE** | | | |
| Passed through the Institute of International Education | | | |
| Academic Exchange Programs - Fullbright Gateway Orientation Program | 19.400 | [1] | 54,490 |

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
## FOR THE YEAR ENDED JUNE 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| Research and Development Cluster | | | |
| **NATIONAL SCIENCE FOUNDATION** | | | |
| Environmental Control Technology Education | 47.076 | | $ 759,428 |
| **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | |
| Passed through the Regents of the University of California | | | |
| Berkeley Bridges to the Baccalaureate | 93.859 | 9231 | 13,199 |
| Total Research and Development Cluster | | | 772,627 |
| **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | |
| Temporary Assistance for Needy Families (TANF) Cluster | | | |
| Passed through the California Community College Chancellor's Office | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | [1] | 165,468 |
| Total TANF Cluster | | | 165,468 |
| Child Care and Development Fund (CCDF) Cluster | | | |
| Passed through the Yosemite Community College District, Child Development Training Consortium | | | |
| Child Care and Development Block Grant - CDTC | 93.575 | 18-19-2498 | 15,850 |
| Total CCDF Cluster | | | 15,850 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 181,318 |
| **U.S. DEPARTMENT OF VETERAN AFFAIRS** | | | |
| Veterans Administration Fees | 64.032 | | 2,401 |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | | |
| AmeriCorps - National Service Awards | 94.006 | | 91,262 |
| TOTAL FEDERAL EXPENDITURES | | | $ 34,511,557 |

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS
## FOR THE YEAR ENDED JUNE 30, 2019

| | Program Revenues | | | |
|---|---|---|---|---|
| Program | Cash Received | Accounts Receivable (Payables) | Unearned Revenue | Total Revenue |
| Strong Workforce Regional | $ 760,259 | $ 247,697 | $ - | $ 1,007,956 |
| Alameda County Department | 3,643 | - | 3,199 | 444 |
| Instructional Equipment | 946,197 | - | 652,448 | 293,749 |
| Staff Diversity | 169,712 | (150,210) | - | 19,502 |
| CARE | 666,873 | (80,131) | - | 586,742 |
| EOPS | 3,190,511 | (223,090) | - | 2,967,421 |
| SFAA/BFAP | 1,099,055 | 167,569 | - | 1,266,624 |
| DSPS | 2,614,746 | - | - | 2,614,746 |
| Advanced Welding Course Training | 4,630 | 3,881 | - | 8,511 |
| Deputy Sector Navigator Grant | 631,032 | - | 344,021 | 287,011 |
| BayClean Prop 39 Clean Energy | 197,657 | - | 39,220 | 158,437 |
| Student Success and Support Services | 5,799,539 | - | 764,209 | 5,035,330 |
| CTE Enhancement Funds | 97,950 | - | 97,950 | - |
| Student Equity Plans | 3,397,561 | - | 1,349,284 | 2,048,277 |
| CalWORKs | 823,566 | (128,209) | - | 695,357 |
| Foster Youth Success | 1,090,197 | (59,937) | - | 1,030,260 |
| Nursing Enrollment Growth | 101,862 | (48,666) | - | 53,196 |
| Lottery | 1,059,760 | 488,624 | - | 1,548,384 |
| Career Ladders Project | 26,552 | - | 1,737 | 24,815 |
| CTE Community Collaborative | 53,266 | - | 53,266 | - |
| Adult Education Block Grant | 10,197,489 | - | 1,032,284 | 9,165,205 |
| Cal Grant B/C | 2,238,308 | (169,304) | - | 2,069,004 |
| Basic Skills | 1,263,283 | - | 570,159 | 693,124 |
| FTSS Grant | 64,801 | - | 58,551 | 6,250 |
| Basic Skills New Tran | 2,442,585 | - | 279,239 | 2,163,346 |
| Apprenticeship Program | 52,146 | - | 28,438 | 23,708 |
| Strong Workforce Program | 5,860,172 | - | 3,806,468 | 2,053,704 |
| CTE Unlocked | 148,966 | - | 98,401 | 50,565 |
| AB 798 Textbook Affordability | 18,178 | - | 16,517 | 1,661 |
| Institutional Effectiveness | 19,393 | - | 19,393 | - |
| Basic Skills Partnership Pilot | 2,557 | 133,934 | - | 136,491 |
| Guided Pathways | 1,507,372 | - | 1,303,681 | 203,691 |
| Veterans Resource Center | 88,739 | 4,117 | - | 92,856 |
| Emergency Aid Dreamer Students | - | 4,484 | - | 4,484 |
| Zero Textbook Cost Degree | 19,688 | - | 14,849 | 4,839 |
| Child Development- California State | 1,003,272 | - | - | 1,003,272 |
| Childcare - Tax Bailout | 406,587 | - | - | 406,587 |
| Child and Adult Care Food Program | 3,794 | - | - | 3,794 |
| | $ 48,071,898 | $ 190,759 | $ 10,533,314 | $ 37,729,343 |

See accompanying note to supplementary information.

| Program Expenditures |
|---|
| $ 1,007,956 |
| 444 |
| 293,749 |
| 19,502 |
| 586,742 |
| 2,967,421 |
| 1,266,624 |
| 2,614,746 |
| 8,511 |
| 287,011 |
| 158,437 |
| 5,035,330 |
| - |
| 2,048,277 |
| 695,357 |
| 1,030,260 |
| 53,196 |
| 727,055 |
| 24,815 |
| - |
| 9,165,205 |
| 2,069,004 |
| 693,124 |
| 6,250 |
| 2,163,346 |
| 23,708 |
| 2,053,704 |
| 50,565 |
| 1,661 |
| - |
| 136,491 |
| 203,691 |
| 92,856 |
| 4,484 |
| 4,839 |
| 1,003,272 |
| 406,587 |
| 3,794 |
| $ 36,908,014 |

## PERALTA COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

| CATEGORIES | Reported Data* | Audit Adjustments | Audited Data |
|---|---|---|---|
| **A. Summer Intersession (Summer 2018 only)** | | | |
| 1. Noncredit* | 78.23 | - | 78.23 |
| 2. Credit | - | - | - |
| **B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)** | | | |
| 1. Noncredit* | 14.95 | - | 14.95 |
| 2. Credit | 1,564.88 | - | 1,564.88 |
| **C. Primary Terms (Exclusive of Summer Intersession)** | | | |
| 1. Census Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 11,005.15 | - | 11,005.15 |
| (b) Daily Census Contact Hours | 826.81 | - | 826.81 |
| 2. Actual Hours of Attendance Procedure Courses | | | |
| (a) Noncredit* | 126.75 | - | 126.75 |
| (b) Credit | 58.07 | - | 58.07 |
| 3. Alternative Attendance Accounting Procedures Courses | | | |
| (a) Weekly Census Procedure Courses | 1,848.90 | - | 1,848.90 |
| (b) Daily Census Procedure Courses | 1,027.18 | - | 1,027.18 |
| (c) Noncredit Independent Study/Distance Education Courses | - | - | - |
| **D. Total FTES** | 16,550.92 | - | 16,550.92 |
| **SUPPLEMENTAL INFORMATION (Subset of Above Information)** | | | |
| **H. Basic Skills Courses and Immigrant Education** | | | |
| 1. Noncredit | 162.43 | - | 162.43 |
| 2. Credit | 1,669.03 | - | 1,669.03 |
| **CCFS-320 Addendum** | | | |
| CDCP Noncredit FTES | 72.23 | - | - |

* Annual report revised as of November 1, 2019.

See accompanying note to supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2019

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| **Academic Salaries** | | | | | | | |
| **Instructional Salaries** | | | | | | | |
| Contract or Regular | 1100 | $ 22,008,148 | $ - | $ 22,008,148 | $ 22,008,148 | $ - | $ 22,008,148 |
| Other | 1300 | 18,238,275 | - | 18,238,275 | 18,238,275 | - | 18,238,275 |
| **Total Instructional Salaries** | | 40,246,423 | - | 40,246,423 | 40,246,423 | - | 40,246,423 |
| **Noninstructional Salaries** | | | | | | | |
| Contract or Regular | 1200 | | - | - | 9,158,028 | - | 9,158,028 |
| Other | 1400 | - | - | - | 789,573 | - | 789,573 |
| **Total Noninstructional Salaries** | | - | - | - | 9,947,601 | - | 9,947,601 |
| **Total Academic Salaries** | | 40,246,423 | - | 40,246,423 | 50,194,024 | - | 50,194,024 |
| **Classified Salaries** | | | | | | | |
| **Noninstructional Salaries** | | | | | | | |
| Regular Status | 2100 | - | - | - | 21,479,761 | - | 21,479,761 |
| Other | 2300 | - | - | - | 1,779,894 | - | 1,779,894 |
| **Total Noninstructional Salaries** | | - | - | - | 23,259,655 | - | 23,259,655 |
| **Instructional Aides** | | | | | | | |
| Regular Status | 2200 | 1,408,551 | - | 1,408,551 | 1,408,551 | - | 1,408,551 |
| Other | 2400 | 347,723 | - | 347,723 | 347,723 | - | 347,723 |
| **Total Instructional Aides** | | 1,756,274 | - | 1,756,274 | 1,756,274 | - | 1,756,274 |
| **Total Classified Salaries** | | 1,756,274 | - | 1,756,274 | 25,015,929 | - | 25,015,929 |
| Employee Benefits | 3000 | 20,846,891 | - | 20,846,891 | 45,245,212 | - | 45,245,212 |
| Supplies and Material | 4000 | - | - | - | 870,728 | - | 870,728 |
| Other Operating Expenses | 5000 | - | - | - | 10,136,162 | - | 10,136,162 |
| Equipment Replacement | 6420 | - | - | - | - | - | - |
| **Total Expenditures Prior to Exclusions** | | 62,849,588 | - | 62,849,588 | 131,462,055 | - | 131,462,055 |

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| **Exclusions** | | | | | | | |
| **Activities to Exclude** | | | | | | | |
| Instructional Staff - Retirees' Benefits and Retirement Incentives | 5900 | $ 3,806,464 | $ - | $ 3,806,464 | $ 3,806,464 | $ - | $ 3,806,464 |
| Student Health Services Above Amount Collected | 6441 | - | - | - | - | - | - |
| Student Transportation | 6491 | - | - | - | - | - | - |
| Noninstructional Staff - Retirees' Benefits and Retirement Incentives | 6740 | - | - | - | 5,690,159 | - | 5,690,159 |
| **Objects to Exclude** | | | | | | | |
| Rents and Leases | 5060 | - | - | - | 1,017,896 | - | 1,017,896 |
| Lottery Expenditures | | | | | | | - |
| Academic Salaries | 1000 | - | - | - | 2,411,086 | - | 2,411,086 |
| Classified Salaries | 2000 | - | - | - | 143,061 | - | 143,061 |
| Employee Benefits | 3000 | - | - | - | 1,192,130 | - | 1,192,130 |
| Supplies and Materials | 4000 | - | - | - | - | - | - |
| Software | 4100 | - | - | - | - | - | - |
| Books, Magazines, and Periodicals | 4200 | - | - | - | - | - | - |
| Instructional Supplies and Materials | 4300 | - | - | - | 58,237 | - | 58,237 |
| Noninstructional Supplies and Materials | 4400 | - | - | - | - | - | - |
| **Total Supplies and Materials** | | - | - | - | 58,237 | - | 58,237 |

See accompanying note to supplementary information.

**PERALTA COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued**
**FOR THE YEAR ENDED JUNE 30, 2019**

| | | ECS 84362 A<br>Instructional Salary Cost<br>AC 0100 - 5900 and AC 6110 | | | ECS 84362 B<br>Total CEE<br>AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Audited Data | Reported Data | Audit Adjustments | Audited Data |
| Other Operating Expenses and Services | 5000 | $ - | $ - | $ - | $ 58,299 | $ - | $ 58,299 |
| Capital Outlay | | | | | | | |
| Library Books | 6000 | - | - | - | - | - | - |
| Equipment | 6300 | - | - | - | - | - | - |
| Equipment - Additional | 6400 | - | - | - | - | - | - |
| Equipment - Replacement | 6410 | - | - | - | - | - | - |
| **Total Equipment** | | - | - | - | | | |
| **Total Capital Outlay** | | | | | | | |
| Other Outgo | 7000 | - | - | - | - | - | - |
| **Total Exclusions** | | 3,806,464 | - | 3,806,464 | 14,377,332 | - | 14,377,332 |
| **Total for ECS 84362, 50 Percent Law** | | $ 59,043,124 | $ - | $ 59,043,124 | $ 117,084,723 | $ - | $ 117,084,723 |
| **Percent of CEE (Instructional Salary Cost/Total CEE)** | | 50.43% | | 50.43% | 100.00% | | 100.00% |
| **50% of Current Expense of Education** | | | | | $ 58,542,362 | | $ 58,542,362 |

See accompanying note to supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements at June 30, 2019.

| | General Fund | Parcel Tax Fund | Child Development Fund | Special Reserve Fund |
|---|---|---|---|---|
| June 30, 2019, Annual Financial and Budget Report (CCFS-311) | | | | |
| Reported Fund Balance | $ 25,408,837 | $ 1,032,022 | $ 1,877,298 | $ 18,429,609 |
| Adjustments to Increase (Decrease) Fund Balance | | | | |
| Beginning balance | - | - | - | - |
| Cash and cash equivalents | - | - | - | - |
| Accounts receivable | (30,608) | - | (299,452) | (4,377,046) |
| Deferred Revenue | 1,809,130 | - | - | - |
| Accounts payable | 546,233 | 8,364 | - | - |
| Accrued interest | - | - | - | - |
| Claims liability | - | - | - | - |
| OPEB bonds | - | - | - | - |
| Audited Fund Balance | $ 27,733,592 | $ 1,040,386 | $ 1,577,846 | $ 14,052,563 |

See accompanying note to supplementary information.

| Revenue Bond Project Fund | Internal Service Fund | Deferred Compensation Fund | Student Financial Aid | Student Representation Fees Fund | Associated Students Fund |
|---|---|---|---|---|---|
| $ 24,448,852 | $ 2,803,178 | $ (43,255,728) | $ 1,185,767 | $ 142,355 | $ 301,633 |
| - | - | 538,496 | - | - | - |
| - | - | - | - | - | 5,474 |
| - | - | - | (985,387) | - | 58,472 |
| - | - | - | - | 6,358 | - |
| (217,344) | - | 100,000 | - | - | - |
| - | - | 22,841 | - | - | - |
| - | (3,951,000) | - | - | - | - |
| - | - | (2,015,742) | - | - | - |
| $ 24,231,508 | $ (1,147,822) | $ (44,610,133) | $ 200,380 | $ 148,713 | $ 365,579 |

## PERALTA COMMUNITY COLLEGE DISTRICT

## PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA)
## EXPENDITURE REPORT
## FOR THE YEAR ENDED JUNE 30, 2019

| Activity Classification | Object Code | | | Unrestricted | |
|---|---|---|---|---|---|
| EPA Revenue: | 8630 | | | | $ 15,922,131 |
| **Activity Classification** | **Activity Code** | **Salaries and Benefits (Obj 1000-3000)** | **Operating Expenses (Obj 4000-5000)** | **Capital Outlay (Obj 6000)** | **Total** |
| Instructional Activities | 1000-5900 | $ 15,922,131 | $ - | $ - | $ 15,922,131 |
| **Revenues Less Expenditures** | | | | | $ - |

See accompanying note to supplementary information.

## PERALTA COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
## JUNE 30, 2019

| | | |
|---|---|---|
| **Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:** | | |
| **Total Fund Balance and Retained Earnings** | | |
| General Funds | $ 27,733,592 | |
| Special Revenue Funds | 16,670,795 | |
| Debt Service Fund | 23,864,671 | |
| Capital Projects Funds | 30,036,459 | |
| Internal Service Fund | (1,147,822) | |
| Fiduciary Funds | (44,409,753) | |
| **Total Fund Balance and Retained Earnings - All District Funds** | | $ 52,747,942 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| The cost of capital assets is | 731,663,739 | |
| Accumulated depreciation is | (284,502,392) | |
| Subtotal | | 447,161,347 |
| Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities. | | 15,376,720 |
| In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On government-wide financial statements, unmatured interest (less the amount already recorded in the Deferred Comp Trust Fund) on long-term obligations is recognized when it is incurred. | | (6,973,831) |
| Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of: | | |
| Pension contributions subsequent to measurement date | 14,454,935 | |
| Net change in proportionate share of net pension liability | 2,918,583 | |
| Differences between projected and actual earnings on the pension plan investments | 622,527 | |
| Differences between expected and actual experience in the measurement of the total pension liability | 5,236,719 | |
| Changes of assumptions | 20,662,494 | |
| Total Deferred Outflows of Resources Related to Pensions | | 43,895,258 |

See accompanying note to supplementary information.

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
## JUNE 30, 2019

| | | |
|---|---|---|
| In governmental funds, expenses related to Interest Rate SWAPs are recognized in the period in which they are due. On the government-wide financial statements, the SWAP liability is recognized when it is incurred. | | $ (307,602) |
| Deferred outflows of resources related to OPEB represent an consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB consists of a change in assumptions. | | 594,447 |
| Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB consist of the difference between projected and actual earnings on plan investments. | | (15,281) |
| Net change in proportionate share of net pension liability | $ 3,842,480 | |
| Differences between projected and actual earnings on the pension plan investments | 3,243,174 | |
| Differences between expected and actual experience in the measurement of the total pension liability | 1,223,407 | |
| Total Deferred Outflows of Resources Related to Pensions | | (8,309,061) |
| Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | | |
| Long-term obligations at year end consist of: | | |
| Bonds payable | 411,140,966 | |
| Compensated absences | 6,736,165 | |
| Load banking | 2,147,764 | |
| Aggregate net OPEB liability | 212,035,476 | |
| Aggregate net pension obligation | 160,121,635 | (792,182,006) |
| **Total Net Position** | | **$ (248,012,067)** |

See accompanying note to supplementary information.

## *NOTE 1 - PURPOSE OF SCHEDULES*

### District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2019.

### Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government and the related expenditures reported on the Schedule of Federal Awards.

| | CFDA Number | Amount |
|---|---|---|
| Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position: | | $ 34,579,769 |
| Berkeley Bridges to the Baccalaureate | 93.859 | (32,348) |
| Temporary Assistance for Needy Families (TANF) | 93.558 | (3,000) |
| WIA Adult Program-Green Job | 17.258 | (32,510) |
| WIA Adult Program-Marin Employment Connection | 17.258 | (354) |
| Total Schedule of Expenditures of Federal Awards | | $ 34,511,557 |

### Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

### Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

**Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation**

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

**Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

**Proposition 30 Education Protection Account (EPA) Expenditure Report**

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

**Reconciliation of Governmental Funds to the Statement of Net Position**

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

# INDEPENDENT AUDITOR'S REPORTS

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Peralta Community College District
Oakland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate remaining fund information of Peralta Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2019.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the District in a separate letter dated December 20, 2019.

**Peralta Community College District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
December 20, 2019

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Peralta Community College District
Oakland, California

## Report on Compliance for Each Major Federal Program

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2019. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

## Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

## Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-005, 2019-006, and 2019-007. Our opinion on each major Federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2019-005, 2019-006, and 2019-007, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

# INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Peralta Community College District
Oakland, California

## Report on State Compliance

We have audited Peralta Community College District's (the District) compliance with the types of compliance requirements as identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2019.

## Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

## Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

## Basis for Qualified Opinion on Section 425: Residency Determination for Credit Courses, Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 425: Residency Determination for Credit Courses Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds, as identified in findings 2019-008, 2019-009, and 2019-010, respectively. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.



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**Qualified Opinion on Section 425: Residency Determination for Credit Courses, Section 444: Apprenticeship Related and Supplemental Instruction (RSI) Funds, and Section 491: Education Protection Account Funds**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

**Unmodified Opinion for Each of the Other Programs**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2019, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

| | |
|---|---|
| Section 421 | Salaries of Classroom Instructors (50 Percent Law) |
| Section 423 | Apportionment for Activities Funded From Other Sources |
| Section 424 | State General Apportionment Funding System |
| Section 425 | Residency Determination for Credit Courses |
| Section 426 | Students Actively Enrolled |
| Section 427 | Dual Enrollment (CCAP and Non-CCAP) |
| Section 430 | Scheduled Maintenance Program |
| Section 431 | Gann Limit Calculation |
| Section 435 | Open Enrollment |
| Section 439 | Proposition 39 Clean Energy Fund |
| Section 444 | Apprenticeship Related and Supplemental Instruction (RSI) Funds |
| Section 475 | Disabled Student Programs and Services (DSPS) |
| Section 479 | To Be Arranged Hours (TBA) |
| Section 490 | Proposition 1D and 51 State Bond Funded Projects |
| Section 491 | Education Protection Account Funds |

The District reports no attendance within classes subject to TBA Hours; therefore, the compliance tests within this section were not applicable.

The District did not receive funding for Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

Eide Bailly LLP

Rancho Cucamonga, California
December 20, 2019

# Schedule of Findings and Questioned Costs

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY OF AUDITOR'S RESULTS
## FOR THE YEAR ENDED JUNE 30, 2019

### FINANCIAL STATEMENTS

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | Yes |
| Significant deficiencies identified? | Yes |
| Noncompliance material to financial statements noted? | No |

### FEDERAL AWARDS

| | |
|---|---|
| Internal control over major Federal programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | Yes |
| Type of auditor's report issued on compliance for major Federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? | Yes |

Identification of major Federal programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.063, 84.007, 84.033, 84.0268 | Student Financial Assistance Cluster |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 1,035,346 |
| Auditee qualified as low-risk auditee? | No |

### STATE AWARDS

| | |
|---|---|
| Type of auditor's report issued on compliance for State programs: | Qualified |

Unmodified for all State programs except for the following State program which was qualified:

| Name of State Program |
|---|
| 423 - Apportionment for Activities Funded From Other Sources |
| 425 - Residency Determination for Credit Courses |
| 444 - Apprenticeship Related and Supplemental Instruction (RSI) Funds |
| 491 - Education Protection Account Funds |

The following findings represent significant deficiencies and material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

## 2019-001 Closing Process and Control Environment

### Criteria or Specific Requirement

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

### Condition

*Material Weakness* - District appears to have an ineffective control environment over. As noted in the prior year, errors were made within the reconciliation processes of the District's financial records. As of year end, material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts including, but not limited to:

- Receivable balances were not being properly reviewed and reconciled.
- The journal entry review process is not being completed effectively. Several errors, reversals and corrections were observed throughout the general ledger activity involving journal entries that appear to have gone through the proper approval process which were later reversed.
- Bank reconciliations are not being prepared accurately or reviewed in a timely manner.

### Questioned Costs

No questioned costs were associated with this finding. Material adjustments to the financial statements were reviewed with management and accepted for posting.

### Context

Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

### Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

**Cause**

Ineffective control environment. There are multiple key management roles vacant including: Vice Chancellor of Finance & Administration, Director of Fiscal Services, Internal Auditor, Director of Payroll and Purchasing Director.

**Recommendation**

As part of the closing process, the District should develop a closing calendar and procedures to review all accruals recorded in the governmental funds to ensure accuracy and correct recording of all account balances. Carry-over balances from prior years should be analyzed to determine if the transaction still represents a valid receivable. In addition, the District should maintain an aging report for receivables to help identify old receivables to determine if the transaction still represents a valid receivable or deemed uncollectible. The District should perform a reconciliation of all accounts to ensure they are being properly accounted for.

**Corrective Action Plan**

The District has a closing calendar and procedure for year end. The District has recorded all prior year audit adjustments. The audit adjustment for Fund 01 (General Fund) were recorded to the prior year revenues and expenses and, therefore, the Audit adjustments are part of the fund balance.

The District will implement regular reconciliation of accounts and will develop a year-end closing process with an appropriate delegation of duties and clearly defined oversight.

The District's Finance Division staff will also be trained on reconciliation of accounts and year-end closing process in order to improve internal controls. The District has hired two Sr. Accountants to do all balance sheet reconciliations.

The District is currently working on reconciling all the receivable accounts on a monthly basis and will maintain an aging report on the receivables and determine if a write-off is required.

District Finance is in the process of hiring:

- Vice Chancellor of Finance and Administration
- Internal Auditor
- District Accounting Technician
- Staff Assistant

Once Finance is fully staffed, we will be able to maintain everything in a timely manner.

## 2019-002 Capital Assets

### Criteria or Specific Requirement

Industry standards and best business practices require a system of internal control over capital asset accounting that will allow the District personnel to properly record the purchases and depreciation of capital assets, as well as safeguarding equipment purchased for use throughout the District.

### Condition

Material Weakness – As noted in the prior year, the District's capital asset detail includes several items that cannot be clearly identified or separated by project. A reconciliation of construction in progress is not performed accurately and does not have proper review to ensure uncapitalizable expenditures are properly removed. Completed projects are not being correctly identified or removed from the construction in progress detail to the appropriate capital asset account to begin depreciating. In addition, an inventory has not been performed in accordance with District policy, every two years. Deletions from the capital asset schedule are not being properly monitored or adjusted to accurately reflect items currently in use.

### Questioned Costs

No questioned costs. Adjustments were made to the District's provided Capital Asset schedule.

### Context

Total capital assets, including construction in process, is recorded with an initial cost of over $730 million with annual depreciation expense of approximately $22 million.

### Effect

The District's Capital Asset schedule was not prepared properly.

### Cause

As noted in prior years, the District does not perform a periodical review of the Capital Asset accounts during the year. Prior year audit adjustments that were not posted to the District's capital asset schedule caused reconciling differences which required research by District management. Management in the current fiscal year, was unable to reconcile and close the Capital Asset balance completely.

**Recommendation**

Coordination of the responsibilities over the accounting for Capital Assets should be shared jointly by the Purchasing Department, Bond oversight personnel, and the Accounting Department. Procedures should be implemented to ensure all transactions meeting the capitalization threshold have been properly identified, capitalized, and depreciated. Reconciliations of construction in progress should be performed in a manner where projects can uniquely be identified and updated as projects are completed and capitalized. Capital Assets should be inventoried once every two years to ensure deletions are properly monitored and removed from the capital asset schedule. Reconciliations need to be reviewed timely for completeness and accuracy.

**Corrective Action Plan**

District Finance will work with the District Department of General Services and consultants to conduct a comprehensive review of all Capital Assets and Constructions-In-Progress (CIP) in order to make sure that capital assets are capitalized and depreciated properly. District Finance will also conduct training for staff on reconciliation of Capital Assets. In addition, the Director of Fiscal Services will review the completeness and accuracy of Capital Assets.

We have hired a Director of Purchasing who will assist in the reconciliation of the Fixed Assets; this will help the District to reconcile the Construction in Progress (CIP) to ensure that we are current in moving the CIP to Fixed Assets when projects are completed.

**2019-003 Internal Service Fund Deficit Fund Balance**

**Criteria or Specific Requirement**

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to use fund accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Condition**

*Material Weakness* –The Internal Service Fund had a deficit balance of $1,147,822 as of June 30, 2019.

**Questioned Costs**

No questioned costs.

**Context**

In the future the deficit fund balance of $1,147,822 may require the District to encroach on the General Fund.

**Effect**

The Internal Service Fund has liabilities in excess of its total asset resulting in a deficit fund balance which encroaches on the General Fund ending fund balance.

**Cause**

Ineffective monitoring and reconciliation of District ending fund balances.

**Recommendation**

The District should review the activities with the Internal Service Fund and determine a funding plan to ensure the fund does not remain in a Deficit. The District's year-end closing process should include a reconciliation and review process over fund balances to ensure ending balances are not in deficit. Deficit ending fund balances should be researched and reviewed prior to year-end closing.

**Corrective Action Plan**

The District has covered all deficit funds at year-end closing and will ensure the actualization for the self-insurance is submitted to the Fiscal Director by the Employment benefits department to record the actualizations claims liabilities and cover any deficit that may occur due to the claims. Finance will work closely with Human Resources to ensure we reconcile the Self-Insurance Fund.

**2019-004 Vacation Accrual**

**Criteria or Specific Requirement**

District's policy limits the maximum vacation hours accrued for academic administrators and classified management employees to not exceed 44 days.

**Condition**

*Significant Deficiency* – Several employees were noted as having accrued vacation hours in excess of their maximum amount allowed.

**Questioned Costs**

No questioned costs were associated with this finding as the value of the vacation hours accrued remains the liability of the District.

**Context**

280 individuals showed balances that exceeded the maximum number of allowed hours of vacation.

**Effect**

The District's vacation accrual increased by an estimated $2.67 million in part due to employees accruing vacation above their maximum hours.

**Cause**

Ineffective monitoring of employee's accrued vacation hours and non-implementation of District policy.

**Recommendation**

The District should develop and implement appropriate policies and procedures to monitor employee vacation hour accruals and cease the accrual when the maximum hour limit is reached. Until the employee uses vacation hours, vacation hours should not continue to accrue. The District should encourage employees to utilize the vacation hours they have accrued to help reduce the liability.

**Corrective Action Plan**

The District will develop and implement the District's policy over vacation hours and accruals and cease accruing once the maximum accruals are reached and is implementing an upgrade to the HR Module in PeopleSoft to bring our technology up to date.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

## 2019-005 SPECIAL TESTS AND PROVISIONS - RETURN TO TITLE IV

**Program Name:** Student Financial Assistance Cluster
**CFDA Numbers:** 84.007, 84.033, 84.063, 84.268
**Federal Agency:** U.S. Department of Education
**Pass-Through Entity:** Direct Funded

### Criteria or Specific Requirement

34 CFR Section 668.173(b):

Return to Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

### Condition

*Significant Deficiency* - The District's controls are not operating effectively to prevent non-compliance and ensure that Return to Title IV funds are returned within 45 days after the date the institution determines that the student withdrew.

The District did not determine the withdrawal date for 12 out of 100 Return to Title IV calculations tested in a timely manner. All twelve of the exceptions noted were from Merritt College for which 40 Return to Title IV calculations were tested. All twelve of these instances occurred for the Fall 2018 term. Additionally, for 2 out of 100 Return to Title IV calculations tested, the required funds were not returned within 45 days of the student's withdrawal date. The funds were returned 236 and 287 days after the student's withdrawal date.

### Questioned Costs

There are no questioned costs associated with this finding. The District did perform the calculations and returned the required funds.

### Context

The District performed approximately 868 Return to Title IV calculations during the 2018-2019 year over all four campuses. Of these 868 calculations, 504 were performed for Laney College, 249 were performed for Merritt College, 62 were performed for Berkley City College, and 53 were performed for the College of Alameda.

**Effect**

The District is not in compliance with 34 CFR Section 668.173(b).

**Cause**

The District's internal controls associated with the Return to Title IV procedures failed to ensure that withdrawal calculations are performed in a timely manner to ensure that funds are returned within the 45 day requirement.

**Repeat Finding: Yes**

**Recommendation**

The District should develop and implement procedures to ensure that the student withdrawal calculations are performed in a timely manner to ensure that Return to Title IV funds are returned no later than 45 days after the date the institution determined the student withdrew.

**Corrective Action Plan**

The District is hiring a Director of Financial Aid and a consultant to develop and implement procedures regarding Title IV to ensure reconciliations are performed in a timely manner to ensure the returns are made no later than 45 days to be in compliance. The District will train the staff to effectively and efficiently understand and reconcile Title IV.

## 2019-006 SPECIAL TESTS AND PROVISIONS - DIRECT LOAN RECONCILIATIONS

**Program Name:** Student Financial Assistance Cluster
**CFDA Numbers:** 84.007, 84.033, 84.063, 84.268
**Federal Agency:** U.S. Department of Education
**Pass-Through Entity:** Direct Funded

**Criteria or Specific Requirement**

According to 34 CFR 685.300(b)(5), the school must promise to comply with applicable regulations and must agree to reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary, on a monthly basis as required by 34 CFR 685.300 (b)(5).

**Condition**

Significant Deficiency - During our review of the Direct Loans, it was noted that Laney College and Merritt College were unable to provide adequate documentation to show that they were reconciling the institutional Direct Loan records with the School Account Statement (SAS) data file received by COD on a monthly basis.

**Questioned Costs**

There were no questioned costs associated to the noncompliance.

**Context**

The District disbursed approximately $2,418,994 in direct loan funds during the 2019 fiscal year.

**Effect**

The District is out of compliance with 34 CFR 685.300(b)(5).

**Cause**

The District is not implementing policies and procedures to verify that the institutional Direct Loan records are being reconciled to the SAS data files on a monthly basis.

**Repeat Finding: No**

**Recommendation**

It is recommended that the District develop and implement policies and procedures to ensure that the institutional Direct Loan records are being reconciled with the School Account Statement (SAS) data file received by COD on a monthly basis

**Corrective Action Plan**

The District is hiring a Director of Financial Aid and a consultant that will help develop policy and procedures to ensure direct loans are being reconciled in a timely manner. Finance will be proactive in reviewing the reconciliations to ensure the accuracy of the data for the Direct Loan. The District will train the staff to effectively and efficiently understand and reconcile the Direct Loan records.

## 2019-007 COMMON ORIGINATION AND DISBURSEMENT (COD) REPORTING

**Program Name:** Student Financial Assistance Cluster
**CFDA Numbers:** 84.007, 84.033, 84.063
**Federal Agency:** U.S. Department of Education
**Pass-Through Entity:** Direct Funded

### Criteria

Common Origination and Disbursement (COD) System (OMB No. 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

### Condition

*Significant Deficiency* - The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Nine students of the 15 students tested at Merritt College had transactions processed in excess of 15 days. Reporting days ranged from 18 to 186 days after disbursement.

### Questioned Costs

There were no questioned costs associated to the noncompliance.

### Context

The District processed and reported approximately $24,526,937 in Pell grants during the year.

### Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

### Cause

The District did not report student files to COD on a timely basis.

**Repeat Finding: Yes**

**Recommendation**

The District processed and reported approximately $24,526,937 in Pell grants during the year.

**Corrective Action Plan**

The District hired a consultant that will help develop policy and procedures to ensure to report the student file to COD on a timely basis.

The District has started to report the COD and drawdown on a weekly basis for fiscal year 2019-2020.

The District will train the staff to effectively and efficiently understand and reconcile COD on a weekly basis.

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

## 2019-008 444 - APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS

### Criteria or Specific Requirement

California Code of Regulations, Title 5, Section 58030 requires that each district shall adopt procedures that will document all course enrollment, attendance and disenrollment information. These procedures shall include rules for retention of support documentation which will enable an independent determination regarding the accuracy of tabulations submitted by the district to the Chancellor's Office. California Code of Regulations, Title 5, Section 58024(a) requires that a separate tabulation is required for all indentured apprentices actively enrolled in each apprenticeship course of related and supplemental instruction. Each tabulation shall provide a detailed listing for each course.

### Condition

*Significant Deficiency* - Apprenticeship courses provided to students in the 2018-2019 fiscal year reported to the California Community Colleges Chancellor's Office (CCCCO) were not supported by appropriate detailed documentation.

### Questioned Costs

Of the four courses selected for testing from the CCFS 321 Apprenticeship Attendance Report, three courses lacked detailed documentation to support the accuracy of hours being reported. The hours claimed for the courses in question were 1,000 hours. The four courses tested consisted of a total 1,805 hours resulting in a 55.39 percent error rate.

Questioned costs consist of 55.39 percent of all hours claimed on the CCFS 321, or $8,786.

### Context

The District claimed a total of 2,534 apprentice hours on the CCFS-321 Annual Report that are not corroborated with supporting documentation.

### Effect

The hours reported on the CCFS-321 Annual Report are potentially overstated. Based on the District's funding, the potential overstatement is equivalent to $8,786.

### Cause

The District does not require instructors to submit detailed supporting documentation to corroborate the total hours being claimed.

**Recommendation**

The District should implement attendance taking procedures that require instructors to record and submit detailed attendance documentation for each student and each course meeting. The District should create a review and monitoring process to ensure the hours for each course are being reflected accurately in the CCFS 321 submitted to the State Chancellor's Office.

**Corrective Action Plan**

The District will implement attendance taking procedures that require instructors to record and submit attendance for each student and course. Administration has verbally and in writing explained the seriousness of the matter and reiterated the legal imperative and faculty responsibility in keeping and submitting accurate records. In addition, the Dean over the APPR program will hold a training for all APPR faculty on the best practices to use for keeping accurate hours. The District also intends to purchase the software needed to allow faculty to input weekly attendance hours through Canvas our LMS so that any errors can be caught and corrected early in the semester and the District can more accurately claim apportionment in this area.

## 2019-009 425-RESIDENCY DETERMINATION FOR CREDIT COURSES

**Criteria or Specific Requirement**

California Code of Regulations, Title 5, Section 54010(b) and 54010(d) requires for residency classification procedures students to present evidence of physical presence in California and intent to make California the home for other than a temporary purpose and that the district weigh the information provided by the student an determine whether the student has clearly established they have been a resident of California for one year prior to the residence determination date.

**Condition**

Two conditions were identified relating to student residency classification. Two of the 34 students tested for residency compliance were classified as a resident however, the district was unable to provide documentation that supported this classification. In addition, one of the 34 students tested was classified as a resident but failed to meet the one-year residency requirement prior to the residence determination date.

**Questioned Costs**

After extrapolation of the error rate of 8.82 percent, 25.76 FTES is in question.

**Context**

Three out of 34 students tested were classified at residents without meeting the applicable requirements; this resulted in an 8.82 percent error rate. Extrapolating this error rate over the FTES claimed for students who applied during the year who were also flagged as having a residency in question, or 292.05 FTES, resulted in 25.76 FTES in question. These students would have been claimed as residents in the CCFS-320 report and apportionment received. The District claimed a total of 16,550.92 resident FTES on the CCFS-320 Recalc Report.

**Effect**

The residency FTES claimed for apportionment are overstated.

**Cause**

The District failed to ensure the student met the one-year resident requirement as well as retain supporting documentation for student residency classification.

**Recommendation**

The District should implement a monitoring and review process over the residency classifications of students. Additional training of the residency requirements should be provided to all District personnel involved in the resident classification of students. In addition, the district should implement a retention policy for documents used to classify a student's residency.

**Corrective Action Plan**

The District will implement monitoring and review processes over the residency classification students.

The District will provide training of the residency to all District personnel.

The District will create a retention policy.

**2019-010 491 – EDUCATION PROTECTION ACCOUNT FUNDS**

**Criteria or Specific Requirement**

California Constitution Article XIII section 36(e)(6) states that a community college district shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

**Condition**

The governing board did not make a spending determination in an open session of a public meeting of the governing board or body. The governing board did not publish on its Internet website an accounting of how much money it received from the Education Protection Account and how the will be expensed.

**Questioned Costs**

There were no questioned costs, based on testing EPA funds were spent on allowable expenses.

**Context**

The District expensed the Education Protection Account revenues of $15,922,131 without holding an open session to make the spending determination for the funds received.

**Effect**

The District is out of compliance with state requirements.

**Cause**

The District governing board did not hold an open session to make spending determination for the Education Protection Account funds received.

**Recommendation**

The governing board should hold an open session public meeting where they take action to adopt a plan to expend Education Protection Account funds received.

**Corrective Action Plan**

Due to Finance turnover, the EPA (Education Protection Account) for fiscal year 2018-2019 was not submitted to the Governing Board in timely manner.

The District will develop a calendar for documents submission to the Board of Trustees to ensure that the EPA or any other documents are submitted in a timely manner.

The EPA for fiscal year 2018-2019 was submitted and approved by the Board on December 10, 2019.

# PERALTA COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
## FOR THE YEAR ENDED JUNE 30, 2019

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

***FINANCIAL STATEMENT FINDINGS***

**2018-001 Reconciliation Process**

**Criteria or Specific Requirement**

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition**

*Material Weakness* - As noted in the prior year, errors were made within the closing process of the District's financial records as of June 30, 2018. Material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts including, but not limited to:

- Accounts payable balances were not properly cleared from the prior year, and ending amounts including suspense accounts were not being reconciled correctly.
- Receivable balances were not being properly reviewed and reconciled.
- Due To/Due From account balances are not being reconciled consistently in a timely manner.
- Prior year audit adjustments for the Deferred Compensation Trust Fund were not posted to the District's general ledger.

**Questioned Costs**

No questioned costs were associated with this finding. Material adjustments to the financial statements were reviewed with management and accepted for posting.

**Context**

Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

**Effect**

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

**Cause**

Prior year audit adjustments not posted caused reconciling differences which required research by District management. Management in the current fiscal year, given time constraints, was unable to reconcile and close the account balances stated above completely.

**Recommendation**

As part of the closing process, the District should develop a closing calendar and procedures to review all accruals recorded in the governmental funds to ensure accuracy and correct recording of all account balances. Carry-over balances from prior years should be analyzed to determine if the transaction still represents a valid liability or receivable. The District should perform a reconciliation of all accounts to ensure they are being properly accounted for.

**Current Status**

Not implemented. See current year finding 2019-001.

**2018-002 Capital Assets**

**Criteria or Specific Requirement**

Industry standards and best business practices require a system of internal control over capital asset accounting that will allow the District personnel to properly record the purchases and depreciation of capital assets, as well as safeguarding equipment purchased for use throughout the District.

**Condition**

*Significant Deficiency* - The District's capital asset detail includes several items that cannot be clearly identified or separated by project. A reconciliation of construction in progress is not performed accurately. Completed projects are not being correctly removed from the Capital Asset schedule, as well as miscellaneous overhead and routine repairs and maintenance are being included. Construction in process schedule is being completed without proper review. Expenditures not appropriate for capitalization are being included in the Capital Asset accounts.

**Questioned Costs**

No questioned costs. Adjustments were made to the District's provided Capital Asset schedule.

**Context**

Total capital assets, including construction in process, is recorded with an initial cost of over $720 million with annual depreciation expense of approximately $20 million.

**Effect**

The District's Capital Asset schedule was not prepared properly.

**Cause**

As noted in prior years, the District has not performed a periodical review of the Capital Asset accounts during the year. Prior year audit adjustments that were not posted to the District's capital asset schedule caused reconciling differences which required research by District management. Management in the current fiscal year, given time constraints, was unable to reconcile and close the Capital Asset balance completely.

**Recommendation**

Coordination of the responsibilities over the accounting for Capital Assets should be shared jointly by the Purchasing Department, Bond oversight personnel, and the Accounting Department. Procedures should be implemented to ensure all transactions meeting the capitalization threshold have been properly identified, capitalized, and depreciated. Reconciliations of construction in progress should be performed in a manner where projects can uniquely be identified. Reconciliations need to be reviewed timely for completeness and accuracy. Capital Assets should be inventoried once every two years.

**Current Status**

Not implemented. See current year finding 2019-002.

***FEDERAL AWARDS FINDINGS***

**2018-003 Finding**

**Program Name**: Student Financial Assistance Cluster
**CFDA Number**: 84.007, 84.033, 84.063, and 84.268
**Federal Agency**: U.S. Department of Education
**Pass-Through Entity**: Direct Funded

**Criteria or Specific Requirement**

OMB Compliance Supplement, 34 CFR Section 668.173(b): Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education (ED) or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR section 668.173(b)).

**Condition**

*Significant Deficiency* - The District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

**Questioned Costs**

There were no questioned costs associated to the noncompliance. The District did return the funds; however, they were not returned within the 45 day requirement.

**Context**

There were three students out of ten students tested at Merritt College where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

**Effect**

Without proper monitoring of Title IV returns, the District risks noncompliance with the above referenced criteria.

**Cause**

The District has not implemented policies and procedures to monitor the Return to Title IV funds.

**Repeat Finding: No**

**Recommendation**

The District should implement procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

**Current Status**

Not implemented. See current year finding 2019-005.

**2018-004 Finding**

**Program Name**: Student Financial Assistance Cluster
**CFDA Number**: 84.007, 84.033, 84.063, and 84.268
**Federal Agency**: U.S. Department of Education
**Pass-Through Entity**: Direct Funded

**Criteria or Specific Requirement**

*Common Origination and Disbursement (COD) System (OMB No. 1845-0039)* – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.
Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner

**Condition**

*Significant Deficiency* - The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Nine students of the 15 students tested at Merritt College had transactions processed in excess of 15 days.

**Questioned Costs**

There were no questioned costs associated to the noncompliance.

**Context**

The District processed and reported approximately $29,461,639 in Pell grants during the year.

**Effect**

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

**Cause**

The District did not report student files to COD on a timely basis.

**Repeat Finding: No**

**Recommendation**

The District should implement review procedures to verify that all information is properly reported and in compliance with Federal guidelines.

**Current Status**

Not implemented. See current year finding 2019-007.

***STATE AWARDS FINDING***

**2018-005 Finding**

**Criteria or Specific Requirement**

California Code of Regulations, Title 5, Section 58020, requires district to provide a detailed listing for each course section. Specifically, (6) an alphabetical list of each student actively enrolled in each course indicating: (A) Name (B) Student Identification Code (C) Residency category (D) Scheduled contact hours per week or per day.

**Condition**

Apprenticeship courses provided to students in the 2018 fiscal year were reported by the District to the California Community Colleges Chancellor's Office (CCCCO). These courses were not supported by appropriate documentation.

**Questioned Costs**

Of the 2 out of 10 courses selected for testing from the CCFS 321 Apprenticeship Attendance Report, 1 course was not calculated correctly based on prescribed guidance from the Student Attendance Accounting Manual (SAAM). The miscalculation resulted in a net overstatement of apprentice hours reported for funding.

Of the 28 students from two courses tested, 1 of 28 student hours was incorrectly reported for funding for an error rate of 0.036.

Total hours reported on 321 of 5,228 * Error rate = Extrapolated hours of 188.21.

**Context**

The District claimed a total of 5,228 apprentice hours on the CCFS-321 Annual Report. The net overstatement of 54 hours constitutes a 1.033 percent overstatement.

**Effect**

The hours reported on the CCFS-321 Annual Report was overstated by 54 hours. Based on the District's funding of $5.90 per hour, the actual overstatement is equivalent to $318.60. The extrapolated error is $1,110.44.

**Cause**

The District's system did not calculate the hours reported effectively due to data entry error.

**Recommendation**

The District should amend the CCS-321 Annual Report to reflect the variances noted in Questioned Costs and properly state the amount of hours claimed. The District should create a review process to determine hours are being reflected accurately to reflect guidance provided by the State Chancellor's Office and monitor the calculation to prevent future miscalculations in apprentice hours.

**Current Status**

Not implemented. See current year finding 2019-008.

## APPENDIX C

## SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a brief summary of the provisions of the Indenture of Trust relating to the Bonds, which is not intended to be definitive. Reference is made to the actual document (a copy of which may be obtained from the District) for the complete terms thereof.*

**Definitions**

Terms which have been previously defined in this Official Statement have the same meanings when used in this Summary. In addition, when used in this Summary the following terms have the following meanings:

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations issued by public agencies.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions are required or authorized to remain closed in California or the City of New York, New York, or (iii) a day on which the New York Stock Exchange is closed.

"Closing Date" means the date on which the Series 2005 OPEB Bonds are delivered by the District to Lehman Brothers, Inc. as original purchaser of the Series 2005 OPEB Bonds.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the authorization, issuance, sale and delivery of the Series 2005 OPEB Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; Bond Insurance Policy premium; and any other cost, charge or fee in connection with the original issuance of the Series 2005 OPEB Bonds.

"Credit Provider" means a municipal bond insurance company, bank or other financial institution or organization or group of financial institutions or organizations which are performing in all material respects its or their obligations, as applicable, under any Credit Support Instrument provided with respect to a Series of Bonds and any successor to such provider or providers, or any replacement therefor.

"Credit Support Instrument" means a policy of insurance, a letter of credit, a line of credit, standby purchase agreement, revolving credit agreement or other credit arrangement pursuant to which a Credit Provider provides credit and/or liquidity support with respect to the payment of interest, principal or the Purchase Price of any Series of Bonds, as the same may be amended from time to time pursuant to its terms, and any replacement therefor.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 2005 OPEB Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are

pledged; (b) obligations of any agency, department or instrumentality of the" United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period in a written certificate of the District filed with the Trustee.

"Indenture" means the Indenture of Trust, dated as of December 1, 2005, between the District and the Trustee, as amended and supplemented from time to time.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Service "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Called Bond Dept.; Standard & Poor's Corporation "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses or such other services providing information with respect to the redemption of bonds as the District may designate in a written request of the District delivered to the Trustee.

"Interest Payment Date" means each date established for the accrual and compounding of interest on Capital Appreciation Bonds and Convertible Auction Rate Securities, prior to the Full Accretion Date), as initially set forth in Appendix A, and, with respect to any Series of Bonds in any other Interest Rate Mode (as such term is defined in Additional Interest Rate Modes Annex attached to the Indenture), has the meaning set forth in as such term is defined in Additional Interest Rate Modes Annex attached to the Indenture.

"Letter of Credit Accounts" means the accounts established pursuant to the Indenture.

"Liquidity Instrument" means an instrument pursuant to which liquidity support is provided to a Series of Bonds, including a line of credit, a letter of credit or other Credit Support Instrument providing liquidity support to a Series of Bonds, and any substitute Liquidity Instrument provided pursuant to the Indenture, as applicable.

"Liquidity Provider" means the entity, if any, providing liquidity for the Purchase Price of the Bonds pursuant to a Liquidity Instrument or any successor thereto.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Outstanding," when used as of any particular time with reference to Series 2005 OPEB Bonds, means: (a) Series 2005 OPEB Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Series 2005 OPEB Bonds paid or deemed to have been paid within the meaning of the Indenture; and (c) Series 2005 OPEB Bonds in lieu of or in substitution for which other Series 2005 OPEB Bonds have been authorized, executed, issued and delivered by the District under the Indenture.

"Owner" means, with respect to any Series 2005 OPEB Bond, the person in whose name the ownership of such Series 2005 OPEB Bond is registered on the Registration Books.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities.

(b) Direct obligations of any of the following agencies of the United States of America, which are fully guaranteed by the full faith and credit of the United States of America: (i) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import bank of the United States; (ii) debentures of the Federal Housing Administration; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; (vi) local authority bonds of the U.S. Department of Housing and Urban Development; (vii) guaranteed Title XI financing of the U.S. Maritime Administration; and (viii) guaranteed transit bonds of the Washington Metropolitan Area Transit Authority.

(c) Direct obligations of any of the following agencies of the United States of America, which are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations of the Federal National Mortgage Association rated Aaa by Moody's and AAA by S&P; (ii) participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P of the Federal Home Loan Mortgage Corporation; (iii) consolidated debt obligations of the Federal Home Loan Banks; (iv) debt obligations of the Student Loan Marketing Association; and (v) debt obligations of the Resolution Funding Corporation.

(d) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

(e) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee or its affiliates) in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(g) Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank (including the Trustee or its affiliates), provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(h) Money market funds (including funds for which the Trustee, its affiliates or subsidiaries, provide investment advisory or other management services) rated AAAm or AAAm-G by S&P.

(i) Any investment agreement the provider of which and the structure of which is permitted in writing by the Bond Insurer.

(j) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

(k) Any other investments permitted in writing by the Bond Insurer.

"Program Fund Investments" means any of the investments set forth in Appendix E attached to the Indenture which are deemed prudent by the Board of Trustees of the District under and in accordance with the provisions of Section 53622 of the Government Code of the State of California, or which are deemed prudent by any officer of the District to whom the authority to invest and reinvest amounts held in the Retiree Health Benefit Program Fund has been delegated under Section 53621 of the Government Code of the State of California.

"Purchase Price" means, with respect to any Bond tendered or deemed tendered pursuant to the applicable provisions of the Indenture, an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered to the Trustee for purchase pursuant to the provisions of the Indenture. In addition, if the Purchase Date is not an Interest Payment Date, the Purchase Price for each Bond tendered or deemed tendered will be increased to include accrued interest thereon to but not including the Purchase Date; provided, however, if such Purchase Date occurs before an Interest Payment Date, but after the Record Date applicable to such Interest Payment Date, then the Purchase Price will not include accrued interest, which will be paid to the Owner of record as of the applicable Record Date..

"Qualified Swap Agreement" or "Swap Agreement" means (i) any ISDA Master Swap Agreement, by and between the District and a Qualified Swap Provider, which includes Schedule A thereto and the applicable Commitment, (a) which is entered into by the District with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (b) which provides that the District is required to pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of Outstanding Series 2005 OPEB Bonds covered by such Swap Agreement, if any, and that such entity is required to pay to the District an amount based on the interest accruing on a principal amount equal to the then-Outstanding principal amount of the affected series 2005 OPEB Bonds, at a variable rate of interest computed according to a formula set forth in the Swap Agreement (which need not be the same formula by which the auction rate, if applicable, is calculated) or that one is required to pay to the other any net amount due under such arrangement; and (c) which has been designated in writing to the Trustee in a written certificate of the District as a Qualified Swap Agreement with respect to the affected Series 2005 OPEB Bonds; *provided*, that any Qualified Swap Agreement will be subject to the prior written approval of the Bond Insurer; and *provided further*, that the District has notified each rating agency of the proposed Swap Agreement and has determined that the execution of the Swap Agreement would not cause the reduction or withdrawal of the current rating from such rating agencies on the Series 2005 OPEB Bonds.

"Qualified Swap Provider" means with respect to the counterparty under any other Swap Agreement meeting the requirements of the definition thereof, a financial institution approved by the District and the Bond Insurer, (A) the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the related Qualified Swap Agreement at least "A-" by S&P; or (B) the obligations of which under the particular Qualified Swap Agreement and any Swap Policy related thereto are unconditionally guaranteed by a bank or non-bank financial institution, the long-term, unsecured and

unsubordinated obligations of which are rated at the time of execution of the Qualified Swap Agreement at least "A-" by S&P.

"Retiree Health Benefit Costs" means costs paid or incurred by the District to provide health care benefits to participants in the retiree health benefit plan of the District, including but not limited to premiums payable to provide health insurance for retired employees and reasonable expenses of administering the retiree health benefit plan.

"S&P" means Standard & Poor's Corporation, of New York, New York, and its successors.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4171; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a written request of the District delivered by the District to the Trustee.

"Trustee" means U.S. Bank National Association, as successor to Deutsche Bank National Trust Company.

**Establishment of Funds**

Costs of Issuance Fund. The Indenture establishes the Costs of Issuance Fund to be held by the Trustee. The Trustee will disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a written request of the District stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior request of the District; in each case together with a statement or invoice for each amount requested thereunder. On March 1, 2006, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Retiree Health Benefit Program Fund.

Retiree Health Benefit Program Fund. The Indenture establishes the Retiree Health Benefit Program Fund to be held by the Trustee in trust. All earnings on the investment of amounts in the Retiree Health Benefit Program Fund will be retained therein. The Trustee will 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 will 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 written request 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 disbursement; in each case accompanied by documentation evidencing the underlying obligation for which disbursement is requested. The Trustee is not responsible for examining such documentation or determining whether or not such documentation constitutes sufficient evidence of the underlying obligation.

(b) Transfers to Redeem or Defease Series 2005 OPEB Bonds. If the District at any 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 written request of the District with 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 or defease the Series 2005 OPEB Bonds in whole or in part.

**Nature of District's Obligations**

The Series 2005 OPEB Bonds are payable from any source of legally available funds of the District, including but not limited to amounts held by the District on deposit in its General Fund. The obligations of the District under the Series 2005 OPEB Bonds, including the obligation to make all payments of principal and Accreted Value of and interest on the Series 2005 OPEB Bonds when due and the obligation of the District to make the deposits required under the Indenture for the security of the Series 2005 OPEB Bonds, are obligations of the District imposed by law and are absolute and unconditional, without any right of setoff or counterclaim. The Series 2005 OPEB Bonds do not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation.

The Series 2005 OPEB Bonds are secured by a pledge of and lien on amounts held by the Trustee in the Retiree Health Benefit Program Fund. Notwithstanding such pledge and lien, so long as no Event of Default has occurred and is continuing under and as defined in the Indenture, amounts on deposit in the Retiree Health Benefit Program Fund will be applied for the purposes set forth above.

**Deposits to Pay Debt Service**

Prepayment of Debt Service. (i) Not later than March 1 in each year, the Trustee is required to (a) determine the amount which the District is obligated to deposit with the Trustee for the payment of Debt Service on the Bonds during the 12-month period beginning on the succeeding July 1, and (b) notify the District in writing of the amount so determined. The District agrees and covenants that, not later than July 5 following receipt of such written notice from the Trustee, it will transfer the amount set forth in such written notice to the Trustee, for deposit in the Debt Service Fund.

In determining the amount of the District's payment under the Indenture, (i)(A) the debt service for Auction Rate Securities with an Auction Rate Period of less than 360 Rate Period Days not subject to a Qualified Swap Agreement is required to be calculated at the actual average interest rate for the immediately preceding 12 months plus 200 basis points (2.00%), and if such information is not available for the full immediately preceding 12 months, then the debt service for such Auction Rate Securities will be calculated at the average one-month LIBOR plus 200 basis points (2.00%) for the immediately preceding 12 months, provided, that if the average one-month LIBOR for the prior 12 months is not available, then such debt service will be calculated at a rate mutually agreed to by the District and the Bond Insurer; and (B) the debt service for Auction Rate Securities with an Auction Rate period of 360 Rate Period Days or longer will be calculated at the actual interest rate in effect for such Auction Rate Securities; and (ii) the debt service for all other Bonds then Outstanding will be calculated at (A) the rate prescribed under the applicable Qualified Swap Agreement, if any, for Auction Rate Securities subject to a Qualified Swap Agreement, (B) the actual rate for Fixed Rate Bonds in each case.

(ii) With respect to Bonds bearing interest at an Interest Rate Mode set forth in the Additional Interest Rate Modes Annex appended to the Indenture setting forth interest rate modes for the Bonds, the District will place on deposit with the Trustee on or prior to July 5 of each fiscal year monies in an amount equal to all principal and mandatory sinking fund redemption payments coming due in such fiscal year.

(iii) With respect to Bonds bearing interest at an Interest Rate Mode set forth in the Indenture, not later than the seventh ($7^{th}$) Business Day immediately preceding each Payment Date, the Trustee is

required to (a) determine the amount which the District is obligated to deposit with the Trustee for the payment of Debt Service on the Bonds during the next succeeding month, and (b) notify the District in writing of the amount so determined. The District agrees and covenants that, not later than the fifth (5th) Business Day immediately preceding each Payment Date, and following receipt of such written notice to the District, it will transfer the amount set forth in such written notice to the Trustee for deposit in the Debt Service Fund. In determining the amount of the District's payment under the Indenture, the Trustee is required to compute the Debt Service based on the interest rate set pursuant to the then applicable Interest Rate Determination Method, and for any interest rate period occurring prior to the next Interest Payment Date for which the rate has yet to be set, the Trustee is required to compute the Debt Service based on an interest rate equal to the higher of (a) the rate prescribed under the Qualified Swap Agreement or (b) One Month LIBOR plus twenty five (25) basis points, and will subtract from the Debt Service due any funds available in the Debt Service Fund.

(b) Additional Payments. Not later than the fifth (5th) Business Day immediately preceding each Payment Date, the Trustee is required to determine whether the amounts held by it in the Debt Service Fund will be sufficient to pay the aggregate amount of principal and Accreted Value of and interest on the Bonds coming due and payable on such Payment Date, including the Accreted Value of all Capital Appreciation Bonds and including the amount of any Sinking Fund Payment. If the Trustee determines that the amounts held by it in the Debt Service Fund will be insufficient to make such payment, the Trustee is required to immediately notify the District of such fact, and the District is required to pay the amount of such insufficiency to the Trustee, from any source of legally available funds of the District, such payment to be made not later than three (3) Business Days prior to the Payment Date; provided, however, that such legally available funds will be limited to the following sources: (1) initial proceeds of the Bonds, (2) drawings by the Trustee on the Credit Support Instrument, (3) remarketing proceeds, if any, that the Trustee has received from the Remarketing Agent for the Bonds, (4) funds held by the Trustee for at least 90 days, during which time there has not been a bankruptcy filing by or against the District, (5) any bond insurance proceeds paid directly to the Trustee, as beneficiary of a Bond Insurance Policy, (6) proceeds from any Additional Bonds issued to refund all or a portion of the Bonds, and (7) other monies, if accompanied by an opinion concluding that payments to Owners from a specified source of funds would not be preferential transfers.

(c) Credit Support Instruments; Principal and Interest Payments. In the event the District has provided to the Trustee a Credit Support Instrument in the form of a direct pay letter of credit for any Series of Bonds providing for drawings by the Trustee to pay principal of and interest on Bonds of such Series, the Trustee is required to make drawings under such Credit Support Instrument in accordance with the Credit Support Instrument and apply the proceeds to the payment of principal of and interest on such Series of Bonds prior to applying moneys deposited by the District in the Debt Service Fund to the payment of principal of and interest on such Bonds. Such drawings is required to be made in an amount necessary and in sufficient time (in accordance with the terms of such Credit Support Instrument) to allow the Trustee to pay, as applicable and in the following order of priority: (i) the interest on such Series of Bonds as and when due; and (ii) principal (including Sinking Fund Payments) as and when due (whether at maturity or upon redemption or on account of sinking fund requirements). In the event such drawings by the Trustee are not honored in whole or in part, or the Credit Provider repudiates the Credit Support Instrument or defaults on a demand for payment thereunder, the Trustee will apply amounts on deposit in the Debt Service Fund to the payment of principal of and interest on such Bonds.

The reimbursement obligation under a Credit Support Agreement created by the honoring by a Credit Provider of a drawing on a Credit Support Instrument to pay principal of or interest due on a Series of Bonds referred to in subparagraph (c) of this Section will constitute a Reimbursement Obligation of the District, and the amounts due under such Credit Support Agreement on account of such drawing will be

immediately paid by the Trustee to the Credit Provider from the Principal Account, Sinking Fund, or Interest Account, as applicable pursuant to and in accordance with the Indenture.

Funds received by the Trustee on account of any such drawing on the Credit Support Instrument to pay principal of or interest due on a Series of Bonds will be deposited in a segregated account established for such Series of Bonds in the Debt Service Fund and be held uninvested in such accounts. Such funds will be held in trust in accordance with the Indenture, will not be used for any other purpose, and the Trustee is required to have no lien for its own benefit thereon.

In the event the District has provided to the Trustee a Credit Support Instrument in the form of a direct pay letter of credit for any Series of Bonds providing for drawings by the Trustee to purchase Bonds of such Series, the Trustee is required to make drawings under such Credit Support Instrument in accordance with the Credit Support Instrument and apply the proceeds to the purchase of Bonds of such Series in accordance with the Indenture. Notwithstanding anything in the Indenture to the contrary, the Trustee is required to make each such drawing in an amount equal to the Purchase Price for the Bonds being purchased less the amount of remarketing proceeds, if any, that the Trustee has received from the applicable Remarketing Agent for the Bonds prior to the latest time for submitting purchase draw requests under the applicable Credit Support Instrument as set forth in the Indenture hereto.

The amounts due under a Credit Support Agreement on account of a drawing thereon to purchase bonds pursuant to the immediately preceding paragraph will constitute a Reimbursement Obligation of the District, and amounts due under the applicable Credit Support Agreement on account of such drawing will be paid when due by the District to the Trustee pursuant to the Indenture and by the Trustee to the Credit Provider pursuant to and in accordance with the Indenture (without duplication of any amounts otherwise paid on the Credit Provider Bonds resulting from such drawing from moneys in the Debt Service Fund or from remarketing proceeds).

Funds received by the Trustee on account of any such drawing under a Credit Support Agreement to purchase Bonds is required to be held uninvested and be deposited in the Bond Purchase Fund (as such term is defined in the Indenture) established for such Series of Bonds and also held uninvested in that fund. Such funds is required to be held in trust in accordance with the Indenture, may not be used for any other purpose, and the Trustee will not have a lien for its own benefit thereon.

Notwithstanding anything to the contrary contained in the Indenture, the Trustee is required to segregate funds received from a Credit Provider pursuant to a draw on a Credit Support Instrument in the form of a direct pay letter of credit for any one or more Series of Bonds from all other funds held by the Trustee pursuant to the terms of the Indenture. The Trustee is required to hold such funds uninvested for the benefit of the Owners in the accounts established for such Series of Bonds. The Trustee is required to establish within the funds and accounts held by the Trustee pursuant to the Indenture such sub-accounts (the "Letter of Credit Accounts") as the Trustee determines are necessary to carry out such obligation.

If a letter of credit is enhancing a Series of Bonds, the Trustee is required to hold and maintain such letter of credit for the benefit of the Owners until such letter of credit expires in accordance with its terms. Subject to the provisions of the Indenture, the Trustee is required to enforce all terms, covenants and conditions of each letter of credit including payment when due of any draws on such letter of credit, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, such letter of credit, and will not consent to, agree to or permit any amendment or modification of such letter of credit which would materially adversely affect the rights or security of the Owners of the Bonds enhanced by such Letter of Credit. If at any time during the term of any letter of credit any successor Trustee is appointed and qualified under the Indenture, the resigning or removed Trustee is required to request that the Bank transfer such letter of credit to the successor Trustee. If the resigning or

removed Trustee fails to make this request, the successor Trustee is required to do so before accepting the appointment. Any Letter of Credit that is a Liquidity Instrument as defined in Indenture may be substituted pursuant to the Indenture.

Prepayment of Fees. Not later than March 1 in each year, the Trustee is required to determine the amount of fees of the Auction Agent and the Broker Dealer which the District will be obligated to pay to the Auction Agent and the Broker-Dealer during the 12-month period beginning on the succeeding July 1, based on amounts invoiced to the Trustee for such period by the Auction Agent and the Broker-Dealer (or estimated by the Trustee to come due for such period), and the Trustee is required to notify the District in writing of the amount so determined. The District agrees and covenants that, not later than July 5 following receipt of such written notice from the Trustee, it will transfer the amount set forth in such written notice from the Trustee, for deposit in the Administrative Expense Fund, from any source of legally available funds of the District.

Not later than the seventh (7th) Business Day immediately preceding each month, the Trustee is required to determine whether the amount in the Administrative Expense Fund will be sufficient to pay the aggregate amount of the fees of the Auction Agent, the Broker Dealer, the Remarketing Agent, and the Credit Provider which the District will be obligated to pay to the Auction Agent, the Broker Dealer, the Remarketing Agent and the Credit Provider during the next succeeding month, based on amounts invoiced to the Trustee for such period by the Auction Agent, the Broker-Dealer, the Remarketing Agent and the Credit Provider (or estimated by the Trustee to come due for such period), and the Trustee is required to notify the District in writing of the amount so determined. The District agrees and covenants that, not later than the fifth ($5^{th}$) Business Day immediately preceding the first day of the next succeeding month following receipt of such written notice from the Trustee, it will transfer the amount set forth in such notice for deposit in the Administrative Expense Fund from any source of legally available funds of the District

Debt Service Fund. The Indenture establishes the "Debt Service Fund" to be held by the Trustee in trust. The Trustee is required to hold the Debt Service Fund so long as any of the Bonds remain Outstanding. Amounts received by the Trustee pursuant to the Indenture is required to be deposited by the Trustee in the Debt Service Fund. All moneys in the Debt Service Fund is required to be applied, used and withdrawn only as provided in the Indenture. On or before the date when principal and interest on the Bonds and amounts due on Reimbursement Obligations is required to be due and payable, the Trustee is required to transfer from the Debt Service Fund and (i) pay to the Credit Provider for the Reimbursement Obligations the amounts due thereon, and (ii) deposit into the following respective accounts (each of which the Trustee is required to establish and maintain within the Debt Service Fund) in the following order of priority, the amounts necessary to make such payments of principal of and interest on the Bonds then due thereon (including the making up of any deficiencies in any such account resulting from the insufficiency of amounts in the Debt Service Fund sufficient to make any earlier required deposit) at the time of deposit before any transfer or deposit is made to any account subsequent in priority:

(a) Interest Account. The Trustee is required to set aside in the Interest Account amounts sufficient to pay the interest on Bonds as and when due and to pay amounts due on Reimbursement Obligations incurred in connection with an interest payment. Moneys in the Interest Account is required to be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as such interest is required to become due and payable and paying Reimbursement Obligations incurred in connection with an interest payment, provided that moneys in any separate account established to pay interest on a Series of Bonds is required to be used and withdrawn solely to pay interest on such Bonds as and when due and paying Reimbursement Obligations incurred in connection with an interest payment on such Series of Bonds.

(b) Principal Account. The Trustee is required to set aside in the Principal Account amounts sufficient to pay the principal of Bonds (including any Sinking Fund Payments) as and when due. Except as otherwise provided in the Indenture, moneys in the Principal Account is required to be used and withdrawn by the Trustee solely for the purpose of paying principal of the Bonds (including any Sinking Fund Payments) as and when due and to pay amounts due on Reimbursement Obligations incurred in connection with a principal payment (including any Sinking Fund Payment), provided that moneys in any separate account established to pay principal on a Series of Bonds is required to be used and withdrawn solely to pay principal of such Bonds as and when due and to pay amounts due on Reimbursement Obligations incurred in connection with a principal payment (including any Sinking Fund Payment) with respect to such Series of Bonds.

In the event the Trustee does not have sufficient funds on hand in the Debt Service Fund to pay the principal of and interest on Bonds and amounts due on Reimbursement Obligations when due, the Trustee is required to notify the District as promptly as practicable of the shortfall and apply the funds it has on hand in the Debt Service Fund and any additional funds received by the District for deposit in the Debt Service Fund to pay such Bonds and Reimbursement Obligations on a pro rata basis based on the respective amounts then known to the Trustee to be due on such Bonds and Reimbursement Obligations.

All amounts remaining on deposit in the Debt Service Fund on June 30 of each year, following the payment in full of all Debt Service and Reimbursement Obligations then required to be paid on the Bonds, is required to be transferred by the Trustee to the Rate Stabilization Fund.

All fund established under the Indenture will be segregated and will not be commingled.

Administrative Expense Fund. The Indenture establishes the "Administrative Expense Fund" to be held by the Trustee. The Trustee is required to deposit into the Administrative Expense Fund all amounts paid to it by the District for such purpose under the provisions of the Indenture with respect to prepayment of fees. Amounts held in the Administrative Expense Fund is required to be transferred by the Trustee to or upon the order of the District, as specified in a Request of the District, on each date provided therefor in the Auction Agent Agreement, the Broker Dealer Agreement, and the Reimbursement Agreement, including the Fee Letter, for payment of the Auction Agent Fees, the Broker-Dealer Fees, and the Letter of Credit Fees when due.

Rate Stabilization Fund. At the written request of the District filed with the Trustee at any time, the Trustee will establish a Rate Stabilization Fund. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, as the District may determine. At the written request of the District filed with the Trustee from time to time, the Trustee will disburse amounts in the Rate Stabilization Fund for any one or more of the following purposes:

(a) for the purpose of making any payment or prepayment of Debt Service on the Series 2005 OPEB Bonds, by transferring such amount to the Debt Service Fund; or

(b) for the purpose of providing for the payment of Retiree Health Benefit Costs, by transferring such amounts to the Retiree Health Benefit Program Fund.

Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Series 2005 OPEB Bonds. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the District, be applied for any other lawful purposes. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the District.

**Investment of Funds**

The Trustee is required to invest moneys in the Retiree Health Benefit Program Fund in Program Fund Investments specified in the written request of the District (which request will be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments. Amounts held in the Debt Service Fund and the Rate Stabilization Fund is required to be invested solely in Permitted Investments. In the absence of any such direction from the District, the Trustee is required to invest any such moneys solely in Permitted Investments described in clause (h) of the definition thereof. All interest or gain derived from the investment of amounts in any fund or account will be retained therein.

**Other Covenants of the District**

Punctual Payment. The District agrees punctually to pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2005 OPEB Bonds in strict conformity with the terms of the Indenture.

Budget and Appropriation. So long as any Series 2005 OPEB Bonds remain Outstanding, the District will adopt all necessary budgets and make all necessary appropriations for the payment of principal of and interest on the Series 2005 OPEB Bonds from any source of legally available funds of the District. If any payment of principal of and interest on the Series 2005 OPEB Bonds requires the adoption by the District of a supplemental budget or appropriation, the District will promptly adopt the same. Such covenants constitute duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in the Indenture agreed to be carried out and performed by the District.

Books and Accounts, Financial Statements. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries are made of all transactions relating to its funds and accounts. Such books of record and accounts is required to at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Trustee (who has no duty to inspect), the Bond Insurer and the Owners of not less than 10% in aggregate principal amount of the Series 2005 OPEB Bonds then Outstanding, or their representatives authorized in writing.

The District will cause to be prepared annually, within 180 days after the close of each Fiscal Year so long as any of the Series 2005 OPEB Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing its revenues and expenditures as of the end of such Fiscal Year. The District will furnish a copy of such statements to the Bond Insurer and, upon reasonable request, to the Trustee and any Series 2005 OPEB Bond Owner. The Trustee has no duty to review any such financial statement.

Additional Bonds. The District may issue additional bonds, notes or other obligations for the purpose of financing Retiree Health Benefit Costs or for the purpose of refunding any of the Series 2005 OPEB Bonds, which are payable from the same sources as the Series 2005 OPEB Bonds, in such principal amount as the District determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing, unless otherwise permitted by the Bond Insurer.

(b) Except in the case of bonds, notes or other obligations issued to refund the Series 2005 OPEB Bonds in whole or in part, either (i) such bonds, notes or other obligations constitute a portion of the bonds authorized by Resolution No. 05-0608 adopted by the Board of Trustees of the District on July 28, 2005, or (ii) the District has obtained a final non-appealable judgment of a court of competent jurisdiction to the effect such bonds, notes or other obligations constitute the legal, valid and binding obligations of the District and do not contravene the provisions of Article XVI, Section 18, of the California Constitution.

Protection of Security and Rights of Owners. The District will preserve and protect the security of the Series 2005 OPEB Bonds and the rights of the Owners. From and after the date of issuance of any Series 2005 OPEB Bonds, the Series 2005 OPEB Bonds will be incontestable by the District.

**Conversion of Auction Rate Securities**

Conversion Procedures. At the option of the District, with the prior written consent of the Bond Insurer and the Qualified Swap Provider (if the affected Auction Rate Securities are covered by a Qualified Swap Agreement), all but not less than all of any Series of Bonds may, upon 5 business days' notice (notwithstanding anything to the contrary provided below) be subject to mandatory tender and converted to any interest rate mode as set forth in Additional Interest Rate Modes Annex attached to the Indenture, or may be converted from Auction Rate Securities to Fixed Rate Bonds as follows:

(a) The Fixed Rate Conversion Date for a Series of Auction Rate Securities is required to be the Business Day immediately following the end of the Auction Rate Period for such Bonds.

(b) The District is required to give written notice of any such conversion to the Trustee, the Auction Agent, the Bond Insurer, the Qualified Swap Provider (if applicable) and the Broker-Dealer not less than 15 days nor more than 30 days prior to the date on which the Trustee is required to notify the affected Owners of the conversion of the applicable Tranche or Series under subparagraph (iii) immediately below. Such notice is required to specify the proposed Fixed Rate Conversion Date of the applicable Tranche and the Principal Amount of Auction Rate Securities to be converted to Fixed Rate Bonds. Together with such notice, the District is required to file with the applicable Broker-Dealer and the Trustee a legal opinion in the form required by the Indenture.

(c) Not fewer than 40 days prior to the Fixed Rate Conversion Date, the Trustee is required to mail a written notice of the conversion to the Owners of all Auction Rate Securities (with a copy to the Bond Insurer and the Auction Agent) of the applicable Series or Tranche to be converted, which notice is required to: (i) specify the Fixed Rate Conversion Date established for the applicable Bonds; (ii) notify such Owners that the Auction Rate Securities of the applicable Series or Tranche to be converted will be subject to mandatory tender for purchase on such Fixed Rate Conversion Date at a price equal to 100% of the Principal Amount of such Auction Rate Securities, plus interest accrued and unpaid with respect thereto, if any, to but not including the Fixed Rate Conversion Date; (iii) notify such Owners that in the event of a failed conversion, or if the District exercises its right of election to revoke the conversion, such Auction Rate Securities will not be subject to mandatory tender, will be returned to their Owners, will automatically convert to the Auction Rate Period in effect immediately prior to the Fixed Rate Conversion Date and will bear interest at the Maximum Auction Rate; and (iv) set

forth the time, the place and the manner for tendering such Auction Rate Securities for purchase.

(d) Not later than 12:00 noon, New York City time, on the Business Day immediately preceding the Fixed Rate Conversion Date, at the direction of the District, the Broker-Dealer is required to determine, by offering for sale and using at least its best efforts to find purchasers for the Auction Rate Securities which are to be converted to Fixed Rate Bonds: (i) the Fixed Rate(s) applicable to-such Bonds after such Fixed Rate Conversion Date; (ii) the allocation of such Bonds between Serial Bonds and Term Bonds, which allocation is required to be made in the manner set forth in the Indenture; (iii) the aggregate Principal Amount of the Bonds bearing interest at Fixed Rates as a result of such Fixed Rate Conversion; (iv) a schedule of the mandatory redemption dates and related Principal Amounts of converted Bonds which the District has redesignated as Serial Bonds and which the Bond Insurer has approved; and (v) a schedule of the mandatory redemption dates and related Principal Amounts of converted Bonds which are to be Term Bonds, if any, and which the Bond Insurer has approved.

Revocation of Conversion. The District may revoke its election to effect a conversion of the applicable Series or Tranche of the Auction Rate Securities to Fixed Rate Bonds by giving written notice of such revocation to the Trustee, the Bond Insurer, the Auction Agent, the Qualified Swap Provider (if applicable), the Swap Policy Provider (if applicable), and the applicable Broker-Dealer and at any time prior to the Business Day immediately preceding the Fixed Rate Conversion Date.

Mandatory Tender and Purchaser of Bonds on Conversion. Auction Rate Securities which are to be converted to Fixed Rate Bonds will be subject to mandatory tender for purchase on a proposed Fixed Rate Conversion Date (subject to the availability of funds sufficient to pay the Tender Price of such Auction. Rate Securities having been provided to the Trustee through the remarketing of such Bonds) at a price equal to 100% of the Principal Amount of such Auction Rate Securities plus interest accrued and unpaid with respect thereto, if any, to, but not including, the Fixed Rate Conversion Date.

**Amendment of Indenture**

(a) Amendment with Bond Owner Consent. The Indenture and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended by the District and the Trustee upon Written Request of the District at any time by the execution of a Supplemental Agreement, but only with the written consent of the Bond Insurer and the Credit Provider, if any, and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to all Bonds then outstanding, exclusive of Bonds disqualified as provided in Indenture. Any such Supplemental Agreement becomes effective upon the execution and delivery thereof by the parties thereto and upon the consent of the requisite Bond Owners. No such modification or amendment may:

i. extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal or Accreted Value thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Bond, or

ii. reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or

iii. modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment without Bond Owner Consent. The Indenture and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Agreement, without the Consent of any Owners of the Bonds, but only with the consent of the Bond Insurer, and only for any one or more of the following purposes, provided that if such amendment would affect any Series of Bonds for which a Credit Provider has provided a Credit Support Instrument, the consent of the Credit Provider will also be required:

i. to add to the covenants and agreements of the District contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the District;

ii. to cure any ambiguity, or to cure, correct or supplement any defective provision contained in the Indenture, or in any other respect whatsoever as the District deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the District and the Trustee;

iii. to modify, amend or add to the provisions in the Indenture to provide for the establishment of different interest rate modes, tender or purchase provisions in connection with the Bonds;

iv. to modify, alter, amend or supplement Appendix B to the Indenture, provided that any such modification, alteration, amendment or supplement becomes effective only on the first day of an Auction Period;

v. to modify, amend or add to the provisions in the Indenture to provide for credit facilities, liquidity facilities or other financial products agreements in connection with the Bonds;

vi. to restrict the purpose for which amounts in the Retiree Health Benefit Program Fund may be expended by rescinding the provisions of the Indenture with respect to transfers to redeem or defease Bonds; or

vii. to amend the provisions of Exhibit E including but not limited to the description of Retiree Health Benefit Program Fund Investments contained therein, provided that such amendments remain conditioned upon compliance with the provisions of Sections 53620 through 53622 of the Government Code of the State of California or any successor statutes.

**Events of Default and Remedies**

Events of Default Defined. Each of the following events constitutes an Event of Default under and as defined in the Indenture:

(a) Default in the due and punctual payment of the principal or accreted value of or interest on any Series 2005 OPEB Bonds when due and payable, whether at maturity as therein expressed, by proceedings for redemption, or otherwise.

(b) Default by the District in the observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Series 2005 OPEB Bonds, if

such default has continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the District by the Trustee, by the Bond Insurer or by the Owners of not less than 25% in aggregate principal amount of the Series 2005 OPEB Bonds at the time Outstanding; *provided, however*, if in the reasonable judgment of the District the default stated in the notice can be corrected, but not within such 60 day period, such default will not constitute an Event of Default if corrective action is instituted by the District within such 60 day period and diligently pursued until the default is corrected; and

(c) The filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the District, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (a), no effect will be given to payments made by the Bond Insurer under the Bond Insurance Policy.

Remedies. Subject to the provisions of the Indenture, if an Event of Default occurs under the applicable provisions of the Indenture and is continuing, the Trustee may with the prior written consent of the Bond Insurer and the Credit Provider, and at the written direction of the Bond Insurer and Credit Provider, or (with prior written consent of the Bond Insurer and Credit Provider) at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee must, (a) declare the principal and Accreted Value of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of 8.07, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under the Indenture.

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five (5) Business Days following becoming aware of such occurrence, the Trustee is required to give notice of such Event of Default to the District and to the Bond Insurer and the Credit Provider by telephone confirmed in writing. Such notice is also required to state whether the principal and Accreted Value of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default under the Indenture, the Trustee is required to, and with respect to any Event of Default described in the applicable provisions of the Indenture above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notice of redemption of the Bonds, which is required to include the statement that interest on the Bonds will cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal and Accreted Value of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the District deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, or at such rate as may be set forth in the applicable Credit Support Agreement, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment

of principal and Accreted Value of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the District and to the Trustee, may, on behalf of the Owners of all of the Bonds, and with the consent of the Bond Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy) and the Credit Provider (if it is not in default under the Credit Support Instrument), rescind and annul such declaration and its consequences. However, no such rescission and annulment will extend to or will affect any subsequent default, or will impair or exhaust any right or power consequent thereon.

Application of Funds Upon Event of Default. All of the amounts held in the funds and accounts established and held by the Trustee under the Indenture (including the Retiree Health Benefit Program Fund) upon the occurrence of an Event of Default, and all sums thereafter received by the Trustee under the Indenture, will be applied by the Trustee as follows and in the following order:

(a) First, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee under the provisions of the Indenture relating to compensation and indemnification, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law, provided however that no moneys in the Letter of Credit Accounts or the Bond Purchase Fund may be used to pay such expenses.

(b) Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest, principal and Accreted Value, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys are insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

(c) Third, to the Bond Insurer and Credit Provider for any amounts due and owing to the Bond Insurer under the Bond Insurance Policy, and to the Credit Provider for any amounts due and owing under the Indenture, provided that no moneys derived from drawings under a Credit Support Instrument, moneys set aside to pay principal or interest on any particular Bonds, or Tender Proceeds from remarketing of the Bonds may be used to pay any of the items listed in clause (a) until all amounts have been paid under clause (b) of this section; provided further that proceeds of a draw on a Letter of Credit and Tender Proceeds will be used solely to pay principal, interest, premium or purchase price of the Bonds as otherwise provided in the Indenture.

Limitation on Series 2005 OPEB Bond Owners' Right to Sue. No Series 2005 OPEB Bond Owner has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless:

(a) such Owner has previously given to the Trustee written notice of the occurrence of an event of default;

(b) the Owners of a majority in aggregate principal amount of all the Series 2005 OPEB Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;

(c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

**Defeasance of Series 2005 OPEB Bonds**

The District may pay and discharge the indebtedness on any or all of the outstanding Series 2005 OPEB Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal and accreted value of and interest on such Series 2005 OPEB Bonds, as and when they become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under the Indenture, in the opinion or report of an independent accountant is fully sufficient to pay such Series 2005 OPEB Bonds, including all principal, accreted value, interest and redemption premium, if any;

(c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an independent accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under the Indenture, be fully sufficient to pay and discharge the indebtedness on such Series 2005 OPEB Bonds (including all principal, accreted value, interest and redemption premium, if any) at or before maturity; or

(d) by purchasing such Series 2005 OPEB Bonds prior to maturity and tendering such Series 2005 OPEB Bonds to the Trustee for cancellation.

Notwithstanding the foregoing provisions, if the principal, accreted value, interest and premium (if any) on the Series 2005 OPEB Bonds are paid by the Bond Insurer under the Bond Insurance Policy, the obligations of the Trustee and the District will continue in full force and effect and the Bond Insurer will be fully subrogated to the rights of all Owners of the Bonds so paid. In addition, the obligations of the Trustee and the District under the Indenture will continue in full force and effect, and will not be terminated, until such time as the District has paid all amounts (if any) as are due and owing to the Bond Insurer under the Bond Insurance Policy; and the Trustee may not distribute any funds to the District unless the District has certified to the Trustee that there are no obligations then due and owing by the District to the Bond Insurer under the Bond Insurance Policy.

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**APPENDIX D**

**2005 OPINION OF 2005 BOND COUNSEL**

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December 28, 2005

Board of Trustees
Peralta Community College District
333 East Eighth Street
Oakland, California 94606

***OPINION:*** $153,749,832.25 Peralta Community College District
Taxable 2005 Limited Obligation OPEB
(Other Post-Employment Benefit) Bonds

Ladies and Gentlemen::

We have acted as bond counsel in connection with the issuance and delivery by the Peralta Community College District (the "District") of $153,749,832.25 aggregate principal amount of bonds of the District designated the "Peralta Community College District Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds" (the "Bonds"), issued under the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), an Indenture of Trust dated as of December 1, 2005, between the District and Deutsche Bank National Trust Company, as trustee (the "Indenture") and a resolution duly adopted by the Board of Trustees of the District adopted on July 28, 2005 (the "Resolution"). The Bonds have been issued to provide funds to refund certain obligations of the District to provide health care benefits to retired employees of the District, and to pay costs incurred in connection with the issuance, sale and delivery of the Bonds. We have examined the Bond Law, the Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. Additionally, in rendering our opinion, we are also relying upon the judgment entered by the Superior Court of the State of California for the

County of Alameda on November 7, 2005, in *Peralta Community College District v. All Persons Interested, etc.,* Case No. RG 05-2288682.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The District is a community college district duly organized and existing under the Constitution and laws of the State of California, with power to adopt the Resolution, to enter into the Indenture and perform the agreements on its part contained therein, and to issue the Bonds.

2. The Bonds constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.

3. The Indenture has been duly authorized, executed and delivered by the District and constitutes a legal, valid and binding obligation of the District enforceable against the District in accordance with its terms.

4. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the Peralta Community College District (the "District") in connection with $43,175,000 aggregate principal amount of Peralta Community College District Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds, Series B-3 (the "Series B-3 Bonds"). The Series B-3 Bonds are issued and outstanding pursuant to the terms of the Indenture (as defined herein). The District hereby covenants and agrees as follows:

1. Purpose of Certificate. This Certificate is being executed and delivered by the District for the benefit of the Bondowners and Beneficial Owners of the Series B-3 Bonds and in order to assist the Remarketing Agent in complying with the Rule (as defined below). The District is the only Obligated Person (as defined in the Rule) for the Series B-3 Bonds.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Certificate.

"*Beneficial Owner*" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series B-3 Bonds (including persons holding Series B-3 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series B-3 Bonds for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" shall mean Backstrom McCarley Berry & Co., LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*EMMA*" means the Electronic Municipal Market Access system maintained by the MSRB.

"*Financial Obligation*" shall mean, for purposes of the Notice Events set out in Sections 5(a)(10) and 5(b)(8), a: (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Indenture*" means the Indenture of Trust, dated as of December 1, 2005, by and between the District and the Trustee, as amended and supplemented through the date hereof, including by a Second Supplemental Indenture, dated as of July 1, 2020, and as it may from time to time be supplemented, modified or amended by any supplemental indenture pursuant to the provisions thereof.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Notice Event*" means any of the events listed in Section 5(a) and (b) of this Certificate.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Remarketing Agent*" means Barclays Capital Inc. in connection with the reoffering of the Series B-3 Bonds.

"*Reoffering Circular*" means the Reoffering Circular dated July 30, 2020, prepared and distributed in connection with the reoffering of the Series B-3 Bonds.

"*Rule*" means paragraph (b)(5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

"*Trustee*" means U.S. Bank National Association, as successor trustee to Deutsche Bank National Trust Company, or any successor trustee under the Indenture.

3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2020 (which is due no later than April 1, 2021), provide to the MSRB, in a format prescribed by the MSRB, copies of an Annual Report which is consistent with the requirements of Section 4 of this Certificate. As of the date of this Certificate, the format prescribed by the MSRB is to electronically post on EMMA. Information regarding requirements for submissions to EMMA is available at emma.msrb.org.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Notice Event under subsection 5(c).

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the Filing Date, the District shall, in a timely manner, send a notice to the MSRB in substantially the form of Exhibit A to this Certificate, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent (if other than the District) shall:

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided to the MSRB.

4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the District for the fiscal year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a) of this Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Reoffering Circular, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the financial statements, the following types of information will be provided in one or more reports in a format similar to that in the Reoffering Circular:

(i) the number of full-time equivalent students ("FTES");

(ii) pension plan contributions made;

(iii) aggregate principal amount of short-term borrowings, lease obligations, general obligation bonds and other long-term borrowing;

(iv) a description of the general fund revenues and expenditures that have been budgeted for the current fiscal year, together with audited actual budget figures from the preceding fiscal year;

(v) total program-based funding, including the amount of funding per unit of FTES and the aggregate amount of funding; and

(vi) assessed valuation of taxable property in the District, including the assessed valuation of the top ten property owners.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Commission and posted on EMMA. The District shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the District to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the District or to reflect changes in the business, structure, operations, legal form of the District or any mergers, consolidations, acquisitions or dispositions made by or affecting the District; provided that any such modifications shall comply with the requirements of the Rule.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series B-3 Bonds, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Notice Event to the MSRB through EMMA:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series B-3 Bonds, if material, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Notice Event to the MSRB through EMMA:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series B-3 Bonds or other material events affecting the tax status of the Series B-3 Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls*;

4. Release, substitution, or sale of property securing repayment of the Series B-3 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Notice Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Notice Event described in Section 5(a), or determines that knowledge of a Notice Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Notice Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

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* Any scheduled redemption of Series B-3 Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Notice Event within the meaning of the Rule.

(f) The District intends to comply with the Notice Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

6. Termination of Reporting Obligation. The District's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series B-3 Bonds. If such termination occurs prior to the final maturity of the Series B-3 Bonds, the District shall give notice of such termination in the same manner as for a Notice Event under subsection 5(c).

7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Certificate. The initial Dissemination Agent shall be the Backstrom McCarley Berry & Co., LLC.

8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the District may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of subsection 3(a), Section 4, or subsection 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series B-3 Bonds, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the reoffering of the Series B-3 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of a majority of outstanding principal amount of the Series B-3 Bonds, in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondowners or Beneficial Owners of the Series B-3 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Notice Event under subsection 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

9. Additional Information. Nothing in this Certificate shall be deemed to prevent the District from disseminating any other information, including the information then contained in Appendix A to the District's official statements or reoffering circulars relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Notice Event in addition to that which is specifically required by this Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Notice Event.

10. Default. In the event of a failure of the District to comply with any provision of this Certificate, any Bondowner or Beneficial Owner of the Series B-3 Bonds may commence an action in a court of competent jurisdiction in Oakland, California, seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Certificate; provided that any Beneficial Owner seeking to require the District to comply with this Certificate shall first provide at least 30 days' prior written notice to the District of the District's failure, giving reasonable detail of such failure, following which notice the District shall have 30 days to comply. A default under this Certificate shall not be deemed an Event of Default under the Indenture with respect to the Series B-3 Bonds, and the sole remedy under this Certificate in the event or any failure of the District to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

11. Beneficiaries. This Certificate shall inure solely to the benefit of the District, any Dissemination Agent the Bondowners and Beneficial Owners from time to time of the Series B-3 Bonds, and shall create no rights in any other person or entity.

12. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

IN WITNESS WHEREOF, the Peralta Community College District has executed this Continuing Disclosure Certificate as of the date first set forth herein.

PERALTA COMMUNITY COLLEGE DISTRICT

By: _____
Acting Chancellor

Agreed to and Accepted by:

BACKSTROM MCCARLEY BERRY & CO., LLC,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of District: | PERALTA COMMUNITY COLLEGE DISTRICT |
| Name of Bond Issue: | PERALTA COMMUNITY COLLEGE DISTRICT<br>TAXABLE 2005 LIMITED OBLIGATION OPEB<br>(OTHER POST-EMPLOYMENT BENEFIT) BONDS, SERIES B-3 |
| Date of Issuance: | _____, 2020 |

**NOTICE IS HEREBY GIVEN** that the District has not provided an Annual Report with respect to the above-named Series B-3 Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

PERALTA COMMUNITY COLLEGE DISTRICT

By: _____[to be signed only if filed]_____

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## APPENDIX F

## BOOK-ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX F HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE DISTRICT, THE DISTRICT, THE BANK, THE REMARKETING AGENT OR THE TRUSTEE AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS REOFFERING CIRCULAR.

The Depository Trust Company ("DTC") New York, NY, acts as securities depository for the Series B-3 Bonds. The Series B-3 Bonds will be offered as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each issue of the Series B-3 Bonds, each in the aggregate principal amount of such issue, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series B-3 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series B-3 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are however expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series B-3 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the Series B-3 Bonds, except in the event that use of the book-entry system for the Series B-3 Bonds is discontinued.

To facilitate subsequent transfers, all Series B-3 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series B-3 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series B-3 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series B-3 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series B-3 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series B-3 Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series B-3 Bonds may wish to ascertain that the nominee holding the Series B-3 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series B-3 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series B-3 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the respective District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series B-3 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the Series B-3 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the District, the District or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series B-3 Bonds purchased or tendered (subject to the terms of the Indenture), through its Participant, to the Tender Agent, and shall effect delivery of such Series B-3 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series B-3 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series B-3 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series B-3 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series B-3 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series B-3 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Any District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates for such Series B-3 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES B-3 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS OF THE SERIES B-3 BONDS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES B-3 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

**THE DISTRICT, THE BANK, THE REMARKETING AGENT AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO PARTICIPANTS, OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS, PAYMENTS OF PRINCIPAL OR PURCHASE PRICE OF AND INTEREST AND PREMIUM, IF ANY, ON THE SERIES B-3 BONDS PAID OR ANY REDEMPTION OR OTHER NOTICES OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS REOFFERING CIRCULAR. NONE OF THE DISTRICT, THE BANK, THE REMARKETING AGENT OR THE TRUSTEE IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO MAKE ANY PAYMENTS OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES B-3 BONDS OR ANY ERROR OR DELAY RELATING THERETO.**

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## APPENDIX G

## ALAMEDA COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

*The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Alameda. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer-Tax Collector and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1221 Oak Street, Room 131, Oakland, CA 94612.*

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# County of Alameda

## Investment Policy

### Year 2020

**Henry C. Levy**
**Treasurer-Tax Collector**

## Introduction and Overview of the County of Alameda

The County of Alameda is a political subdivision of the State of California in the San Francisco Bay Area formed in 1853. The County covers an area of approximately 821 square miles in the Bay Area of the State, and it is the 20th largest County (by population) in the United States. The City of Oakland, the County seat, is one of the most populous cities in the State.

## Governing Authority

The County of Alameda is governed by a five-member Board of Supervisors, each of whom is elected on a non-partisan basis from a separate district where he/she lives. Within the broad limits established by the State Constitution, State General Law, and the Alameda County Charter, the Board exercises both the legislative and the executive functions of government. The Board of Supervisors is also the governing body for a number of "special districts" within Alameda County.

## Delegation of Authority and Investment Responsibility

The Alameda County Board of Supervisors, by Ordinance # O-2019-57 adopted on November 26, 2019 has renewed the annual delegation of its investment authority and responsibility to invest and/or to reinvest the funds in the Alameda County treasury to the Alameda County Treasurer. Accordingly, to provide a framework for the oversight of the Treasurer's investment responsibilities and activities, the Government Code of the State of California through Section 27133 requires the Treasurer to prepare an annual investment policy that provides the specific guidelines, pursuant to which, the Treasurer should carry-out investment-related functions.

## Policy Statement

The purpose of this Investment Policy is to establish investment guidelines for the Treasurer, to whom the Board of Supervisors annually delegates the responsibility for the stewardship of the County's Investment Program. Each transaction and the entire portfolio must comply with applicable California Government Code, County Ordinances, and this Policy. All investment program activities will be judged by the standards of the Policy and ranking of Primary Investment Objectives. Those activities that violate its spirit and intent will be deemed to be contrary to the Policy. This Policy shall remain in effect until the Board of Supervisors approves a subsequent revision.

## Scope

This Investment Policy applies to all funds over which the Treasurer has been delegated the fiduciary responsibility and direct control for its management.

## Primary Investment Objectives

The Treasurer shall invest monies in the treasury in accordance with the following basic principles of investing, in the order of priority:

1. **Safety**: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. **Liquidity**: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This objective shall be achieved by matching investment maturities with forecasted cash outflows and maintaining an additional liquidity buffer for unexpected expenditures.

3. **Investment Income**: The investment portfolio shall be designed with the objective of attaining a market rate of investment income throughout budgetary and economic cycles, considering the investment risk constraints of safety, while bearing in mind the cash-flow characteristics and operating cash needs of County departments, the County's various subdivisions, school districts and special districts.

## Primary Investment Philosophy

Securities shall generally be held until maturity, with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal.
2. Liquidity needs of the portfolio require that the security be sold.
3. A security swap would improve the quality, yield, or target duration in the portfolio.

## Standard of Prudence

The standard of prudence to be used by the Treasurer shall be the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 and 27000.3. The Section reads as follows: The Prudent Investor Standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Treasurer, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Treasurer.

This standard of prudence shall be applied in the context of managing those investments that fall under the Treasurer's direct control. Investment officers acting in accordance with written

procedures and this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## Allowable Investments

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including types of allowable investments, proportional limits by investment type relative to the size of the investment pool, maximum maturity of investments, and credit rating criteria. The term to maturity of investments in the pool shall not exceed a final maturity of 5 years from date of purchase, except when specifically authorized by a resolution of the Alameda County Board of Supervisors. Final maturity limits, investment type limits, and issuer ratings and limits are calculated/considered at time of purchase.

The investments shall conform to the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:
(Please refer to **Attachment I - SUMMARY OF ALLOWABLE INVESTMENTS**)

**U.S. Treasury Obligations or backed by the full faith and credit of the United States**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation: | Not applicable |
| Maximum Issuer Concentration: | Not applicable |
| Minimum Issuer Rating: | Not applicable |

**U.S. Federal Agencies**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | Not applicable |
| Maximum Issuer Concentration: | Not applicable |
| Minimum Issuer Rating: | Not applicable |

**Money Market Mutual Funds**

| | |
|---|---|
| Maximum Term: | 1 day |
| Maximum Type Allocation | 20% |
| Maximum Issuer Concentration: | 10% |
| Minimum Fund Rating: | AAA equivalent or better by two or more Nationally Recognized Statistical Ratings Organizations (NRSRO) |
| Other: | Maintain a consistent net asset value (NAV) of $1.00 |

**Commercial Paper**

| | |
|---|---|
| Maximum Term: | 270 days |
| Maximum Type Allocation | 25% |
| Maximum Issuer Concentration: | 10% in aggregate with corporate notes/bonds and CDs |

| | |
|---|---|
| Minimum Issuer Rating: | A-1, P-1, F-1 equivalent or better by a NRSRO |
| Other: | Issuer must meet the following criteria: Is organized and operating in the United States as a general corporation, has total assets in excess of $500 million, has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO, or;<br>is organized within the United States as a special purpose corporation, trust, or limited liability company, and has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond. |

**Negotiable Certificates of Deposit**

| | |
|---|---|
| Maximum Term: | 1 year |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | 10% in aggregate with corporate notes/bonds and CP |
| Minimum Issuer Rating: | A-1, P-1, F-1 equivalent or better by a NRSRO |
| Other: | Issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank |

**Medium-Term Corporate Notes**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | 10% in aggregate with CDs and CP |
| Minimum Issuer Rating: | A category, equivalent or better |
| Other: | Issued by corporations organized and operating within the United States, depository institutions licensed by the United States, or any state and operating within the United States |

**Asset-Backed Securities**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | 20% |
| Maximum Issuer Concentration: | 5% |
| Minimum Issuer Rating: | AAA equivalent by a NRSRO |
| Other: | Equipment lease-backed certificates, consumer receivable pass-through certificates or consumer receivable-backed bonds are eligible for purchase. |

**State and Local Government Obligations**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | 20% |
| Maximum Issuer Concentration: | 5% |

| | |
|---|---|
| Minimum Issuer Rating: | A equivalent or better by one NRSRO |
| Other: | Issued by State and local governments in the United States. |

**Repurchase Agreements**

| | |
|---|---|
| Maximum Term: | 180 days |
| Maximum Type Allocation | 20% |
| Maximum Issuer Concentration: | Not applicable |
| Minimum Issuer Rating: | Not applicable |
| Collateral: | 102%, by Treasury or Agency securities with a final maturity of 5 years of less, marked-to-market daily. |
| Other: | Counter-party requirements: A financial institution that will deliver the securities versus payment, either to the Treasurer's custodian bank or to a third-party custodian. |

**Reverse Repurchase Agreements**

| | |
|---|---|
| Maximum Term: | 180 days |
| Maximum Type Allocation | 20% |
| Maximum Issuer Concentration: | Not applicable |
| Minimum Issuer Rating: | Not applicable |
| Other: | Borrowing for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors, pursuant to Government Code guidelines. |

**Banker's Acceptances**

| | |
|---|---|
| Maximum Term: | 180 days |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | 10% |
| Minimum Issuer Rating: | A-1, P-1, F-1 equivalent or better by a NRSRO |
| Other: | Drawn on and accepted by a commercial bank |

**Supranationals**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | 15% |
| Minimum Issuer Rating: | AA equivalent or better by a NRSRO |
| Other: | Purchase of U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank of Reconstruction and |

Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) that are eligible for purchase or sale in the United States.

**Local Agency Investment Fund (LAIF)**

| | |
|---|---|
| Maximum Term: | 1 day |
| Maximum Type Allocation | Current State limit |
| Minimum Issuer Rating: | Not applicable |

**CalTRUST (Joint Powers Authority Investment Trust for California Public Agencies)**

| | |
|---|---|
| Maximum Term: | 1 day |
| Maximum Type Allocation | Twice the limit of LAIF |
| Minimum Issuer Rating: | Not applicable |

**CAMP (Joint Powers Authority created to provide a statewide local government investment pool)**

| | |
|---|---|
| Maximum Term: | 1 day |
| Maximum Type Allocation | Twice the limit of LAIF |
| Minimum Issuer Rating: | Not applicable |

**Collateralized/FDIC Insured Time Deposits**

| | |
|---|---|
| Maximum Term: | 5 years |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | FDIC limit |
| Minimum Issuer Rating: | Not applicable |
| Other: | The Treasurer may place interest-bearing time deposits with banks and or credit unions located within the State of California, collateralized in accordance with requirements of the Government Code. Further, pursuant to the requirement of Government Code Section 53635.2, to be eligible as a depository of local agency monies, the depository institution must have a CRA (Community Reinvestment Act) rating of "Satisfactory" or better in its most recent evaluation by FFIEC. The bank may use a private sector entity to help place deposits with banks or credit union located in the United States. |

**Collateralized Money Market Bank Accounts**

| | |
|---|---|
| Maximum Term: | 1 day |
| Maximum Type Allocation | 30% |
| Maximum Issuer Concentration: | 20% |
| Minimum Issuer Rating: | Not applicable |
| Other: | The Treasurer may deposit funds in interest-bearing collateralized money market bank accounts in banks or credit |

unions that qualify under the eligibility requirements required for collateralized/FDIC insured time deposits. Deposits in money market bank accounts are made to provide better short-term yield and over-night liquidity.

## Other Investments

Any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.

## Credit Rating Information

Credit rating requirements for eligible securities referred-to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following National Recognized Statistical Rating Organizations (NRSRO) rating agencies:

- Moody's Investor Service
- Standard & Poor's Rating Services
- Fitch IBCA, Inc.
- Thompson Bank Watch

A list of possible ratings for Standard and Poor's, Moody's and Fitch are in **Attachment II - RATINGS INTERPRETATION**

## Socially Responsible Investment Objectives

In addition to and subordinate to the objectives set forth in the County's Primary Investment Objectives, the Treasurer seeks to implement a policy of responsible investment, which is a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions. Investments will be made with responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities available at the same time.

The Treasurer will actively incorporate ESG factors in its investment analysis and decision-making process and will work to enhance its effectiveness in implementing the principles of responsible investing.

Within the guidance for responsible investing, the Treasurer will consider additional socially responsible and impact investing criteria. Such criteria shall be consistent with values promulgated by the County of Alameda.

## Securities Lending

Pursuant to Section 53601 (j) (3) of the Government Code, the Treasurer may engage in securities lending through a third-party custodian and lending administrator. Revenues derived from

securities lending will be considered incremental investment income to be shared among participating funds in the investment pool.

## Prohibited Investments and Transactions

The following are prohibited investments and transactions:

- Range notes
- Inverse floating rate securities
- Step-down securities
- Short selling
- Any security that could result in zero interest accrual if held to maturity

## Diversification Parameters

The investment program shall follow the following diversification parameters:

- Issuer: No more 10% in aggregate corporate exposure (CD, CP, Corporate Notes)
- Floating Rate, Structured Notes, and Other Derivative Securities: No more than 15%

## Maturity Parameters

The investment program shall follow the following maturity parameters:

- Weighted Average Maturity no greater than 3 years (using stated final maturity)
- At least 10% of the County Investment Pool maturing within 90 days

## Investment Procedures

The Treasurer has written procedures for the operation of the investment program. The procedures include such items as delegation of duties/authority, reconciliation, trade settlement, investment strategy/selection, compliance monitoring, reporting, and internal controls.

## Performance Information

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the County. The County's investment strategy is conservative and is reflected in its general "hold to maturity" philosophy. Given this strategy, the Treasurer shall develop an appropriate custom benchmark for investment considerations which shall reflect the prominent and persistent characteristics of the portfolio over time. The benchmark will be adjusted periodically when material changes take place regarding asset allocation and/or duration.

## Directed Investments and Withdrawal Policy

### School Districts and Community College Districts

Pursuant to Education Code section 15146(g), at no time shall bond proceeds be withdrawn by the school districts or community college districts for investment outside the county treasury.

### Special Districts

Self-directed investments made by any special district, including deposits by same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each special district withdrawing funds for the purpose of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in an amount not exceeding $20,000,000**.** Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Permissible withdrawals are further subject to the following requirements:

- Each special district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing, so that the Treasurer could place such bond proceeds in short-term investment/s whose maturity would coincide with the settlement/purchase date of the directed investment.
- Securities representing district- directed investments shall be held solely for the purpose of safekeeping by the County Treasurer at the County's custodial bank.
- Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.

## Other Provisions

Further, the Treasurer sets forth the following:

1. The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and investment pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets to provide maximum portfolio liquidity.

2. The Treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures is unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as

described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market due to a withdrawal for the purpose of investing funds outside of the Treasurer's investment pool, the resulting loss, if any, shall be borne by the withdrawing district alone. Losses due to the sale of securities to meet unanticipated cash needs other than for investing funds outside the Treasurer's pool shall be considered as a normal cost of providing unanticipated liquidity needs.

3. The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement.

4. Pursuant to Government Code Section 53684(a) and unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code after signing an Investment Management Agreement.

## Investment Reporting and Review

The Treasurer shall submit a report on the monthly transactions and the status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the book and market value of securities held, income received, book yield, duration, liquidity profile, and investment policy compliance.

## Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Treasurer's investment pool.

Further, any securities broker or dealer who has made a political contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board

within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the Treasurer.

## Internal Controls

The Treasurer shall employ internal controls designed to prevent losses of public funds arising from fraud, employee error, misrepresentations by third parties, or imprudent actions by employees and officers of County.

## Internal and External Audit

The custodian/safekeeping account, investment transactions, and records shall be audited at least quarterly by internal auditors independent of the Treasurer and/or by outside independent auditors and the audit results reported to the members of the Treasury Oversight Committee, Board of Supervisors, or the Auditor-Controller. Pursuant to the Treasury Oversight Committee mandate, the investment pool shall be audited annually by an independent auditor and the results reported to the members of the Treasury Oversight Committee, the Board of Supervisors, the Grand Jury, the Auditor-Controller, and all participating entities in the investment pool as governed by state law.

## Safekeeping and Custody

The following process shall be maintained for safekeeping and custody of securities:

1. All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Alameda County's safekeeping institution prior to the release of funds.
2. All marketable securities except for money market funds registered in the County's name shall be deposited for safekeeping with banks contracted to provide the Treasurer with custodial security clearance services. Securities are **NOT** to be held in investment firm/broker-dealer account.

## Authorized Financial Institutions, Depositories, and Broker/Dealers

The Treasurer shall maintain a list of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of broker/dealers that are approved to conduct investment security transactions with the Treasurer. These may include primary dealers, regional broker/dealers, minority-owned broker/dealers and direct issuers of securities.

All financial institutions and depositories, including broker-dealers, must provide certification of having read and understood and agreeing to comply with the Treasurer's investment policy on an annual basis.

All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

1. Audited financial statements
2. Proof of FINRA registration
3. Proof of state registration
4. Completed broker/dealer questionnaire
5. Certification of having read and understood and agreeing to comply with the Treasurer's investment policy

## Allocation of Investment Income and Costs

The Treasurer shall account for investment income to be apportioned based on average daily cash balances of participating funds during the quarterly allocation period. Government Code Section 27013 permits the Treasurer to charge the cost of the treasury operations and administration to the investment income prior to distribution. The cost of operating the County treasury which includes tax and revenue receipt processing, county-wide central cashiering and banking, investment services, management, operations, safekeeping and accounting, daily redemption of county warrants/checks and other direct and indirect treasury operations costs, shall be netted on a quarterly basis against the un-apportioned income prior to its allocation to the pool participants. The treasury operations costs are determined each fiscal year as part of the budgeting process, during which the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

## Treasury Oversight Committee

The Treasury Oversight Committee shall meet at least once annually, preferably in May. The responsibilities of the Treasury Oversight Committee are:

1. To ensure that an annual audit of the investment portfolio is performed;
2. To review and monitor the Treasurer's Annual Investment Policy before it is submitted to the Board of Supervisors for authorization; and
3. To ensure that the Treasurer's investments conform to the requirements of the annual investment policy.

## Limit on Receipt of Honoraria, Gifts and Gratuities

No individual responsible for the management of the County's investment portfolio or any member of the Treasury Oversight Committee shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, consistent with the state law.

## Business Continuity

The Treasurer has developed a Business Continuity Plan describing the Treasurer's anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to resume operations as quickly and smoothly as possible.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and County property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all the Treasurer's books and records, and allowing the continued ability to manage the investment program and transact business.

## Investment Policy Adoption

The Treasurer shall submit the County's Investment Policy to the Board of Supervisors for annual adoption by resolution. The policy shall be reviewed annually by the Treasury Oversight Committee and any modifications made thereto must be authorized by the Board of Supervisors.

## Conclusion

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, any new permissive provisions under the governing sections of the Government Code shall be allowed without necessarily amending the investment policy during the year that the law takes effect. However, such new provision shall be adopted by policy in the next annual investment policy. This investment policy shall be in effect until revised or replaced by the investment policy of the following year.

## SUMMARY OF ALLOWABLE INVESTMENTS

| AUTHORIZED INVESTMENTS | MAXIMUM % HOLDINGS | PURCHASE RESTRICTIONS | MAXIMUM MATURITY | CREDIT QUALITY |
|---|---|---|---|---|
| US Treasury Obligations | 100% | N/A | 5 years | N/A |
| Federal Agencies | 100% | Max issuer 100% | 5 years | N/A |
| Money-Market Mutual Funds | 20% | Max 10% issuer, must maintain constant NAV | Daily Liquidity | AAA rated from at least 2 NRSROs |
| Commercial Paper | 25% | Max issuer 10%, combined with corporates and CP | 270 days | A-1 equivalent or better by 2 NRSROs |
| Negotiable CDs | 30% | Max issuer 10%, combined with corporates and CP | 1 year | A-1 equivalent or better by 2 NRSROs |
| Medium Term Corporate Notes | 30% | Max issuer 10%, combined with corporates and CP | 5 years | A equivalent or better by 2 NRSROs |
| Asset-Backed Securities | 20% | Max issuer 5%, equipment leased-backed certificate, consumer receivable pass-throughs, consumer receivables-backed bonds | 5 years | AA equivalent or better by 2 NRSROs |
| State and Local Government Bonds | 20% | Max issuer 5% | 5 years | A equivalent or better by 1 NRSROs |
| Repurchase Agreements (REPO) | 20% | Collateral to be US Government or Federal Agency with max maturity of 5 years. 102% of funds borrowed and marked-to-market daily | 180 days | N/A |
| Reverse Repurchase Agreements (Reverse REPO) | 20% | Prior approval of the Board of Supervisors | 180 days | N/A |
| Banker's Acceptances | 30% | Drawn on and accepted by a commercial bank | 180 days | A-1 equivalent or better by 2 NRSROs |
| Supranational | 30% | Max 15% issuer, Senior unsecured unsubordinated or guaranteed by IBRD, IFC, or IADB | 5 years | AA equivalent or better by 2 NRSROs |
| LAIF | State Limit | Per LAIF | Daily Liquidity | N/A |
| CalTRUST | 2X LAIF | Per CalTRUST | Daily Liquidity | N/A |
| CAMP | 2X LAIF | Per CAMP | Daily Liquidity | N/A |
| Collateralized/FDIC Insured Time Deposits | 30% | Refer to page 8 | 5 years | N/A |
| Collateralized Money Market Bank Accounts | 30% | Refer to page 8 | Daily Liquidity | N/A |

**Attachment II**

# RATINGS INTERPRETATION

| LONG TERM DEBT RATINGS | | | |
|---|---|---|---|
| **MOODY'S** | **S&P** | **FITCH** | **RATINGS INTERPRETATION FOR CREDIT** |
| Aaa | AAA | AAA | STRONGEST QUALITY |
| Aa1 | AA+ | AA+ | STRONG QUALITY |
| Aa2 | AA | AA | |
| Aa3 | AA- | AA- | |
| A1 | A+ | A+ | GOOD QUALITY |
| A2 | A | A | |
| A3 | A- | A- | |
| Baa1 | BBB+ | BBB+ | MEDIUM QUALITY |
| Baa2 | BBB | BBB | |
| Baa3 | BBB- | BBB- | |
| Ba1 | BB+ | BB+ | SPECULATIVE |
| Ba2 | BB | BB | |
| Ba3 | BB- | BB- | |
| B1 | B+ | B+ | LOW |
| B2 | B | B | |
| B3 | B- | B- | |
| Caa | CCC+ | CCC | POOR |
| - | CCC | - | HIGHLY SPECULATIVE TO DEFAULT |
| - | CCC- | - | |
| Ca | CC | CCC | |
| C | - | - | |
| - | - | DDD | |
| - | - | DD | |
| - | D | D | |

| SHORT TERM DEBT RATINGS | | | |
|---|---|---|---|
| **MOODY'S** | **S&P** | **FITCH** | **RATINGS INTERPRETATION FOR CREDIT** |
| P-1 | A-1+ | F1+ | STRONGEST QUALITY |
| | A-1 | F1 | STRONG QUALITY |
| P-2 | A-2 | F2 | GOOD QUALITY |
| P-3 | A-3 | F3 | MEDIUM QUALITY |

## ALAMEDA COUNTY POOLED SURPLUS INVESTMENTS

The following information has been provided by the Treasurer, and neither the District nor the Underwriters take any responsibility for the accuracy or completeness thereof. Further information may be obtained from the Treasurer at the following website: http://www.acgov.org/treasurer/investments/reports.htm.

The County Treasurer-Tax Collector (the "Treasurer") manages the County's investment pool (the "County Pool") in which certain funds of the County, the District and of certain other entities within the County are invested pending disbursement. The Treasurer is *ex-officio* the treasurer of each of the other participating entities. All entities participating in the County Pool are legally required to do so. Under State law, these entities may only withdraw money to pay expenses that have become due.

All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 *et seq*., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

Substantially all operating funds of the District are invested in the County Pool. The Treasurer accepts funds only from agencies located within the County for investment in the County Pool. As of May 31, 2020, the book value of the Pool was $7,213,005,441.

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The following table sets forth the composition of the County Pool as of May 31, 2020.

**COUNTY OF ALAMEDA INVESTMENT POOL**
**PORTFOLIO COMPOSITION**
**(as of May 31, 2020)**

| | Book Value | Market Value | % of Portfolio |
|---|---|---|---|
| Non-Negotiable Certificates of Deposit | $ 185,170,000.00 | $ 185,170,000.00 | 2.57% |
| Local Agency Investment Funds | 72,000,000.00 | 72,000,000.00 | 1.00 |
| Joint Powers Authority | 270,000,000.00 | 270,000,000.00 | 3.74 |
| Money Market Mutual Funds | 436,000,000.00 | 436,000,000.00 | 6.04 |
| Money Market Bank Accounts | 22,000,000.00 | 22,000,000.00 | 0.31 |
| Negotiable Certificates of Deposit | 900,000,000.00 | 902,101,500.00 | 12.48 |
| Corporate Notes | 772,137,391.00 | 788,923,212.66 | 10.70 |
| Washington Supranational Obligation | 189,276,039.27 | 194,323,350.00 | 2.62 |
| Commercial Paper Discount - Amortizing | 497,232,194.45 | 499,707,500.00 | 6.89 |
| Agency Bullets (Aaa/AA+) | 1,634,970,485.20 | 1,696,615,727.10 | 22.67 |
| Federal Agency Discount - Amortizing | 99,942,588.89 | 99,941,000.00 | 1.39 |
| Treasury Notes and Bonds | 896,661,601.84 | 926,282,500.00 | 12.43 |
| Agency Callables (Aaa/AA+) | 977,336,066.66 | 981,633,685.70 | 13.55 |
| Asset Backed Securities | 228,542,758.45 | 232,324,197.10 | 3.17 |
| Municipal Bonds | 31,736,315.00 | 32,018,780.00 | 0.44 |
| Total Investments | $7,213,005,440.76 | $7,339,041,452.56 | 100.00% |

*Source:* Alameda County Treasurer-Tax Collector.

The County provides monthly investment reports to the County Board of Supervisors. It is current practice for the Treasurer to report the portfolio's market value on a quarterly basis to the Board. Market values are derived from the custodial bank's monthly safekeeping reports to the Treasurer. The County reports that it follows a "buy and hold" investment strategy and was not required to liquidate securities at a loss to meet disbursement requirements of County Pool participants during the past fiscal year. The County expects the County Pool will have sufficient liquid funds to meet disbursement requirements of County Pool participants through the next six months.

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Agenda _____ July 14, 2020


# TREASURER - TAX COLLECTOR

HENRY C. LEVY
TREASURER - TAX COLLECTOR

June 26, 2020

Board of Supervisors
County of Alameda
1221 Oak Street, 5th Floor
Oakland, CA 94612

Dear Board Members:

**RE: Investment Report – May 2020**

In accordance with the Treasurer's investment policy, submitted herewith is a report of the cash pool investments for the month of May 2020. Enclosed with this report is a detailed composition of all outstanding investments by securities category as of May 31, 2020. This report reflects the market value and cost of purchase. All investments in the Treasurer's investment portfolio conform to the statutory requirements of Government Code Section 53601 et. seq., authorities delegated by the County Board of Supervisors and the Treasurer's investment policy.

As of May 31, 2020

| | |
|---|---|
| Treasurer's Investment Pool – Book Value | $ 7,213,005,441 |
| Treasurer's Investment Pool – Market Value | 7,339,041,453 |
| Total Cash in Bank | 40,434,088 |
| Total interest received during the month | 9,083,053 |
| Average Maturity of the portfolio | 656 days |
| Annualized cash basis rate of return for the month | 1.47% |

Liquidity Summary of the Portfolio as Of May 31, 2020

| Maturity | Amount | Percentage Held |
|---|---|---|
| 1 to 90 days | $ 1,797,830,432 | 24.92% |
| 91 to 365 days | 1,338,210,289 | 18.55% |
| 2 years | 954,789,756 | 13.24% |
| 3 years | 1,187,523,591 | 16.46% |
| 4 years | 820,246,785 | 11.37% |
| 5 years | 1,114,404,588 | 15.45% |
| **Total** | **7,213,005,441** | **100.00%** |

## Conclusion

Based on investment activity during the month of May 2020, the Treasurer expects to meet all operating cash needs for the pool participants within the next six months from the portfolio's most liquid assets and current revenues. For your review, a copy of the Investment Status Report and transaction details for the month of May 2020 is attached and on file with the Office of the Clerk of the Board of Supervisors.

## Vision 2026 Goal

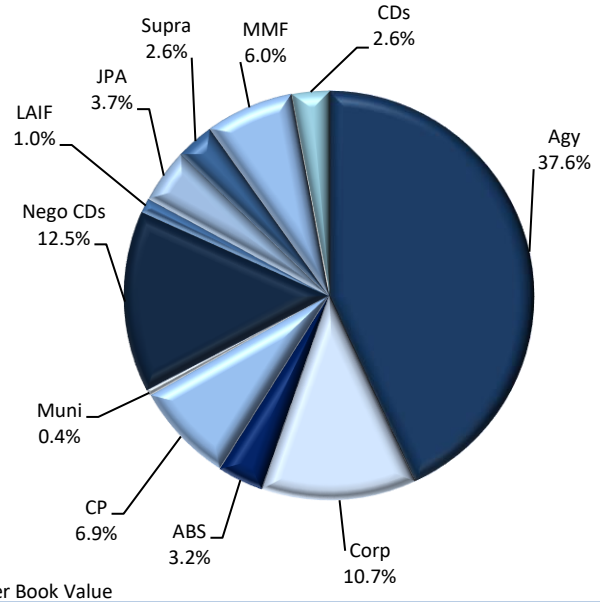
The Investment Report meets the 10x goal of **Accessible Infrastructure** in support of our shared vision of **Prosperous and Vibrant Economy**.

Very truly yours,

Henry C. Levy
Treasurer – Tax Collector

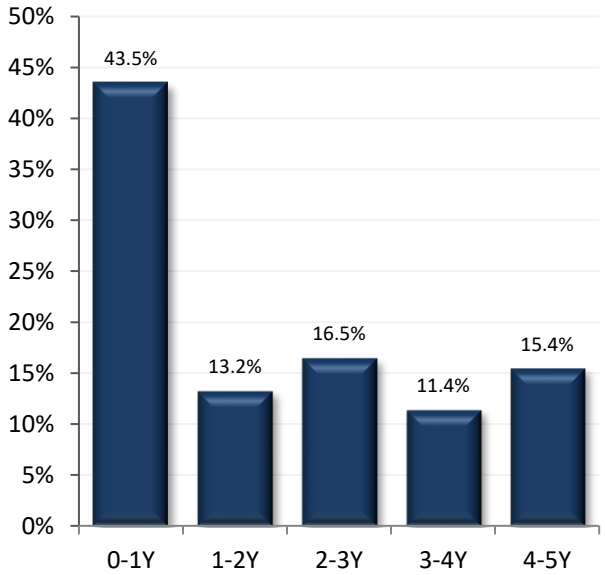
cc: Susan Muranishi, County Administrator
Melissa Wilk, Auditor-Controller
School District and Special District Participants
Members of the Treasury Oversight Committee

## SECTOR ALLOCATION



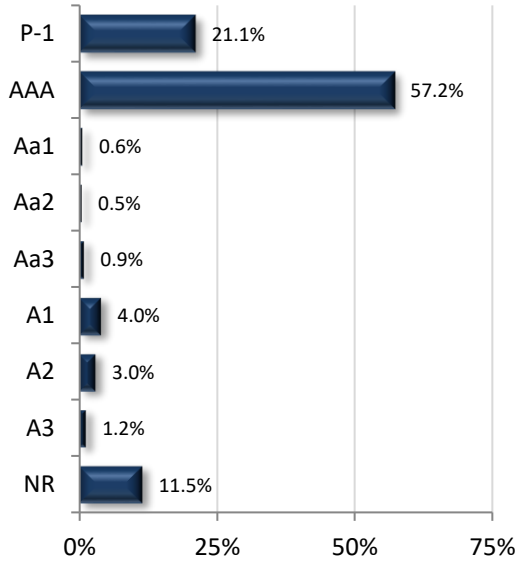

Per Book Value

## MATURITY DISTRIBUTION




Per Book Value

## CREDIT QUALITY (MOODY'S)



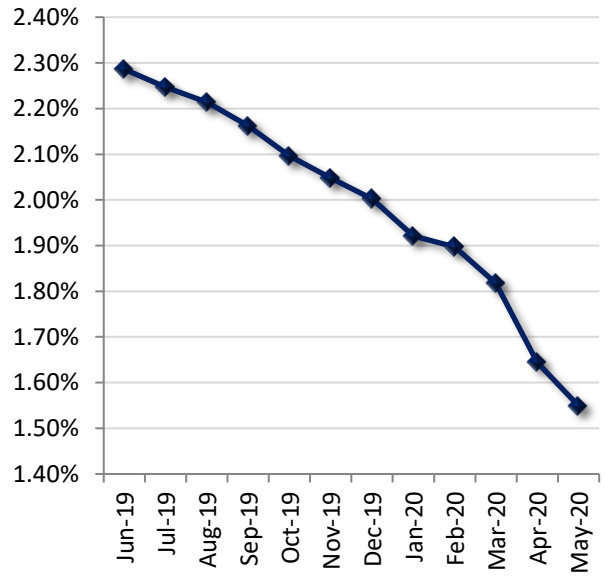

NR: Not Rated

## ACCOUNT SUMMARY

| | 5/31/20 | 4/30/20 |
|---|---|---|
| **Market Value** | $7,339,041,453 | $7,393,195,549 |
| **Book Value*** | $7,213,005,441 | $7,278,052,645 |
| **Unrealized G/L** | $126,036,012 | $115,142,904 |
| **Par Value** | $7,218,882,164 | $7,284,201,873 |
| **Net Asset Value** | $101.747 | $101.582 |
| **Book Yield** | 1.55% | 1.64% |
| **Years to Maturity** | 1.80 | 1.77 |
| **Effective Duration** | 1.35 | 1.32 |

*Book Value is not Amortized

## PORTFOLIO BOOK YIELD HISTORY




## TOP ISSUERS

| Issuer | % Portfolio |
|---|---|
| U.S. Treasury | 12.4% |
| Federal Home Loan Mtg Corp | 11.1% |
| Federal National Mtg Assn | 8.0% |
| FARMER MAC | 6.1% |
| Federal Home Loan Bank | 6.1% |
| Federal Farm Credit Bank | 4.9% |
| J.P. Morgan | 4.0% |
| TOYOTA MOTOR CREDIT CORP | 3.9% |
| Federated Fund 117 | 3.2% |
| California Asset Mgmt. Program | 3.2% |
| NATXNY | 2.8% |
| State Street Instutional US | 2.8% |
| SWEDISH BANK NY | 2.8% |
| MUFG UNION BANK | 2.1% |
| International Bank Recon & D | 1.8% |

Per Book Value

**Note: 50mm maturity on 8/31 was credited the following business day and will show on our September 2019 reports.

## Investment Policy Compliance

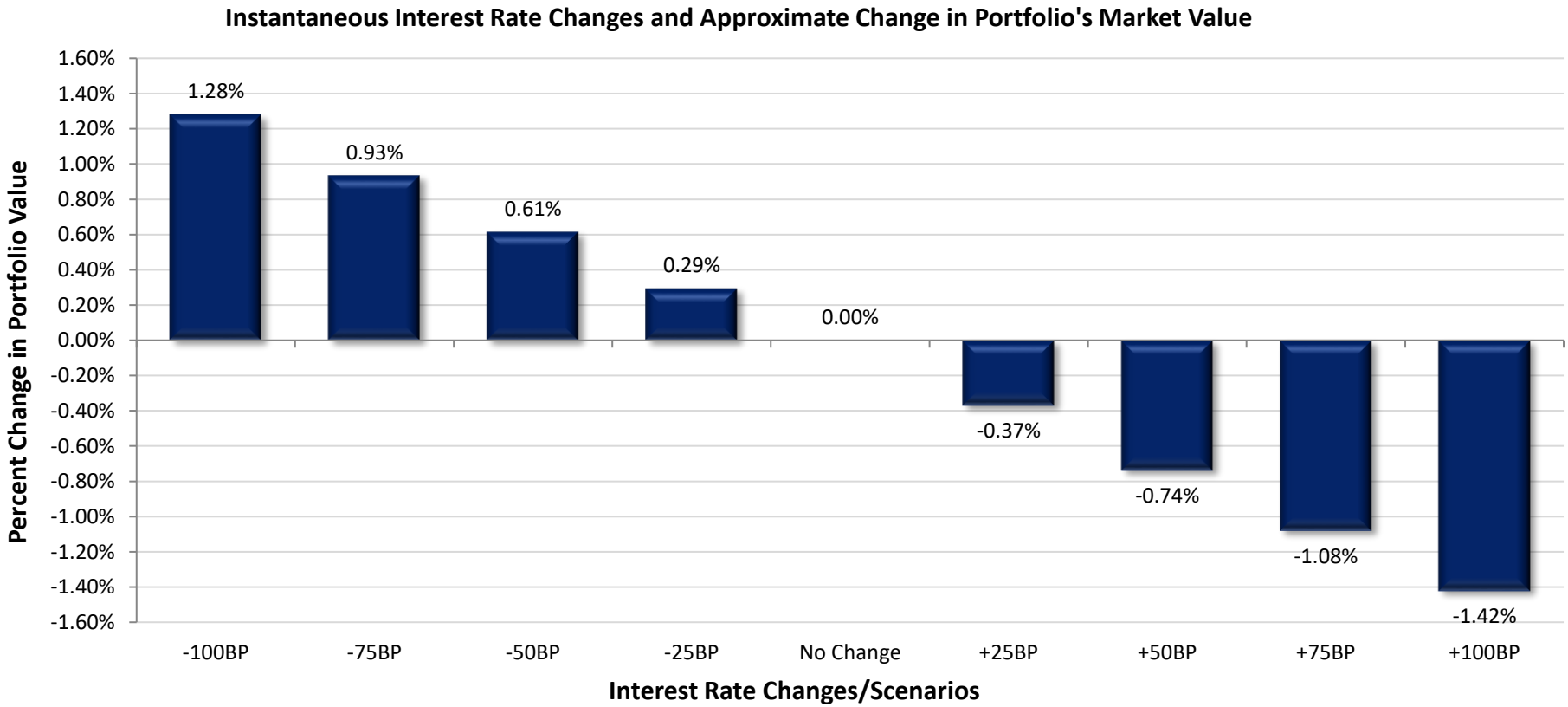
**County of Alameda** **5/31/2020**

| Item / Sector | Parameters | In Compliance | |
|---|---|---|---|
| Weighted Average Maturity | Maximum WAM of 3.0 years | Yes | 1.8 yrs |
| U.S. Treasury and Federal Agency Obligations | No sector limit; no issuer limit; max maturity 5 years | Yes | 50.0% |
| Debt Issued by State of CA and Local Agencies within the State | 20% limit; 5% issuer limit; Minimum rating of A by at least one NRSRO; max maturity 5 years | Yes | 0.4% |
| LAIF | Maximum amount permitted by LAIF (currently $75 million limit) | Yes | $72 Mil |
| Joint Powers Authority (CAMP) | Max Limit: Twice the limit of LAIF deposits (currently $150 million limit) | No | $230 Mil |
| Joint Powers Authority (CalTrust) | Max Limit: Twice the limit of LAIF deposits (currently $150 million limit) | Yes | $40 Mil |
| Money Market Mutual Funds | 20% limit; 10% per fund limit; SEC registered with stable NAV; Rated AAAm or equivalent by at least two of the three rating agencies or meet advisor requirements | Yes | 6.0% |
| Commercial Paper (Includes Asset Backed) | 25% sector limit; 10% combined issuer limit; Max maturity of 270 days; Rated A-1, P-1, or F-1; Total assets over $500mm; Asset Backed CP Must have program-wide credit enhancements | Yes | 6.9% |
| Negotiable CDs | 30% limit; 10% combined issuer limit; Minimum rating of A by rating agency if issued by domestic bank; Minimum rating of AA if a U.S. branch of a foreign bank; Max maturity of 1 year | Yes | 12.5% |
| Collateralized/FDIC - Insured Time Deposits | Time deposits with banks and savings and loans associations located with the State, collateralized according to Government code | Yes | 2.6% |
| Collateralized Money Market Bank Accounts | Deposit funds in interest-bearing active collateralized money market bank accounts | Yes | 0.3% |
| Medium-Term Notes | 30% limit; 10% combined issuer limit, Max maturity 5 years; Minimum rating of A or better by two NRSRO's | Yes | 10.7% |
| Asset-Backed Securities | 20% limit; 5% issuer limit; Max maturity of 5 years; Minimum rating of AA or better by rating agency | Yes | 3.2% |
| Repurchase Agreement | 20% limit; Max maturity of 180 days; Must have 102% collateral; Collateral of agency and treasuries with final maturity not to exceed 5 years | Yes | 0.0% |
| Supranationals | 30% limit; 15% issuer limit; Only IBRD, IFC, IADB; Max Maturity 5 years; Minimum rating of AA by a rating agency; max maturity of 5 years | Yes | 2.6% |
| Floaters, Structured Notes, Derivatives | 15% limit for treasuries, agencies, and munis | Yes | 0.0% |

# Historical Book Values
## 5/31/2020


| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year 2016** | $3.325 | $3.023 | $3.078 | $2.936 | $3.117 | $3.530 | $3.747 | $3.852 | $3.862 | $4.195 | $4.199 | $4.060 |
| **Fiscal Year 2017** | $4.120 | $3.786 | $3.698 | $3.962 | $4.328 | $4.781 | $4.807 | $4.726 | $4.767 | $5.174 | $5.263 | $5.253 |
| **Fiscal Year 2018** | $5.107 | $4.600 | $4.490 | $4.625 | $5.096 | $5.818 | $6.011 | $5.881 | $5.868 | $6.002 | $5.984 | $5.901 |
| **Fiscal Year 2019** | $5.648 | $5.146 | $5.108 | $5.047 | $5.540 | $6.217 | $6.047 | $5.912 | $6.093 | $6.626 | $6.507 | $6.311 |
| **Fiscal Year 2020** | $6.029 | $5.655 | $5.782 | $5.797 | $6.103 | $6.658 | $6.682 | $6.513 | $6.507 | $6.958 | $7.246 | |

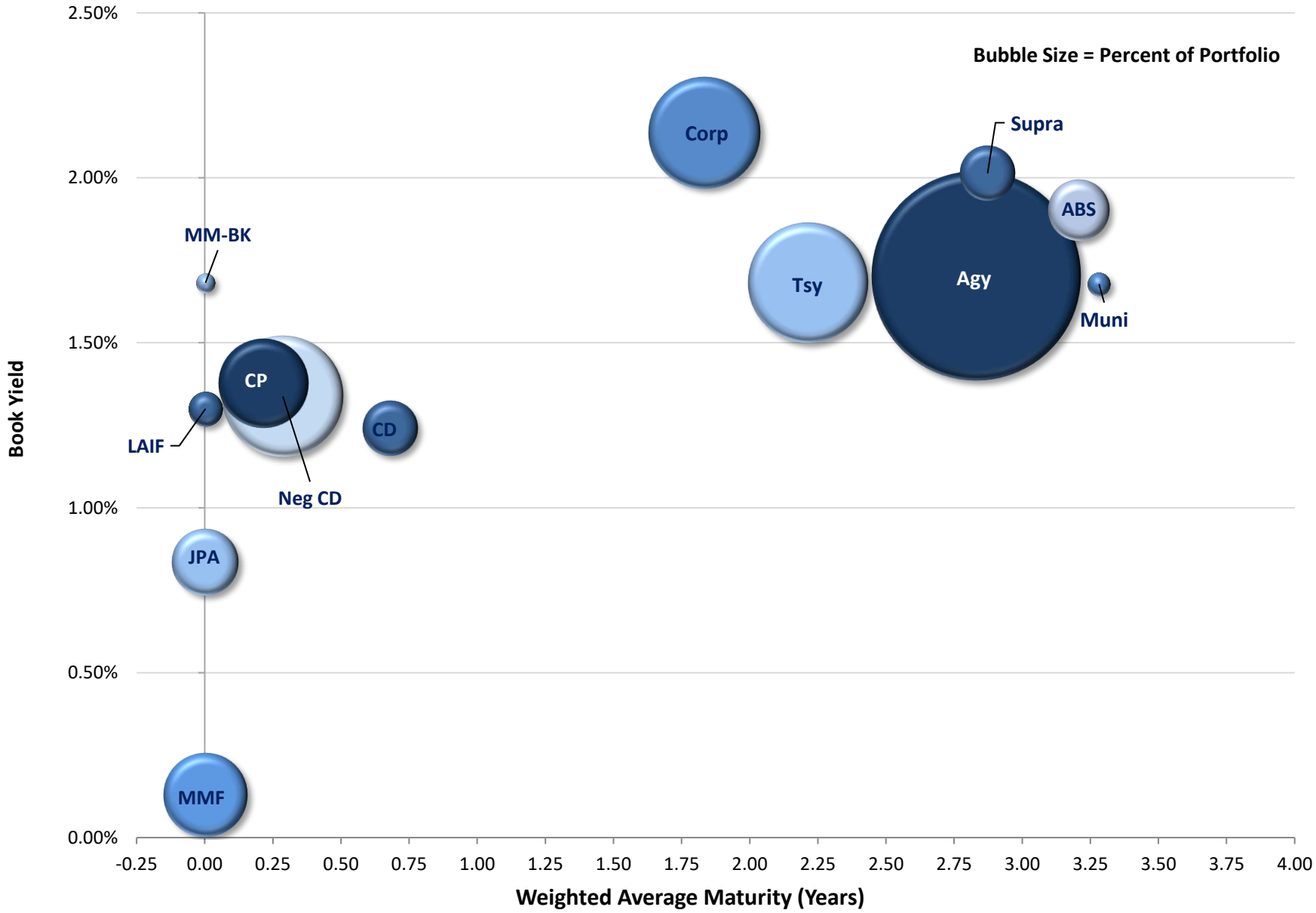
Figures in Billions, Average Daily Balance




| Int. Rate Change | Portfolio Value | Value Change | Percent Change |
|---|---|---|---|
| -100 Basis Points | $7,432,981,183 | $93,939,731 | 1.28% |
| -75 Basis Points | $7,407,617,456 | $68,576,003 | 0.93% |
| -50 Basis Points | $7,384,132,523 | $45,091,071 | 0.61% |
| -25 Basis Points | $7,360,647,591 | $21,606,138 | 0.29% |
| No Change | $7,339,041,453 | $0 | 0.00% |
| +25 Basis Points | $7,311,945,712 | -$27,095,741 | -0.37% |
| +50 Basis Points | $7,284,849,970 | -$54,191,482 | -0.74% |
| +75 Basis Points | $7,259,838,517 | -$79,202,935 | -1.08% |
| +100 Basis Points | $7,234,827,064 | -$104,214,389 | -1.42% |

## Book Yield per WAM per Percent of Portfolio

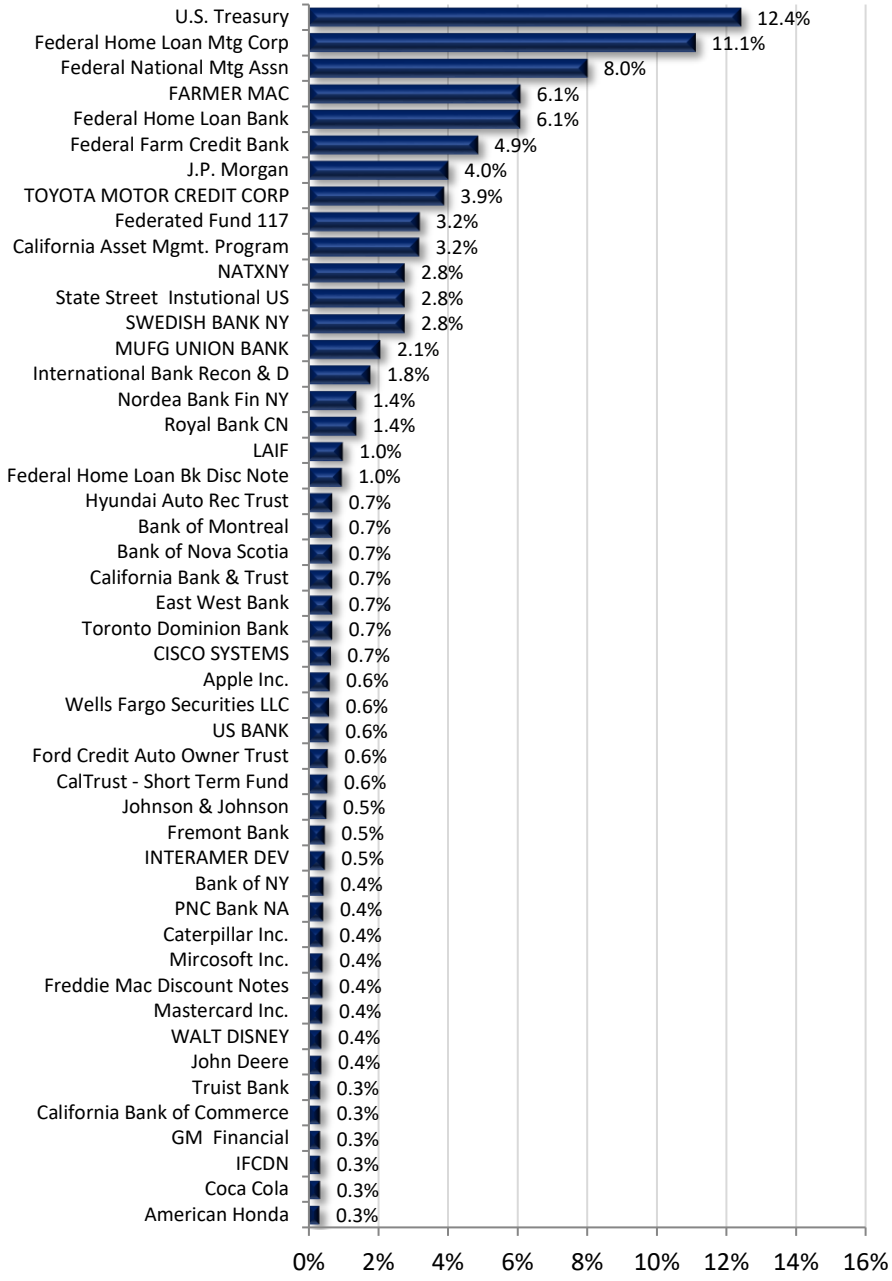


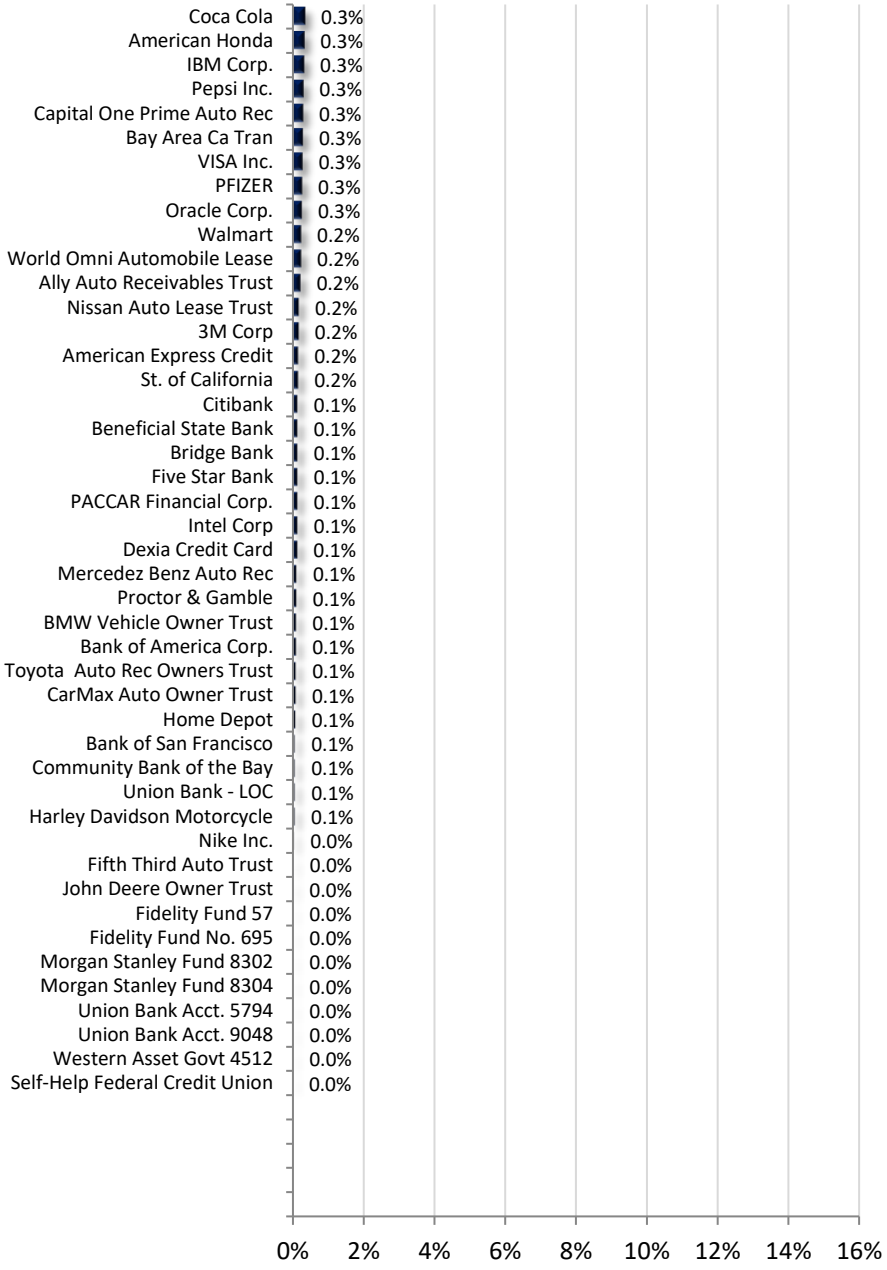



*Note: Excludes Cash Balance

## Holdings Allocation by Issuer

**County of Alameda** **5/31/2020**



# Alameda County Investment Pool
## Portfolio Management
## Portfolio Summary
## May 31, 2020

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Days to Maturity | YTM 365 Equiv. |
|---|---|---|---|---|---|---|
| Non-Negotiable CDs | 185,170,000.00 | 185,170,000.00 | 185,170,000.00 | 2.57 | 249 | 1.240 |
| Local Agency Investment Funds | 72,000,000.00 | 72,000,000.00 | 72,000,000.00 | 1.00 | 1 | 1.300 |
| Joint Powers Authority | 270,000,000.00 | 270,000,000.00 | 270,000,000.00 | 3.74 | 1 | 0.834 |
| Money Market Mutual Funds | 436,000,000.00 | 436,000,000.00 | 436,000,000.00 | 6.04 | 1 | 0.130 |
| Money Market Bank Accounts | 22,000,000.00 | 22,000,000.00 | 22,000,000.00 | 0.31 | 1 | 1.682 |
| Negotiable CDs | 900,000,000.00 | 902,101,500.00 | 900,000,000.00 | 12.48 | 105 | 1.337 |
| Corporate Notes | 769,553,000.00 | 788,923,212.66 | 772,137,391.00 | 10.70 | 670 | 2.136 |
| Washington Supranational Obligation | 190,000,000.00 | 194,323,350.00 | 189,276,039.27 | 2.62 | 1,049 | 2.014 |
| Commercial Paper Disc. -Amortizing | 500,000,000.00 | 499,707,500.00 | 497,232,194.45 | 6.89 | 79 | 1.377 |
| Agency Bullets (Aaa/AA+) | 1,636,710,000.00 | 1,696,615,727.10 | 1,634,970,485.20 | 22.67 | 958 | 1.842 |
| Federal Agency Disc. -Amortizing | 100,000,000.00 | 99,941,000.00 | 99,942,588.89 | 1.39 | 128 | 0.128 |
| Treasury Notes and Bonds | 900,000,000.00 | 926,282,500.00 | 896,661,601.84 | 12.43 | 809 | 1.683 |
| Agency Callables (Aaa/AA+) | 977,765,000.00 | 981,633,685.70 | 977,336,066.66 | 13.55 | 1,254 | 1.631 |
| Asset Backed Securities | 228,684,164.24 | 232,324,197.10 | 228,542,758.45 | 3.17 | 1,171 | 1.902 |
| Municipal Bonds | 31,000,000.00 | 32,018,780.00 | 31,736,315.00 | 0.44 | 1,198 | 1.678 |
| **Investments** | **7,218,882,164.24** | **7,339,041,452.56** | **7,213,005,440.76** | **100.00%** | **656** | **1.549** |

| Total Earnings | May 31 Month Ending | Fiscal Year To Date |
|---|---|---|
| Current Year | 9,420,669.25 | 123,615,785.85 |
| **Average Daily Balance** | **7,245,521,117.90** | **6,356,968,976.51** |
| **Effective Rate of Return** | **1.53%** | **2.11%** |

Henry C. Levy, Treasurer - Tax Collector

**Reporting period 05/01/2020-05/31/2020**

Run Date: 06/19/2020 - 12:40

Portfolio POOL
RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-Negotiable CDs** | | | | | | | | | | | |
| SYS12128 | 12128 | Five Star Bank | | 05/06/2020 | 10,000,000.00 | 10,000,000.00 | 10,000,000.00 | 1.648 | 0.507 | 154 | 11/02/2020 |
| SYS12004 | 12004 | Bank of San Francisco | | 02/04/2020 | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 2.000 | 2.028 | 63 | 08/03/2020 |
| SYS12085 | 12085 | Bridge Bank | | 04/03/2020 | 10,000,000.00 | 10,000,000.00 | 10,000,000.00 | 1.500 | 1.521 | 122 | 10/01/2020 |
| SYS12086 | 12086 | Beneficial State Bank | | 04/03/2020 | 10,000,000.00 | 10,000,000.00 | 10,000,000.00 | 1.500 | 1.521 | 122 | 10/01/2020 |
| SYS12117 | 12117 | California Bank & Trust | | 04/28/2020 | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 | 1.000 | 1.014 | 272 | 02/28/2021 |
| SYS12027 | 12027 | Community Bank of the Bay | | 03/09/2020 | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 1.200 | 1.217 | 98 | 09/07/2020 |
| SYS12152 | 12152 | California Bank of Commerce | | 05/29/2020 | 15,000,000.00 | 15,000,000.00 | 15,000,000.00 | 1.000 | 1.014 | 364 | 05/31/2021 |
| SYS12154 | 12154 | California Bank of Commerce | | 05/30/2020 | 10,000,000.00 | 10,000,000.00 | 10,000,000.00 | 1.000 | 1.014 | 363 | 05/30/2021 |
| SYS11904 | 11904 | East West Bank | | 11/12/2019 | 35,000,000.00 | 35,000,000.00 | 35,000,000.00 | 1.850 | 1.876 | 164 | 11/12/2020 |
| SYS12121 | 12121 | East West Bank | | 04/29/2020 | 15,000,000.00 | 15,000,000.00 | 15,000,000.00 | 0.700 | 0.710 | 332 | 04/29/2021 |
| SYS12126 | 12126 | Fremont Bank | | 04/30/2020 | 35,000,000.00 | 35,000,000.00 | 35,000,000.00 | 1.000 | 1.014 | 333 | 04/30/2021 |
| SYS12035 | 12035 | Self-Help Federal Credit Union | | 03/13/2020 | 170,000.00 | 170,000.00 | 170,000.00 | 1.250 | 1.267 | 285 | 03/13/2021 |
| SYS12098 | 12098 | Union Bank - LOC | | 04/16/2020 | 5,000,000.00 | 5,000,000.00 | 5,000,000.00 | 2.000 | 2.028 | 319 | 04/16/2021 |
| | | **Subtotal and Average** | **185,170,000.00** | | **185,170,000.00** | **185,170,000.00** | **185,170,000.00** | | **1.240** | **249** | |
| **Local Agency Investment Funds** | | | | | | | | | | | |
| SYS10285 | 10285 | LAIF | | 07/01/2018 | 72,000,000.00 | 72,000,000.00 | 72,000,000.00 | 1.300 | 1.300 | 1 | |
| | | **Subtotal and Average** | **72,000,000.00** | | **72,000,000.00** | **72,000,000.00** | **72,000,000.00** | | **1.300** | **1** | |
| **Joint Powers Authority** | | | | | | | | | | | |
| SYS10470 | 10470 | California Asset Mgmt. Program | | 07/01/2018 | 230,000,000.00 | 230,000,000.00 | 230,000,000.00 | 0.670 | 0.670 | 1 | |
| SYS10472 | 10472 | CalTrust - Short Term Fund | | 07/01/2018 | 40,000,000.00 | 40,000,000.00 | 40,000,000.00 | 1.780 | 1.780 | 1 | |
| | | **Subtotal and Average** | **270,000,000.00** | | **270,000,000.00** | **270,000,000.00** | **270,000,000.00** | | **0.834** | **1** | |
| **Money Market Mutual Funds** | | | | | | | | | | | |
| 608919718 | 11093 | Federated Fund 117 | | 07/01/2018 | 231,000,000.00 | 231,000,000.00 | 231,000,000.00 | 0.130 | 0.130 | 1 | |
| 316175504 | 10274 | Fidelity Fund No. 695 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.080 | 0.080 | 1 | |
| 316175108 | 11090 | Fidelity Fund 57 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.170 | 0.170 | 1 | |
| 61747C707 | 10280 | Morgan Stanley Fund 8302 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.060 | 0.060 | 1 | |
| 61747C582 | 11089 | Morgan Stanley Fund 8304 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.060 | 0.060 | 1 | |
| SYS12009 | 12009 | State Street Instutional US | | 02/11/2020 | 200,000,000.00 | 200,000,000.00 | 200,000,000.00 | 0.130 | 0.130 | 1 | |
| 52470G791 | 10318 | Western Asset Govt 4512 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 0.070 | 0.070 | 1 | |
| | | **Subtotal and Average** | **395,064,516.13** | | **436,000,000.00** | **436,000,000.00** | **436,000,000.00** | | **0.130** | **1** | |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Money Market Bank Accounts** | | | | | | | | | | | |
| SYS10286 | 10286 | California Bank & Trust | | 07/01/2018 | 20,000,000.00 | 20,000,000.00 | 20,000,000.00 | 1.750 | 1.750 | 1 | |
| SYS10290 | 10290 | Union Bank Acct. 5794 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 1.000 | 1.000 | 1 | |
| SYS10291 | 10291 | Union Bank Acct. 9048 | | 07/01/2018 | 1,000,000.00 | 1,000,000.00 | 1,000,000.00 | 1.000 | 1.000 | 1 | |
| | | **Subtotal and Average** | **22,000,000.00** | | **22,000,000.00** | **22,000,000.00** | **22,000,000.00** | | **1.682** | **1** | |
| **Negotiable CDs** | | | | | | | | | | | |
| 06367BJU4 | 12034 | Bank of Montreal | | 03/13/2020 | 50,000,000.00 | 50,228,000.00 | 50,000,000.00 | 1.250 | 1.267 | 162 | 11/10/2020 |
| 06417MFF7 | 11927 | Bank of Nova Scotia | | 11/26/2019 | 50,000,000.00 | 50,095,000.00 | 50,000,000.00 | 1.850 | 1.876 | 37 | 07/08/2020 |
| 62478U2Z8 | 11989 | MUFG UNION BANK | | 01/29/2020 | 50,000,000.00 | 50,131,500.00 | 50,000,000.00 | 1.680 | 1.703 | 60 | 07/31/2020 |
| 62478U4M5 | 12107 | MUFG UNION BANK | | 04/24/2020 | 50,000,000.00 | 50,054,500.00 | 50,000,000.00 | 0.560 | 0.568 | 175 | 11/23/2020 |
| 62478U4N3 | 12118 | MUFG UNION BANK | | 04/29/2020 | 50,000,000.00 | 50,035,000.00 | 50,000,000.00 | 0.450 | 0.456 | 108 | 09/17/2020 |
| 63873N7G0 | 11884 | NATXNY | | 10/29/2019 | 50,000,000.00 | 50,152,000.00 | 50,000,000.00 | 1.880 | 1.906 | 60 | 07/31/2020 |
| 63873QAQ7 | 11907 | NATXNY | | 11/14/2019 | 50,000,000.00 | 50,137,500.00 | 50,000,000.00 | 1.900 | 1.926 | 53 | 07/24/2020 |
| 63873QAS3 | 11910 | NATXNY | | 11/15/2019 | 50,000,000.00 | 50,115,500.00 | 50,000,000.00 | 1.900 | 1.926 | 44 | 07/15/2020 |
| 63873QDN1 | 11979 | NATXNY | | 01/22/2020 | 50,000,000.00 | 50,174,000.00 | 50,000,000.00 | 1.750 | 1.774 | 79 | 08/19/2020 |
| 65558TTU9 | 11991 | Nordea Bank Fin NY | | 01/30/2020 | 50,000,000.00 | 50,149,000.00 | 50,000,000.00 | 1.670 | 1.693 | 65 | 08/05/2020 |
| 65558TTW5 | 11994 | Nordea Bank Fin NY | | 01/30/2020 | 50,000,000.00 | 50,225,500.00 | 50,000,000.00 | 1.670 | 1.693 | 107 | 09/16/2020 |
| 78012URV3 | 12110 | Royal Bank CN | | 04/24/2020 | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.660 | 0.669 | 261 | 02/17/2021 |
| 78012UVW2 | 12125 | Royal Bank CN | | 04/30/2020 | 50,000,000.00 | 50,062,000.00 | 50,000,000.00 | 0.470 | 0.477 | 247 | 02/03/2021 |
| 87019VB22 | 11996 | SWEDISH BANK NY | | 01/31/2020 | 50,000,000.00 | 50,189,000.00 | 50,000,000.00 | 1.710 | 1.734 | 88 | 08/28/2020 |
| 87019VB30 | 12003 | SWEDISH BANK NY | | 01/31/2020 | 50,000,000.00 | 50,135,500.00 | 50,000,000.00 | 1.690 | 1.713 | 60 | 07/31/2020 |
| 87019VE29 | 12120 | SWEDISH BANK NY | | 04/28/2020 | 50,000,000.00 | 50,044,000.00 | 50,000,000.00 | 0.510 | 0.517 | 121 | 09/30/2020 |
| 87019VE45 | 12122 | SWEDISH BANK NY | | 04/30/2020 | 50,000,000.00 | 50,027,000.00 | 50,000,000.00 | 0.420 | 0.426 | 93 | 09/02/2020 |
| 89114NFU4 | 11980 | Toronto Dominion Bank | | 01/22/2020 | 50,000,000.00 | 50,146,500.00 | 50,000,000.00 | 1.720 | 1.744 | 65 | 08/05/2020 |
| | | **Subtotal and Average** | **1,006,451,612.90** | | **900,000,000.00** | **902,101,500.00** | **900,000,000.00** | | **1.337** | **105** | |
| **Corporate Notes** | | | | | | | | | | | |
| 037833CC2 | 11060 | Apple Inc. | | 08/04/2016 | 5,000,000.00 | 5,063,800.00 | 4,993,050.00 | 1.550 | 1.579 | 429 | 08/04/2021 |
| 037833DM9 | 11851 | Apple Inc. | | 09/11/2019 | 3,000,000.00 | 3,152,580.00 | 2,993,160.00 | 1.800 | 1.848 | 1,563 | 09/11/2024 |
| 037833DL1 | 11852 | Apple Inc. | | 09/11/2019 | 1,000,000.00 | 1,031,030.00 | 999,830.00 | 1.700 | 1.706 | 832 | 09/11/2022 |
| 037833DM9 | 11943 | Apple Inc. | | 12/12/2019 | 9,000,000.00 | 9,457,740.00 | 8,918,370.00 | 1.800 | 2.001 | 1,563 | 09/11/2024 |
| 037833BS8 | 12053 | Apple Inc. | | 03/20/2020 | 6,861,000.00 | 6,946,625.28 | 6,884,241.64 | 2.250 | 2.063 | 267 | 02/23/2021 |
| 037833DJ6 | 12055 | Apple Inc. | | 03/20/2020 | 9,875,000.00 | 9,931,781.25 | 9,817,922.50 | 2.000 | 2.906 | 165 | 11/13/2020 |
| 037833DT4 | 12133 | Apple Inc. | | 05/11/2020 | 5,000,000.00 | 5,082,600.00 | 4,991,050.00 | 1.125 | 1.162 | 1,805 | 05/11/2025 |
| 0037833DV9 | 12134 | Apple Inc. | | 05/11/2020 | 5,000,000.00 | 4,986,400.00 | 4,986,400.00 | 0.750 | 0.842 | 1,074 | 05/11/2023 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Notes** | | | | | | | | | | | |
| 0258M0EB1 | 12031 | American Express Credit | | 03/12/2020 | 11,137,000.00 | 11,301,159.38 | 11,240,239.99 | 2.250 | 1.432 | 338 | 05/05/2021 |
| 06051GGS2 | 11882 | Bank of America Corp. | | 10/29/2019 | 7,000,000.00 | 7,020,580.00 | 7,010,710.00 | 2.328 | 2.246 | 487 | 10/01/2021 |
| 06406RAK3 | 12093 | Bank of NY | | 04/08/2020 | 16,301,000.00 | 16,815,622.57 | 16,380,345.12 | 1.950 | 1.845 | 813 | 08/23/2022 |
| 06406HBY4 | 12127 | Bank of NY | | 05/05/2020 | 15,493,000.00 | 16,125,114.40 | 16,072,309.09 | 3.550 | 1.120 | 479 | 09/23/2021 |
| 14913Q3A5 | 11839 | Caterpillar Inc. | | 09/06/2019 | 6,000,000.00 | 6,160,920.00 | 5,991,660.00 | 1.900 | 1.948 | 827 | 09/06/2022 |
| 14913Q3C1 | 11971 | Caterpillar Inc. | | 01/13/2020 | 15,000,000.00 | 15,479,550.00 | 14,993,100.00 | 1.950 | 1.967 | 900 | 11/18/2022 |
| 14913Q3C1 | 12032 | Caterpillar Inc. | | 03/12/2020 | 5,000,000.00 | 5,159,850.00 | 5,071,600.00 | 1.950 | 1.404 | 900 | 11/18/2022 |
| 14913Q2N8 | 12040 | Caterpillar Inc. | | 03/17/2020 | 4,515,000.00 | 4,657,041.90 | 4,601,123.63 | 3.150 | 1.890 | 463 | 09/07/2021 |
| 17275RBD3 | 11575 | CISCO SYSTEMS | | 10/11/2018 | 10,000,000.00 | 10,132,100.00 | 9,779,300.00 | 2.200 | 3.180 | 272 | 02/28/2021 |
| 17275RAX0 | 11710 | CISCO SYSTEMS | | 04/11/2019 | 10,000,000.00 | 10,008,400.00 | 9,987,100.00 | 2.450 | 2.560 | 14 | 06/15/2020 |
| 17275RBJ0 | 11782 | CISCO SYSTEMS | | 06/27/2019 | 9,000,000.00 | 9,168,390.00 | 8,967,870.00 | 1.850 | 2.014 | 476 | 09/20/2021 |
| 17275RBJ0 | 12054 | CISCO SYSTEMS | | 03/20/2020 | 2,455,000.00 | 2,500,933.05 | 2,436,170.15 | 1.850 | 2.374 | 476 | 09/20/2021 |
| 17275RBD3 | 12070 | CISCO SYSTEMS | | 03/25/2020 | 16,501,000.00 | 16,718,978.21 | 16,281,536.70 | 2.200 | 3.855 | 272 | 02/28/2021 |
| 17325FAY4 | 11883 | Citibank | | 10/29/2019 | 10,000,000.00 | 10,175,400.00 | 10,118,600.00 | 2.844 | 2.369 | 718 | 05/20/2022 |
| 24422ETB5 | 12059 | John Deere | | 03/20/2020 | 9,707,000.00 | 9,762,912.32 | 9,684,698.17 | 2.450 | 3.070 | 102 | 09/11/2020 |
| 24422EVA4 | 12091 | John Deere | | 04/07/2020 | 18,000,000.00 | 18,522,900.00 | 18,128,970.00 | 1.950 | 1.903 | 742 | 06/13/2022 |
| 25468PDU7 | 11292 | WALT DISNEY | | 06/06/2017 | 5,000,000.00 | 5,000,500.00 | 4,994,200.00 | 1.800 | 1.840 | 4 | 06/05/2020 |
| 25468PDU7 | 11293 | WALT DISNEY | | 06/06/2017 | 13,000,000.00 | 13,001,300.00 | 12,984,920.00 | 1.800 | 1.840 | 4 | 06/05/2020 |
| 254687FN1 | 12066 | WALT DISNEY | | 03/23/2020 | 5,000,000.00 | 5,506,100.00 | 4,997,254.44 | 3.350 | 3.360 | 1,757 | 03/24/2025 |
| 254687FJ0 | 12075 | WALT DISNEY | | 03/27/2020 | 5,000,000.00 | 5,104,450.00 | 4,960,158.33 | 1.650 | 2.038 | 822 | 09/01/2022 |
| 437076BL5 | 12056 | Home Depot | | 03/20/2020 | 4,217,000.00 | 4,268,826.93 | 4,245,945.02 | 2.000 | 2.249 | 304 | 04/01/2021 |
| 437076BL5 | 12077 | Home Depot | | 03/30/2020 | 1,546,000.00 | 1,565,000.34 | 1,545,072.40 | 2.000 | 2.061 | 304 | 04/01/2021 |
| 02665WDF5 | 11914 | American Honda | | 11/21/2019 | 10,000,000.00 | 10,159,100.00 | 9,996,600.00 | 1.950 | 1.966 | 718 | 05/20/2022 |
| 02665WCA7 | 12028 | American Honda | | 03/12/2020 | 5,000,000.00 | 5,155,500.00 | 5,153,500.00 | 2.600 | 1.427 | 898 | 11/16/2022 |
| 02665WDH1 | 12029 | American Honda | | 03/12/2020 | 3,000,000.00 | 3,048,570.00 | 3,041,700.00 | 1.950 | 1.498 | 1,073 | 05/10/2023 |
| 02665WDH1 | 12030 | American Honda | | 03/12/2020 | 5,500,000.00 | 5,589,045.00 | 5,577,825.00 | 1.950 | 1.490 | 1,073 | 05/10/2023 |
| 459200JX0 | 11890 | IBM Corp. | | 10/31/2019 | 6,674,000.00 | 6,813,953.78 | 6,813,953.78 | 2.850 | 1.997 | 711 | 05/13/2022 |
| 459200JX0 | 11891 | IBM Corp. | | 10/31/2019 | 10,000,000.00 | 10,208,900.00 | 10,208,900.00 | 2.850 | 2.000 | 711 | 05/13/2022 |
| 459200JX0 | 11931 | IBM Corp. | | 11/27/2019 | 3,650,000.00 | 3,726,248.50 | 3,726,248.50 | 2.850 | 1.976 | 711 | 05/13/2022 |
| 44932HAK95 | 12050 | IBM Corp. | | 03/20/2020 | 2,437,000.00 | 2,474,651.65 | 2,469,245.57 | 3.450 | 3.039 | 182 | 11/30/2020 |
| 458140BP4 | 12069 | Intel Corp | | 03/25/2020 | 10,000,000.00 | 11,235,600.00 | 9,984,500.00 | 3.400 | 3.434 | 1,758 | 03/25/2025 |
| 478160BS2 | 10927 | Johnson & Johnson | | 03/01/2016 | 2,000,000.00 | 2,018,460.00 | 2,000,000.00 | 1.650 | 1.650 | 273 | 03/01/2021 |
| 478160CD4 | 11226 | Johnson & Johnson | | 03/03/2017 | 11,000,000.00 | 11,319,990.00 | 10,970,080.00 | 2.250 | 2.308 | 640 | 03/03/2022 |
| 478160CH5 | 12046 | Johnson & Johnson | | 03/19/2020 | 25,000,000.00 | 25,189,000.00 | 25,000,000.00 | 1.950 | 1.948 | 162 | 11/10/2020 |
| 46625HNX4 | 11687 | J.P. Morgan | | 03/29/2019 | 25,000,000.00 | 25,174,750.00 | 24,975,000.00 | 2.550 | 2.614 | 150 | 10/29/2020 |
| 46625HRT9 | 12094 | J.P. Morgan | | 04/08/2020 | 8,641,000.00 | 8,794,550.57 | 8,746,132.17 | 2.400 | 2.041 | 371 | 06/07/2021 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Notes** | | | | | | | | | | | |
| 46623EKG3 | 12104 | J.P. Morgan | | 04/21/2020 | 7,371,000.00 | 7,394,587.20 | 7,425,600.68 | 2.295 | 2.046 | 440 | 08/15/2021 |
| 191216BT6 | 12058 | Coca Cola | | 03/20/2020 | 15,000,000.00 | 15,096,300.00 | 14,895,300.00 | 1.875 | 3.051 | 148 | 10/27/2020 |
| 191216CN8 | 12068 | Coca Cola | | 03/25/2020 | 10,000,000.00 | 11,031,300.00 | 9,991,692.99 | 2.950 | 2.968 | 1,758 | 03/25/2025 |
| 57636QAF1 | 11737 | Mastercard Inc. | | 04/25/2019 | 10,000,000.00 | 10,230,600.00 | 9,856,500.00 | 2.000 | 2.580 | 538 | 11/21/2021 |
| 57636QAF1 | 11781 | Mastercard Inc. | | 06/27/2019 | 20,000,000.00 | 20,461,200.00 | 19,982,600.00 | 2.000 | 2.037 | 538 | 11/21/2021 |
| 88579YBA8 | 11567 | 3M Corp | | 09/14/2018 | 4,000,000.00 | 4,090,600.00 | 3,991,800.00 | 3.000 | 3.072 | 470 | 09/14/2021 |
| 88579YAF8 | 12036 | 3M Corp | | 03/16/2020 | 3,500,000.00 | 3,596,600.00 | 3,540,367.06 | 2.000 | 1.681 | 755 | 06/26/2022 |
| 88579YBL4 | 12078 | 3M Corp | | 03/30/2020 | 4,761,000.00 | 4,929,777.45 | 4,738,176.30 | 1.750 | 2.003 | 988 | 02/14/2023 |
| 594918BG8 | 10819 | Mircosoft Inc. | | 11/03/2015 | 2,000,000.00 | 2,011,960.00 | 1,998,400.00 | 2.000 | 2.017 | 155 | 11/03/2020 |
| 594918BP8 | 11063 | Mircosoft Inc. | | 08/08/2016 | 2,000,000.00 | 2,027,840.00 | 1,997,900.00 | 1.550 | 1.572 | 433 | 08/08/2021 |
| 594918BP8 | 11065 | Mircosoft Inc. | | 08/08/2016 | 7,000,000.00 | 7,097,440.00 | 6,992,650.00 | 1.550 | 1.572 | 433 | 08/08/2021 |
| 594918BQ6 | 11783 | Mircosoft Inc. | | 06/27/2019 | 4,157,000.00 | 4,360,651.43 | 4,160,450.31 | 2.000 | 1.979 | 1,163 | 08/08/2023 |
| 594918AQ7 | 11836 | Mircosoft Inc. | | 08/30/2019 | 15,150,000.00 | 15,869,473.50 | 15,376,644.00 | 2.125 | 1.644 | 897 | 11/15/2022 |
| 654106AH6 | 12074 | Nike Inc. | | 03/27/2020 | 3,000,000.00 | 3,217,560.00 | 2,995,920.00 | 2.400 | 2.429 | 1,760 | 03/27/2025 |
| 68389XBK0 | 12041 | Oracle Corp. | | 03/17/2020 | 5,000,000.00 | 5,086,550.00 | 5,018,727.78 | 1.900 | 1.652 | 471 | 09/15/2021 |
| 68389XBK0 | 12048 | Oracle Corp. | | 03/19/2020 | 10,463,000.00 | 10,644,114.53 | 10,401,907.71 | 1.900 | 2.316 | 471 | 09/15/2021 |
| 38389XBT1 | 12082 | Oracle Corp. | | 04/01/2020 | 3,000,000.00 | 2,998,890.00 | 2,998,890.00 | 2.500 | 2.508 | 1,765 | 04/01/2025 |
| 69371RQ66 | 12006 | PACCAR Financial Corp. | | 02/06/2020 | 10,000,000.00 | 10,296,500.00 | 9,991,900.00 | 1.800 | 1.817 | 1,711 | 02/06/2025 |
| 713448DX3 | 11333 | Pepsi Inc. | | 10/10/2017 | 9,000,000.00 | 9,121,230.00 | 8,998,200.00 | 2.000 | 2.006 | 318 | 04/15/2021 |
| 713448EQ7 | 12045 | Pepsi Inc. | | 03/19/2020 | 2,500,000.00 | 2,669,475.00 | 2,498,236.67 | 2.250 | 2.265 | 1,752 | 03/19/2025 |
| 713448EQ7 | 12047 | Pepsi Inc. | | 03/19/2020 | 5,000,000.00 | 5,338,950.00 | 4,996,450.00 | 2.250 | 2.265 | 1,752 | 03/19/2025 |
| 713448EQ7 | 12051 | Pepsi Inc. | | 03/20/2020 | 5,000,000.00 | 5,338,950.00 | 4,991,962.50 | 2.250 | 2.286 | 1,752 | 03/19/2025 |
| 717081DZ3 | 11871 | PFIZER | | 10/16/2019 | 14,025,000.00 | 14,478,708.75 | 14,131,590.00 | 2.200 | 1.840 | 562 | 12/15/2021 |
| 717081EX7 | 12151 | PFIZER | | 05/28/2020 | 5,000,000.00 | 4,997,850.00 | 4,968,800.00 | 0.800 | 0.928 | 1,822 | 05/28/2025 |
| 742718EQ8 | 11126 | Proctor & Gamble | | 11/03/2016 | 5,000,000.00 | 5,101,600.00 | 4,989,750.00 | 1.700 | 1.743 | 520 | 11/03/2021 |
| 742718FF1 | 12071 | Proctor & Gamble | | 03/25/2020 | 3,000,000.00 | 3,253,440.00 | 2,995,231.75 | 2.450 | 2.484 | 1,758 | 03/25/2025 |
| 69353REW4 | 11826 | PNC Bank NA | | 08/26/2019 | 3,150,000.00 | 3,194,289.00 | 3,153,811.50 | 2.150 | 2.075 | 332 | 04/29/2021 |
| 69353RFE3 | 11854 | PNC Bank NA | | 09/16/2019 | 13,216,000.00 | 13,632,304.00 | 13,314,327.04 | 2.450 | 2.180 | 787 | 07/28/2022 |
| 69349LAG3 | 11909 | PNC Bank NA | | 11/15/2019 | 15,000,000.00 | 15,694,050.00 | 15,265,950.00 | 2.700 | 2.116 | 883 | 11/01/2022 |
| 89236TEC5 | 11916 | TOYOTA MOTOR CREDIT CORP | | 11/22/2019 | 5,000,000.00 | 5,136,950.00 | 5,039,950.00 | 2.150 | 1.855 | 829 | 09/08/2022 |
| 89236TEC5 | 11917 | TOYOTA MOTOR CREDIT CORP | | 11/22/2019 | 15,000,000.00 | 15,410,850.00 | 15,122,250.00 | 2.150 | 1.849 | 829 | 09/08/2022 |
| 89233P5T9 | 12072 | TOYOTA MOTOR CREDIT CORP | | 03/26/2020 | 2,000,000.00 | 2,075,220.00 | 1,993,646.67 | 3.300 | 3.878 | 590 | 01/12/2022 |
| 89236TGX7 | 12081 | TOYOTA MOTOR CREDIT CORP | | 04/01/2020 | 6,000,000.00 | 6,509,940.00 | 5,988,960.00 | 3.000 | 3.040 | 1,765 | 04/01/2025 |
| 89236TGW9 | 12083 | TOYOTA MOTOR CREDIT CORP | | 04/01/2020 | 5,000,000.00 | 5,262,300.00 | 4,999,450.00 | 2.900 | 2.904 | 1,032 | 03/30/2023 |
| 07330NAJ4 | 11944 | Truist Bank | | 12/13/2019 | 15,000,000.00 | 15,225,600.00 | 15,152,385.00 | 2.850 | 2.053 | 304 | 04/01/2021 |
| 89788JAB5 | 12026 | Truist Bank | | 03/09/2020 | 10,000,000.00 | 10,075,900.00 | 9,993,000.00 | 1.250 | 1.274 | 1,011 | 03/09/2023 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Notes** | | | | | | | | | | | |
| 90331HPF4 | 11935 | US BANK | | 12/09/2019 | 20,000,000.00 | 20,601,400.00 | 19,983,200.00 | 1.950 | 1.978 | 952 | 01/09/2023 |
| 90331HPJ6 | 12095 | US BANK | | 04/09/2020 | 22,750,000.00 | 23,169,510.00 | 22,897,875.00 | 1.800 | 1.651 | 599 | 01/21/2022 |
| 92826CAB8 | 11709 | VISA Inc. | | 04/11/2019 | 10,000,000.00 | 9,948,500.00 | 9,948,500.00 | 2.200 | 2.515 | 196 | 12/14/2020 |
| 92826CAB81 | 12052 | VISA Inc. | | 03/20/2020 | 10,000,000.00 | 10,024,766.67 | 10,024,766.67 | 2.200 | 2.667 | 196 | 12/14/2020 |
| 95000U2B8 | 11896 | Wells Fargo Securities LLC | | 11/07/2019 | 15,000,000.00 | 15,474,750.00 | 15,173,250.00 | 2.625 | 2.183 | 781 | 07/22/2022 |
| 94988J5N3 | 11913 | Wells Fargo Securities LLC | | 11/21/2019 | 13,000,000.00 | 13,166,920.00 | 13,108,550.00 | 2.600 | 1.862 | 228 | 01/15/2021 |
| 95001D6U9 | 12124 | Wells Fargo Securities LLC | | 04/30/2020 | 5,000,000.00 | 5,005,100.00 | 5,000,000.00 | 2.150 | 2.150 | 1,063 | 04/30/2023 |
| 95000U2B8 | 12135 | Wells Fargo Securities LLC | | 05/11/2020 | 10,000,000.00 | 10,316,500.00 | 10,340,239.17 | 2.625 | 1.415 | 781 | 07/22/2022 |
| 931142DU4 | 11342 | Walmart | | 10/20/2017 | 5,000,000.00 | 5,240,400.00 | 4,999,600.00 | 2.350 | 2.351 | 927 | 12/15/2022 |
| 931142EA7 | 11344 | Walmart | | 10/20/2017 | 5,000,000.00 | 5,043,050.00 | 4,992,750.00 | 1.900 | 1.947 | 197 | 12/15/2020 |
| 931142EJ8 | 11535 | Walmart | | 06/27/2018 | 3,000,000.00 | 3,084,900.00 | 2,999,850.00 | 3.125 | 3.127 | 387 | 06/23/2021 |
| 931142EK5 | 11536 | Walmart | | 06/27/2018 | 2,000,000.00 | 2,167,560.00 | 1,999,460.00 | 3.400 | 3.406 | 1,120 | 06/26/2023 |
| 931142EG4 | 11537 | Walmart | | 06/27/2018 | 2,000,000.00 | 2,003,400.00 | 1,999,380.00 | 2.850 | 2.866 | 22 | 06/23/2020 |
| | | **Subtotal and Average** | **765,158,750.95** | | **769,553,000.00** | **788,923,212.66** | **772,137,391.00** | | **2.136** | **670** | |
| **Washington Supranational Obligation** | | | | | | | | | | | |
| 45818WCS3 | 11932 | INTERAMER DEV | | 12/03/2019 | 10,000,000.00 | 10,574,800.00 | 9,991,000.00 | 1.700 | 1.719 | 1,628 | 11/15/2024 |
| 45818WCS3 | 11950 | INTERAMER DEV | | 12/16/2019 | 25,000,000.00 | 26,437,000.00 | 24,891,000.00 | 1.700 | 1.793 | 1,628 | 11/15/2024 |
| 45905UQ49 | 11356 | International Bank Recon & D | | 10/26/2017 | 25,000,000.00 | 25,087,500.00 | 25,000,000.00 | 1.800 | 1.800 | 60 | 07/31/2020 |
| 45905UQ80 | 11464 | International Bank Recon & D | | 03/27/2018 | 10,000,000.00 | 10,072,700.00 | 9,839,000.00 | 1.950 | 2.292 | 161 | 11/09/2020 |
| 45905UQ80 | 11538 | International Bank Recon & D | | 06/28/2018 | 10,000,000.00 | 10,072,700.00 | 9,826,900.00 | 1.950 | 2.710 | 161 | 11/09/2020 |
| 459058GH0 | 11544 | International Bank Recon & D | | 07/25/2018 | 10,000,000.00 | 10,274,600.00 | 9,976,600.00 | 2.750 | 2.832 | 417 | 07/23/2021 |
| 45905UQ80 | 11555 | International Bank Recon & D | | 08/30/2018 | 10,000,000.00 | 10,072,700.00 | 9,813,622.60 | 1.950 | 2.832 | 161 | 11/09/2020 |
| 459058HP1 | 11912 | International Bank Recon & D | | 11/20/2019 | 20,000,000.00 | 20,119,800.00 | 19,988,000.00 | 2.050 | 2.063 | 1,626 | 11/13/2024 |
| 459058HP1 | 11930 | International Bank Recon & D | | 11/27/2019 | 20,000,000.00 | 20,119,800.00 | 19,988,000.00 | 2.050 | 2.063 | 1,626 | 11/13/2024 |
| 45905U5U4 | 11981 | International Bank Recon & D | | 01/27/2020 | 10,000,000.00 | 10,079,500.00 | 10,000,000.00 | 1.750 | 1.750 | 970 | 01/27/2023 |
| 45905U5U4 | 11982 | International Bank Recon & D | | 01/27/2020 | 15,000,000.00 | 15,119,250.00 | 15,000,000.00 | 1.750 | 1.750 | 970 | 01/27/2023 |
| 45950VNP7 | 11974 | IFCDN | | 01/17/2020 | 25,000,000.00 | 26,293,000.00 | 24,961,916.67 | 1.680 | 1.719 | 1,684 | 01/10/2025 |
| | | **Subtotal and Average** | **190,918,567.04** | | **190,000,000.00** | **194,323,350.00** | **189,276,039.27** | | **2.014** | **1,049** | |
| **Commercial Paper Disc. -Amortizing** | | | | | | | | | | | |
| 46640PGX5 | 11993 | J.P. Morgan | | 01/30/2020 | 50,000,000.00 | 49,981,500.00 | 49,573,000.00 | 1.680 | 1.737 | 60 | 07/31/2020 |
| 46640PGX5 | 12021 | J.P. Morgan | | 02/21/2020 | 50,000,000.00 | 49,981,500.00 | 49,639,986.11 | 1.610 | 1.644 | 60 | 07/31/2020 |
| 46640PGX5 | 12097 | J.P. Morgan | | 04/15/2020 | 50,000,000.00 | 49,981,500.00 | 49,866,250.00 | 0.900 | 0.915 | 60 | 07/31/2020 |
| 46640PKG7 | 12119 | J.P. Morgan | | 04/29/2020 | 50,000,000.00 | 49,943,000.00 | 49,900,833.33 | 0.420 | 0.427 | 137 | 10/16/2020 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Commercial Paper Disc. -Amortizing** | | | | | | | | | | | |
| 46640PKG7 | 12141 | J.P. Morgan | | 05/15/2020 | 50,000,000.00 | 49,943,000.00 | 49,946,527.78 | 0.250 | 0.254 | 137 | 10/16/2020 |
| 89233GGX8 | 12022 | TOYOTA MOTOR CREDIT CORP | | 02/21/2020 | 50,000,000.00 | 49,981,500.00 | 49,637,750.00 | 1.620 | 1.654 | 60 | 07/31/2020 |
| 89233GGN0 | 12033 | TOYOTA MOTOR CREDIT CORP | | 03/12/2020 | 50,000,000.00 | 49,984,500.00 | 49,778,166.67 | 1.210 | 1.232 | 51 | 07/22/2020 |
| 89233GG83 | 12037 | TOYOTA MOTOR CREDIT CORP | | 03/16/2020 | 50,000,000.00 | 49,989,000.00 | 49,778,333.33 | 1.400 | 1.426 | 37 | 07/08/2020 |
| 89233GG18 | 12073 | TOYOTA MOTOR CREDIT CORP | | 03/26/2020 | 50,000,000.00 | 49,996,000.00 | 49,657,805.56 | 2.540 | 2.593 | 30 | 07/01/2020 |
| 89233GLA2 | 12096 | TOYOTA MOTOR CREDIT CORP | | 04/09/2020 | 50,000,000.00 | 49,926,000.00 | 49,453,541.67 | 1.830 | 1.904 | 162 | 11/10/2020 |
| | | **Subtotal and Average** | **474,675,698.03** | | **500,000,000.00** | **499,707,500.00** | **497,232,194.45** | | **1.377** | **79** | |
| **Agency Bullets (Aaa/AA+)** | | | | | | | | | | | |
| 3132X0Q53 | 11469 | FARMER MAC | | 03/29/2018 | 10,000,000.00 | 10,198,300.00 | 9,995,100.00 | 2.600 | 2.617 | 301 | 03/29/2021 |
| 3132X0U25 | 11486 | FARMER MAC | | 04/19/2018 | 30,000,000.00 | 32,131,200.00 | 29,982,000.00 | 2.800 | 2.813 | 1,052 | 04/19/2023 |
| 3132X0U25 | 11487 | FARMER MAC | | 04/19/2018 | 40,000,000.00 | 42,841,600.00 | 39,976,000.00 | 2.800 | 2.813 | 1,052 | 04/19/2023 |
| 3132X0U25 | 11488 | FARMER MAC | | 04/19/2018 | 30,000,000.00 | 32,131,200.00 | 29,982,000.00 | 2.800 | 2.813 | 1,052 | 04/19/2023 |
| 31422BEV8 | 11731 | FARMER MAC | | 04/22/2019 | 50,000,000.00 | 51,448,000.00 | 50,000,000.00 | 2.485 | 2.485 | 490 | 10/04/2021 |
| 31422BEX4 | 11736 | FARMER MAC | | 04/24/2019 | 50,000,000.00 | 52,572,500.00 | 50,000,000.00 | 2.475 | 2.475 | 855 | 10/04/2022 |
| 31422BFL9 | 11755 | FARMER MAC | | 05/10/2019 | 25,000,000.00 | 26,834,250.00 | 25,000,000.00 | 2.400 | 2.400 | 1,369 | 03/01/2024 |
| 31422BFK1 | 11756 | FARMER MAC | | 05/10/2019 | 25,000,000.00 | 26,895,500.00 | 25,000,000.00 | 2.400 | 2.400 | 1,430 | 05/01/2024 |
| 31422BJB7 | 11793 | FARMER MAC | | 07/22/2019 | 25,000,000.00 | 26,389,750.00 | 25,000,000.00 | 1.970 | 1.970 | 1,310 | 01/02/2024 |
| 31422BPC8 | 11911 | FARMER MAC | | 11/20/2019 | 20,000,000.00 | 20,915,200.00 | 20,000,000.00 | 1.720 | 1.720 | 1,267 | 11/20/2023 |
| 31422BQK9 | 11955 | FARMER MAC | | 12/20/2019 | 25,000,000.00 | 26,275,250.00 | 24,988,750.00 | 1.690 | 1.700 | 1,572 | 09/20/2024 |
| 31422BQW3 | 11956 | FARMER MAC | | 12/20/2019 | 40,000,000.00 | 41,808,400.00 | 40,000,000.00 | 1.740 | 1.740 | 1,218 | 10/02/2023 |
| 31422BYV6 | 12115 | FARMER MAC | | 04/27/2020 | 35,000,000.00 | 35,215,600.00 | 34,979,000.00 | 0.550 | 0.569 | 1,151 | 07/27/2023 |
| 3133EHW58 | 11374 | Federal Farm Credit Bank | | 11/27/2017 | 10,000,000.00 | 10,082,900.00 | 9,997,100.00 | 1.900 | 1.910 | 179 | 11/27/2020 |
| 3133EJLZ0 | 11493 | Federal Farm Credit Bank | | 04/23/2018 | 10,000,000.00 | 10,198,600.00 | 9,985,900.00 | 2.625 | 2.674 | 326 | 04/23/2021 |
| 3133EKQU3 | 11778 | Federal Farm Credit Bank | | 06/21/2019 | 30,000,000.00 | 31,812,600.00 | 29,984,700.00 | 1.950 | 1.961 | 1,473 | 06/13/2024 |
| 3133EKTV8 | 11784 | Federal Farm Credit Bank | | 07/02/2019 | 12,000,000.00 | 12,705,840.00 | 11,998,320.00 | 1.900 | 1.903 | 1,491 | 07/01/2024 |
| 3133EKUA2 | 11785 | Federal Farm Credit Bank | | 07/02/2019 | 15,000,000.00 | 15,631,200.00 | 14,989,800.00 | 1.850 | 1.870 | 975 | 02/01/2023 |
| 3133EKYJ9 | 11807 | Federal Farm Credit Bank | | 08/08/2019 | 15,000,000.00 | 15,529,800.00 | 15,111,300.00 | 1.850 | 1.595 | 795 | 08/05/2022 |
| 3133EKZK5 | 11812 | Federal Farm Credit Bank | | 08/14/2019 | 20,000,000.00 | 20,823,000.00 | 19,992,000.00 | 1.600 | 1.610 | 1,169 | 08/14/2023 |
| 3133EKA63 | 11814 | Federal Farm Credit Bank | | 08/16/2019 | 10,000,000.00 | 10,472,700.00 | 9,982,800.00 | 1.600 | 1.636 | 1,537 | 08/16/2024 |
| 3133EKM45 | 11845 | Federal Farm Credit Bank | | 09/09/2019 | 10,000,000.00 | 10,277,800.00 | 9,989,100.00 | 1.500 | 1.537 | 827 | 09/06/2022 |
| 3133EKP67 | 11855 | Federal Farm Credit Bank | | 09/17/2019 | 10,000,000.00 | 10,181,300.00 | 9,981,600.00 | 1.625 | 1.719 | 473 | 09/17/2021 |
| 3133ELDK7 | 11945 | Federal Farm Credit Bank | | 12/16/2019 | 35,000,000.00 | 35,983,850.00 | 34,998,145.70 | 1.630 | 1.632 | 744 | 06/15/2022 |
| 3133ELDK7 | 11946 | Federal Farm Credit Bank | | 12/16/2019 | 10,000,000.00 | 10,281,100.00 | 9,999,470.20 | 1.630 | 1.632 | 744 | 06/15/2022 |
| 3133ELDK7 | 11947 | Federal Farm Credit Bank | | 12/16/2019 | 30,000,000.00 | 30,843,300.00 | 29,998,410.60 | 1.630 | 1.632 | 744 | 06/15/2022 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agency Bullets (Aaa/AA+)** | | | | | | | | | | | |
| 3133ELKN3 | 12001 | Federal Farm Credit Bank | | 01/31/2020 | 25,000,000.00 | 25,557,500.00 | 25,068,229.17 | 1.550 | 1.417 | 606 | 01/28/2022 |
| 3133ELHR8 | 12002 | Federal Farm Credit Bank | | 01/31/2020 | 25,000,000.00 | 25,556,750.00 | 25,095,861.11 | 1.600 | 1.425 | 599 | 01/21/2022 |
| 3133ELZM9 | 12140 | Federal Farm Credit Bank | | 05/15/2020 | 25,000,000.00 | 24,950,500.00 | 24,953,572.22 | 0.500 | 0.538 | 1,808 | 05/14/2025 |
| 3130A7CV5 | 10911 | Federal Home Loan Bank | | 02/18/2016 | 5,000,000.00 | 5,041,900.00 | 4,979,800.00 | 1.375 | 1.459 | 262 | 02/18/2021 |
| 3130A7CV5 | 10912 | Federal Home Loan Bank | | 02/18/2016 | 15,000,000.00 | 15,125,700.00 | 14,939,400.00 | 1.375 | 1.459 | 262 | 02/18/2021 |
| 3130AABG2 | 11148 | Federal Home Loan Bank | | 11/30/2016 | 5,000,000.00 | 5,128,600.00 | 4,980,100.00 | 1.875 | 1.959 | 546 | 11/29/2021 |
| 3130AABG2 | 11149 | Federal Home Loan Bank | | 11/30/2016 | 5,000,000.00 | 5,128,600.00 | 4,980,100.00 | 1.875 | 1.959 | 546 | 11/29/2021 |
| 3130AABG2 | 11150 | Federal Home Loan Bank | | 11/30/2016 | 5,000,000.00 | 5,128,600.00 | 4,980,100.00 | 1.875 | 1.959 | 546 | 11/29/2021 |
| 3130ACE26 | 11312 | Federal Home Loan Bank | | 09/08/2017 | 10,000,000.00 | 10,038,600.00 | 9,967,900.00 | 1.375 | 1.483 | 119 | 09/28/2020 |
| 3130ACE26 | 11313 | Federal Home Loan Bank | | 09/08/2017 | 10,000,000.00 | 10,038,600.00 | 9,967,900.00 | 1.375 | 1.483 | 119 | 09/28/2020 |
| 3130ACE26 | 11314 | Federal Home Loan Bank | | 09/08/2017 | 10,000,000.00 | 10,038,600.00 | 9,967,900.00 | 1.375 | 1.483 | 119 | 09/28/2020 |
| 3130AEWA4 | 11564 | Federal Home Loan Bank | | 09/07/2018 | 15,000,000.00 | 15,122,250.00 | 14,967,750.00 | 2.625 | 2.733 | 122 | 10/01/2020 |
| 3130AEWA4 | 11565 | Federal Home Loan Bank | | 09/07/2018 | 15,000,000.00 | 15,122,250.00 | 14,967,750.00 | 2.625 | 2.733 | 122 | 10/01/2020 |
| 3130AF5B9 | 11576 | Federal Home Loan Bank | | 10/12/2018 | 10,000,000.00 | 10,384,400.00 | 9,993,500.00 | 3.000 | 3.023 | 498 | 10/12/2021 |
| 3130AF5B9 | 11577 | Federal Home Loan Bank | | 10/12/2018 | 10,000,000.00 | 10,384,400.00 | 9,993,500.00 | 3.000 | 3.023 | 498 | 10/12/2021 |
| 3130AGLD5 | 11786 | Federal Home Loan Bank | | 07/03/2019 | 15,000,000.00 | 15,278,550.00 | 15,014,070.00 | 1.875 | 1.827 | 401 | 07/07/2021 |
| 3130AGWK7 | 11815 | Federal Home Loan Bank | | 08/16/2019 | 12,000,000.00 | 12,562,320.00 | 11,971,800.00 | 1.500 | 2.136 | 1,536 | 08/15/2024 |
| 3130AGWK7 | 11816 | Federal Home Loan Bank | | 08/16/2019 | 20,000,000.00 | 20,937,200.00 | 19,953,000.00 | 1.500 | 1.549 | 1,536 | 08/15/2024 |
| 3130AGWK7 | 11817 | Federal Home Loan Bank | | 08/16/2019 | 20,000,000.00 | 20,937,200.00 | 19,953,000.00 | 1.500 | 1.549 | 1,536 | 08/15/2024 |
| 313380GJ0 | 11888 | Federal Home Loan Bank | | 10/30/2019 | 25,000,000.00 | 25,975,250.00 | 25,216,250.00 | 2.000 | 1.688 | 830 | 09/09/2022 |
| 313380GJ0 | 11889 | Federal Home Loan Bank | | 10/30/2019 | 14,710,000.00 | 15,283,837.10 | 14,838,271.20 | 2.000 | 1.686 | 830 | 09/09/2022 |
| 3130AHJY0 | 11900 | Federal Home Loan Bank | | 11/08/2019 | 20,000,000.00 | 20,420,600.00 | 19,965,800.00 | 1.625 | 1.711 | 536 | 11/19/2021 |
| 3130AHJY0 | 11901 | Federal Home Loan Bank | | 11/08/2019 | 30,000,000.00 | 30,630,900.00 | 29,948,700.00 | 1.625 | 1.711 | 536 | 11/19/2021 |
| 3130AHSR5 | 11958 | Federal Home Loan Bank | | 12/20/2019 | 15,000,000.00 | 15,332,850.00 | 14,983,800.00 | 1.625 | 1.680 | 567 | 12/20/2021 |
| 3130AHSR5 | 11959 | Federal Home Loan Bank | | 12/20/2019 | 15,000,000.00 | 15,332,850.00 | 14,983,800.00 | 1.625 | 1.680 | 567 | 12/20/2021 |
| 3130AHSR5 | 11960 | Federal Home Loan Bank | | 12/20/2019 | 9,000,000.00 | 9,199,710.00 | 8,990,280.00 | 1.625 | 1.680 | 567 | 12/20/2021 |
| 3130AJ7E3 | 12020 | Federal Home Loan Bank | | 02/21/2020 | 14,000,000.00 | 14,419,720.00 | 13,974,240.00 | 1.375 | 1.438 | 991 | 02/17/2023 |
| 3130AJ7E3 | 12023 | Federal Home Loan Bank | | 02/21/2020 | 15,000,000.00 | 15,449,700.00 | 14,972,400.00 | 1.375 | 1.438 | 991 | 02/17/2023 |
| 3137EAEC9 | 11066 | Federal Home Loan Mtg Corp | | 08/12/2016 | 10,000,000.00 | 10,110,700.00 | 9,949,200.00 | 1.125 | 1.230 | 437 | 08/12/2021 |
| 3137EAEK1 | 11367 | Federal Home Loan Mtg Corp | | 11/15/2017 | 10,000,000.00 | 10,077,100.00 | 9,990,400.00 | 1.875 | 1.908 | 169 | 11/17/2020 |
| 3137EAEK1 | 11368 | Federal Home Loan Mtg Corp | | 11/15/2017 | 10,000,000.00 | 10,077,100.00 | 9,990,400.00 | 1.875 | 1.908 | 169 | 11/17/2020 |
| 3137EAEL9 | 11446 | Federal Home Loan Mtg Corp | | 02/16/2018 | 10,000,000.00 | 10,154,500.00 | 9,973,600.00 | 2.375 | 2.467 | 260 | 02/16/2021 |
| 3137EAEN5 | 11520 | Federal Home Loan Mtg Corp | | 06/11/2018 | 15,000,000.00 | 16,144,650.00 | 14,918,400.00 | 2.750 | 2.867 | 1,113 | 06/19/2023 |
| 3137EAEP0 | 12014 | Federal Home Loan Mtg Corp | | 02/14/2020 | 15,000,000.00 | 15,684,450.00 | 14,988,450.00 | 1.500 | 1.516 | 1,717 | 02/12/2025 |
| 3137EAEP0 | 12015 | Federal Home Loan Mtg Corp | | 02/14/2020 | 10,000,000.00 | 10,456,300.00 | 9,992,300.00 | 1.500 | 1.516 | 1,717 | 02/12/2025 |
| 3137EAER6 | 12129 | Federal Home Loan Mtg Corp | | 05/07/2020 | 10,000,000.00 | 10,016,000.00 | 9,995,800.00 | 0.375 | 0.389 | 1,068 | 05/05/2023 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agency Bullets (Aaa/AA+)** | | | | | | | | | | | |
| 3137EAER6 | 12130 | Federal Home Loan Mtg Corp | | 05/07/2020 | 20,000,000.00 | 20,032,000.00 | 19,991,600.00 | 0.375 | 0.389 | 1,068 | 05/05/2023 |
| 3137EAER6 | 12131 | Federal Home Loan Mtg Corp | | 05/07/2020 | 20,000,000.00 | 20,032,000.00 | 19,991,600.00 | 0.375 | 0.389 | 1,068 | 05/05/2023 |
| 3135G0S38 | 11184 | Federal National Mtg Assn | | 01/09/2017 | 15,000,000.00 | 15,428,250.00 | 14,973,150.00 | 2.000 | 2.038 | 583 | 01/05/2022 |
| 3135G0T60 | 11309 | Federal National Mtg Assn | | 08/01/2017 | 10,000,000.00 | 10,022,000.00 | 9,969,700.00 | 1.500 | 1.604 | 59 | 07/30/2020 |
| 3135G0T60 | 11310 | Federal National Mtg Assn | | 08/01/2017 | 10,000,000.00 | 10,022,000.00 | 9,969,700.00 | 1.500 | 1.604 | 59 | 07/30/2020 |
| 3135G0T78 | 11331 | Federal National Mtg Assn | | 10/06/2017 | 15,000,000.00 | 15,624,150.00 | 14,990,100.00 | 2.000 | 2.014 | 856 | 10/05/2022 |
| 3135G0T78 | 11332 | Federal National Mtg Assn | | 10/06/2017 | 10,000,000.00 | 10,416,100.00 | 9,993,400.00 | 2.000 | 2.014 | 856 | 10/05/2022 |
| 3135G0U27 | 11479 | Federal National Mtg Assn | | 04/13/2018 | 10,000,000.00 | 10,199,500.00 | 9,985,100.00 | 2.500 | 2.552 | 316 | 04/13/2021 |
| 3135G0U43 | 11568 | Federal National Mtg Assn | | 09/14/2018 | 20,000,000.00 | 21,702,800.00 | 19,918,000.00 | 2.875 | 2.964 | 1,198 | 09/12/2023 |
| 3135G0U84 | 11588 | Federal National Mtg Assn | | 11/01/2018 | 10,000,000.00 | 10,112,200.00 | 9,994,200.00 | 2.875 | 2.905 | 151 | 10/30/2020 |
| 3135G0U92 | 11644 | Federal National Mtg Assn | | 01/11/2019 | 10,000,000.00 | 10,390,200.00 | 9,992,800.00 | 2.625 | 2.650 | 589 | 01/11/2022 |
| 3135G0U92 | 11645 | Federal National Mtg Assn | | 01/11/2019 | 10,000,000.00 | 10,390,200.00 | 9,992,800.00 | 2.625 | 2.650 | 589 | 01/11/2022 |
| 3135G0V34 | 11657 | Federal National Mtg Assn | | 02/08/2019 | 20,000,000.00 | 21,612,400.00 | 19,925,600.00 | 2.500 | 2.580 | 1,344 | 02/05/2024 |
| 3135G0V34 | 11658 | Federal National Mtg Assn | | 02/08/2019 | 20,000,000.00 | 21,612,400.00 | 19,925,600.00 | 2.500 | 2.580 | 1,344 | 02/05/2024 |
| 3135G0V59 | 11718 | Federal National Mtg Assn | | 04/12/2019 | 15,000,000.00 | 15,574,200.00 | 14,950,800.00 | 2.250 | 2.364 | 680 | 04/12/2022 |
| 3135G0V59 | 11719 | Federal National Mtg Assn | | 04/12/2019 | 30,000,000.00 | 31,148,400.00 | 29,870,400.00 | 2.250 | 2.400 | 680 | 04/12/2022 |
| 3135G0V75 | 11788 | Federal National Mtg Assn | | 07/08/2019 | 20,000,000.00 | 21,112,400.00 | 19,924,200.00 | 1.750 | 1.830 | 1,492 | 07/02/2024 |
| 3135G0W33 | 11840 | Federal National Mtg Assn | | 09/06/2019 | 20,000,000.00 | 20,524,000.00 | 19,930,400.00 | 1.375 | 1.494 | 827 | 09/06/2022 |
| 3135G0W33 | 11841 | Federal National Mtg Assn | | 09/06/2019 | 20,000,000.00 | 20,524,000.00 | 19,930,400.00 | 1.375 | 1.494 | 827 | 09/06/2022 |
| 3135G0W33 | 11842 | Federal National Mtg Assn | | 09/06/2019 | 20,000,000.00 | 20,524,000.00 | 19,930,400.00 | 1.375 | 1.494 | 827 | 09/06/2022 |
| 3135G0W66 | 11872 | Federal National Mtg Assn | | 10/18/2019 | 20,000,000.00 | 21,030,600.00 | 19,965,800.00 | 1.625 | 1.661 | 1,597 | 10/15/2024 |
| 3135G0W66 | 11875 | Federal National Mtg Assn | | 10/18/2019 | 25,000,000.00 | 26,288,250.00 | 24,957,250.00 | 1.625 | 1.661 | 1,597 | 10/15/2024 |
| 3135G0W66 | 11876 | Federal National Mtg Assn | | 10/18/2019 | 25,000,000.00 | 26,288,250.00 | 24,957,250.00 | 1.625 | 1.661 | 1,597 | 10/15/2024 |
| 3135G0W66 | 11918 | Federal National Mtg Assn | | 11/22/2019 | 25,000,000.00 | 26,288,250.00 | 24,939,515.00 | 1.625 | 1.677 | 1,597 | 10/15/2024 |
| 3135G0X24 | 11969 | Federal National Mtg Assn | | 01/10/2020 | 20,000,000.00 | 21,055,600.00 | 19,936,200.00 | 1.625 | 1.692 | 1,681 | 01/07/2025 |
| 3135G0X24 | 11970 | Federal National Mtg Assn | | 01/10/2020 | 20,000,000.00 | 21,055,600.00 | 19,936,200.00 | 1.625 | 1.692 | 1,681 | 01/07/2025 |
| 3135G04Q3 | 12145 | Federal National Mtg Assn | | 05/22/2020 | 20,000,000.00 | 19,958,600.00 | 19,939,800.00 | 0.250 | 0.351 | 1,085 | 05/22/2023 |
| 3135G04Q3 | 12146 | Federal National Mtg Assn | | 05/22/2020 | 15,000,000.00 | 14,968,950.00 | 14,954,850.00 | 0.250 | 0.351 | 1,085 | 05/22/2023 |
| 3135G04Q3 | 12147 | Federal National Mtg Assn | | 05/22/2020 | 15,000,000.00 | 14,968,950.00 | 14,954,850.00 | 0.250 | 0.351 | 1,085 | 05/22/2023 |
| | | **Subtotal and Average** | **1,593,318,571.94** | | **1,636,710,000.00** | **1,696,615,727.10** | **1,634,970,485.20** | | **1.842** | **958** | |
| **Federal Agency Disc. -Amortizing** | | | | | | | | | | | |
| 313384G29 | 12108 | Federal Home Loan Bk Disc Note | | 04/24/2020 | 50,000,000.00 | 49,976,000.00 | 49,975,833.33 | 0.120 | 0.123 | 107 | 09/16/2020 |
| 313384M48 | 12109 | Federal Home Loan Bk Disc Note | | 04/24/2020 | 20,000,000.00 | 19,986,000.00 | 19,985,455.56 | 0.140 | 0.144 | 149 | 10/28/2020 |
| 313396M42 | 12111 | Freddie Mac Discount Notes | | 04/24/2020 | 30,000,000.00 | 29,979,000.00 | 29,981,300.00 | 0.120 | 0.123 | 149 | 10/28/2020 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Subtotal and Average** | **103,797,065.23** | | **100,000,000.00** | **99,941,000.00** | **99,942,588.89** | | **0.128** | **128** | |
| **Treasury Notes and Bonds** | | | | | | | | | | | |
| 912828VV9 | 11702 | U.S. Treasury | | 04/09/2019 | 50,000,000.00 | 50,246,500.00 | 49,818,359.40 | 2.125 | 2.391 | 91 | 08/31/2020 |
| 912828F21 | 11712 | U.S. Treasury | | 04/11/2019 | 50,000,000.00 | 51,289,000.00 | 49,771,484.39 | 2.125 | 2.316 | 486 | 09/30/2021 |
| 9128282D1 | 11744 | U.S. Treasury | | 04/29/2019 | 50,000,000.00 | 51,892,500.00 | 48,093,750.00 | 1.375 | 2.304 | 1,186 | 08/31/2023 |
| 912828S92 | 11791 | U.S. Treasury | | 07/16/2019 | 50,000,000.00 | 51,654,500.00 | 48,804,687.50 | 1.250 | 1.867 | 1,155 | 07/31/2023 |
| 9128282S8 | 11808 | U.S. Treasury | | 08/13/2019 | 50,000,000.00 | 51,625,000.00 | 50,044,921.90 | 1.625 | 1.595 | 821 | 08/31/2022 |
| 9128282D1 | 11832 | U.S. Treasury | | 08/28/2019 | 50,000,000.00 | 51,892,500.00 | 49,966,796.88 | 1.375 | 1.392 | 1,186 | 08/31/2023 |
| 912828S92 | 11843 | U.S. Treasury | | 09/06/2019 | 50,000,000.00 | 51,654,500.00 | 49,636,718.75 | 1.250 | 1.442 | 1,155 | 07/31/2023 |
| 912828YC8 | 11844 | U.S. Treasury | | 09/06/2019 | 50,000,000.00 | 50,810,500.00 | 49,974,609.38 | 1.500 | 1.526 | 456 | 08/31/2021 |
| 912828VB3 | 11862 | U.S. Treasury | | 09/26/2019 | 50,000,000.00 | 52,289,000.00 | 50,253,906.25 | 1.750 | 1.605 | 1,078 | 05/15/2023 |
| 912828YH7 | 11879 | U.S. Treasury | | 10/25/2019 | 50,000,000.00 | 52,644,500.00 | 49,654,296.90 | 1.500 | 1.593 | 1,582 | 09/30/2024 |
| 912828XM7 | 11880 | U.S. Treasury | | 10/25/2019 | 50,000,000.00 | 50,124,000.00 | 49,994,140.65 | 1.625 | 1.639 | 60 | 07/31/2020 |
| 912828Y87 | 11919 | U.S. Treasury | | 11/22/2019 | 50,000,000.00 | 53,086,000.00 | 50,298,828.15 | 1.750 | 1.617 | 1,521 | 07/31/2024 |
| 912828Y87 | 11936 | U.S. Treasury | | 12/10/2019 | 50,000,000.00 | 53,086,000.00 | 50,134,765.65 | 1.750 | 1.689 | 1,521 | 07/31/2024 |
| 912828S27 | 11951 | U.S. Treasury | | 12/16/2019 | 50,000,000.00 | 50,494,000.00 | 49,587,890.63 | 1.125 | 1.669 | 394 | 06/30/2021 |
| 9128287A2 | 11997 | U.S. Treasury | | 01/31/2020 | 50,000,000.00 | 50,765,500.00 | 50,190,290.18 | 1.625 | 1.451 | 394 | 06/30/2021 |
| 912828G53 | 11998 | U.S. Treasury | | 01/31/2020 | 50,000,000.00 | 51,275,500.00 | 50,596,311.48 | 1.875 | 1.389 | 547 | 11/30/2021 |
| 912828YJ3 | 11999 | U.S. Treasury | | 01/31/2020 | 50,000,000.00 | 50,867,000.00 | 50,070,312.50 | 1.500 | 1.414 | 486 | 09/30/2021 |
| 9128282F6 | 12000 | U.S. Treasury | | 01/31/2020 | 50,000,000.00 | 50,586,000.00 | 49,769,531.25 | 1.125 | 1.421 | 456 | 08/31/2021 |
| | | **Subtotal and Average** | **896,661,601.84** | | **900,000,000.00** | **926,282,500.00** | **896,661,601.84** | | **1.683** | **809** | |
| **Agency Callables (Aaa/AA+)** | | | | | | | | | | | |
| 31422BRL6 | 11965 | FARMER MAC | | 12/27/2019 | 25,000,000.00 | 25,540,250.00 | 25,000,000.00 | 1.900 | 1.900 | 1,670 | 12/27/2024 |
| 31422BWE6 | 12042 | FARMER MAC | | 03/18/2020 | 10,000,000.00 | 10,000,500.00 | 10,000,000.00 | 0.720 | 0.720 | 290 | 03/18/2021 |
| 3133EKF27 | 11827 | Federal Farm Credit Bank | | 08/26/2019 | 20,000,000.00 | 20,065,800.00 | 20,000,000.00 | 1.850 | 1.850 | 816 | 08/26/2022 |
| 3133ELGX6 | 11975 | Federal Farm Credit Bank | | 01/17/2020 | 15,000,000.00 | 15,112,050.00 | 14,998,133.33 | 1.580 | 1.595 | 591 | 01/13/2022 |
| 3133ELMD3 | 12008 | Federal Farm Credit Bank | | 02/10/2020 | 10,000,000.00 | 10,064,300.00 | 10,000,000.00 | 1.600 | 1.600 | 984 | 02/10/2023 |
| 3133ELWZ3 | 12102 | Federal Farm Credit Bank | | 04/21/2020 | 15,000,000.00 | 15,000,900.00 | 15,000,000.00 | 0.840 | 0.840 | 1,054 | 04/21/2023 |
| 3130AHD67 | 11877 | Federal Home Loan Bank | | 10/22/2019 | 14,765,000.00 | 14,844,435.70 | 14,765,000.00 | 2.000 | 2.000 | 1,598 | 10/16/2024 |
| 3130AHP31 | 11938 | Federal Home Loan Bank | | 12/11/2019 | 15,000,000.00 | 15,056,550.00 | 15,000,000.00 | 2.000 | 2.000 | 1,654 | 12/11/2024 |
| 3130AHP31 | 11939 | Federal Home Loan Bank | | 12/11/2019 | 10,000,000.00 | 10,037,700.00 | 10,000,000.00 | 2.000 | 2.000 | 1,654 | 12/11/2024 |
| 3130AHP31 | 11940 | Federal Home Loan Bank | | 12/11/2019 | 10,000,000.00 | 10,037,700.00 | 10,000,000.00 | 2.000 | 2.000 | 1,654 | 12/11/2024 |
| 3130AHP31 | 11948 | Federal Home Loan Bank | | 12/16/2019 | 25,000,000.00 | 25,094,250.00 | 25,006,944.44 | 2.000 | 2.000 | 1,654 | 12/11/2024 |
| 3130AHWB5 | 11978 | Federal Home Loan Bank | | 01/22/2020 | 25,000,000.00 | 25,053,250.00 | 24,992,638.89 | | 1.799 | 1,695 | 01/21/2025 |
| 3134GBHQ8 | 11260 | Federal Home Loan Mtg Corp | | 04/27/2017 | 20,000,000.00 | 20,046,600.00 | 20,000,000.00 | 1.700 | 1.700 | 56 | 07/27/2020 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agency Callables (Aaa/AA+)** | | | | | | | | | | | |
| 3134GBYF3 | 11308 | Federal Home Loan Mtg Corp | | 07/27/2017 | 10,000,000.00 | 10,103,800.00 | 10,000,000.00 | 1.800 | 1.800 | 240 | 01/27/2021 |
| 3134GTKG7 | 11750 | Federal Home Loan Mtg Corp | | 05/03/2019 | 20,000,000.00 | 20,373,800.00 | 20,000,000.00 | 2.600 | 2.600 | 1,432 | 05/03/2024 |
| 3134GTRQ8 | 11767 | Federal Home Loan Mtg Corp | | 06/03/2019 | 25,000,000.00 | 25,003,500.00 | 25,000,000.00 | 2.550 | 2.550 | 1,463 | 06/03/2024 |
| 3134GTRK1 | 11775 | Federal Home Loan Mtg Corp | | 06/17/2019 | 15,000,000.00 | 15,014,250.00 | 15,000,000.00 | 2.550 | 2.550 | 1,477 | 06/17/2024 |
| 3134GTTK9 | 11779 | Federal Home Loan Mtg Corp | | 06/26/2019 | 10,000,000.00 | 10,013,300.00 | 10,000,000.00 | 2.375 | 2.375 | 1,486 | 06/26/2024 |
| 3134GTM34 | 11803 | Federal Home Loan Mtg Corp | | 07/31/2019 | 10,000,000.00 | 10,024,700.00 | 10,000,000.00 | 2.070 | 2.070 | 788 | 07/29/2022 |
| 3134GT3X9 | 11830 | Federal Home Loan Mtg Corp | | 08/28/2019 | 15,000,000.00 | 15,063,750.00 | 15,000,000.00 | 2.010 | 2.010 | 1,549 | 08/28/2024 |
| 3134GT5A7 | 11838 | Federal Home Loan Mtg Corp | | 09/05/2019 | 15,000,000.00 | 15,001,950.00 | 14,956,500.00 | 1.750 | 1.826 | 1,191 | 09/05/2023 |
| 3134GT6H1 | 11853 | Federal Home Loan Mtg Corp | | 09/11/2019 | 13,000,000.00 | 13,005,200.00 | 12,993,500.00 | 2.000 | 2.011 | 1,561 | 09/09/2024 |
| 3134GUMS6 | 11885 | Federal Home Loan Mtg Corp | | 10/29/2019 | 15,000,000.00 | 15,033,450.00 | 15,000,000.00 | 1.800 | 1.800 | 788 | 07/29/2022 |
| 3134GULJ7 | 11886 | Federal Home Loan Mtg Corp | | 10/30/2019 | 10,000,000.00 | 10,021,500.00 | 10,000,000.00 | 2.000 | 2.000 | 1,520 | 07/30/2024 |
| 3134GUNE6 | 11902 | Federal Home Loan Mtg Corp | | 11/12/2019 | 10,000,000.00 | 10,060,500.00 | 10,000,000.00 | 2.000 | 2.000 | 1,625 | 11/12/2024 |
| 3134GUWP1 | 11929 | Federal Home Loan Mtg Corp | | 11/27/2019 | 10,000,000.00 | 10,065,700.00 | 10,000,000.00 | 1.800 | 1.800 | 1,274 | 11/27/2023 |
| 3134GUVE7 | 11933 | Federal Home Loan Mtg Corp | | 12/04/2019 | 15,000,000.00 | 15,002,250.00 | 15,000,000.00 | 2.000 | 2.000 | 1,647 | 12/04/2024 |
| 3134GUWN6 | 11934 | Federal Home Loan Mtg Corp | | 12/09/2019 | 25,000,000.00 | 25,172,750.00 | 25,000,000.00 | 1.700 | 1.700 | 921 | 12/09/2022 |
| 3134GUVJ6 | 11941 | Federal Home Loan Mtg Corp | | 12/11/2019 | 25,000,000.00 | 25,180,500.00 | 25,000,000.00 | 1.800 | 1.800 | 1,288 | 12/11/2023 |
| 3134GUB90 | 11953 | Federal Home Loan Mtg Corp | | 12/18/2019 | 25,000,000.00 | 25,108,500.00 | 25,000,000.00 | 1.900 | 1.900 | 1,204 | 09/18/2023 |
| 3134GUC81 | 11954 | Federal Home Loan Mtg Corp | | 12/19/2019 | 25,000,000.00 | 25,108,750.00 | 25,000,000.00 | 1.957 | 1.957 | 1,478 | 06/18/2024 |
| 3134GUB66 | 11961 | Federal Home Loan Mtg Corp | | 12/23/2019 | 15,000,000.00 | 15,013,650.00 | 15,000,000.00 | 2.050 | 2.050 | 1,666 | 12/23/2024 |
| 3134GUJ84 | 11964 | Federal Home Loan Mtg Corp | | 12/26/2019 | 15,000,000.00 | 15,016,200.00 | 15,000,000.00 | 1.900 | 1.900 | 1,212 | 09/26/2023 |
| 3134GUG53 | 11966 | Federal Home Loan Mtg Corp | | 12/27/2019 | 25,000,000.00 | 25,117,000.00 | 25,000,000.00 | 1.846 | 1.846 | 1,117 | 06/23/2023 |
| 3134GUH29 | 11967 | Federal Home Loan Mtg Corp | | 12/30/2019 | 15,000,000.00 | 15,128,100.00 | 15,000,000.00 | 1.850 | 1.850 | 1,305 | 12/28/2023 |
| 31422BUH1 | 12007 | Federal Home Loan Mtg Corp | | 02/10/2020 | 10,000,000.00 | 10,083,200.00 | 10,000,000.00 | 1.680 | 0.487 | 984 | 02/10/2023 |
| 31422BUS7 | 12016 | Federal Home Loan Mtg Corp | | 02/18/2020 | 25,000,000.00 | 25,459,250.00 | 25,000,000.00 | 1.680 | 1.680 | 1,723 | 02/18/2025 |
| 3134GVJG4 | 12087 | Federal Home Loan Mtg Corp | | 04/06/2020 | 15,000,000.00 | 15,000,600.00 | 15,000,000.00 | 1.150 | 1.150 | 1,039 | 04/06/2023 |
| 3134GVJG4 | 12088 | Federal Home Loan Mtg Corp | | 04/06/2020 | 15,000,000.00 | 15,000,600.00 | 15,000,000.00 | 1.150 | 1.150 | 1,039 | 04/06/2023 |
| 3134GVJG4 | 12089 | Federal Home Loan Mtg Corp | | 04/06/2020 | 15,000,000.00 | 15,000,600.00 | 15,000,000.00 | 1.150 | 1.150 | 1,039 | 04/06/2023 |
| 3134GVJN9 | 12092 | Federal Home Loan Mtg Corp | | 04/08/2020 | 15,000,000.00 | 15,013,200.00 | 15,000,000.00 | 1.200 | 1.200 | 1,039 | 04/06/2023 |
| 3134GVKV9 | 12099 | Federal Home Loan Mtg Corp | | 04/17/2020 | 15,000,000.00 | 15,002,100.00 | 15,000,000.00 | 1.375 | 1.375 | 1,781 | 04/17/2025 |
| 3134GVKF4 | 12100 | Federal Home Loan Mtg Corp | | 04/17/2020 | 15,000,000.00 | 15,008,250.00 | 15,000,000.00 | 1.200 | 1.200 | 1,780 | 04/16/2025 |
| 3134GVKB3 | 12101 | Federal Home Loan Mtg Corp | | 04/17/2020 | 25,000,000.00 | 25,014,000.00 | 25,000,000.00 | 1.000 | 1.000 | 1,780 | 04/16/2025 |
| 3134VKE7 | 12105 | Federal Home Loan Mtg Corp | | 04/22/2020 | 25,000,000.00 | 25,000,000.00 | 25,000,000.00 | 1.050 | 1.050 | 1,421 | 04/22/2024 |
| 3134GVMP0 | 12113 | Federal Home Loan Mtg Corp | | 04/27/2020 | 25,000,000.00 | 25,004,500.00 | 25,000,000.00 | 0.810 | 0.810 | 1,243 | 10/27/2023 |
| 3134GVLR7 | 12114 | Federal Home Loan Mtg Corp | | 04/27/2020 | 10,000,000.00 | 10,001,200.00 | 10,000,000.00 | 0.800 | 0.800 | 1,243 | 10/27/2023 |
| 3134GVPB8 | 12116 | Federal Home Loan Mtg Corp | | 04/27/2020 | 15,000,000.00 | 15,026,700.00 | 15,000,000.00 | 0.670 | 0.670 | 1,060 | 04/27/2023 |
| 3134GVPL6 | 12123 | Federal Home Loan Mtg Corp | | 04/30/2020 | 15,000,000.00 | 15,005,850.00 | 14,995,500.00 | 0.650 | 0.659 | 1,246 | 10/30/2023 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agency Callables (Aaa/AA+)** | | | | | | | | | | | |
| 3134GVWQ7 | 12142 | Federal Home Loan Mtg Corp | | 05/19/2020 | 10,000,000.00 | 9,997,300.00 | 10,000,000.00 | 0.550 | 0.550 | 1,082 | 05/19/2023 |
| 3134GVVT2 | 12143 | Federal Home Loan Mtg Corp | | 05/19/2020 | 15,000,000.00 | 15,000,900.00 | 15,000,000.00 | 0.920 | 0.920 | 1,813 | 05/19/2025 |
| 3134GVWR5 | 12144 | Federal Home Loan Mtg Corp | | 05/22/2020 | 25,000,000.00 | 25,003,500.00 | 25,000,000.00 | 0.625 | 0.625 | 1,816 | 05/22/2025 |
| 3136G4PK3 | 11398 | Federal National Mtg Assn | | 12/14/2017 | 15,000,000.00 | 15,049,950.00 | 14,898,600.00 | 1.750 | 2.000 | 119 | 09/28/2020 |
| 3136G05D9 | 11745 | Federal National Mtg Assn | | 04/29/2019 | 25,000,000.00 | 25,175,500.00 | 24,734,250.00 | 1.660 | 2.358 | 172 | 11/20/2020 |
| 3136G4UA9 | 11983 | Federal National Mtg Assn | | 01/27/2020 | 10,000,000.00 | 10,088,900.00 | 9,995,000.00 | 1.700 | 1.717 | 970 | 01/27/2023 |
| 3135G0X73 | 11990 | Federal National Mtg Assn | | 01/30/2020 | 25,000,000.00 | 25,039,000.00 | 25,000,000.00 | 1.750 | 1.750 | 973 | 01/30/2023 |
| 3135G0X81 | 11992 | Federal National Mtg Assn | | 01/30/2020 | 20,000,000.00 | 20,052,000.00 | 20,000,000.00 | 1.700 | 1.700 | 973 | 01/30/2023 |
| 3135G03Q4 | 12106 | Federal National Mtg Assn | | 04/23/2020 | 15,000,000.00 | 15,019,200.00 | 15,000,000.00 | 1.100 | 1.115 | 1,787 | 04/23/2025 |
| | | **Subtotal and Average** | **1,009,182,486.01** | | **977,765,000.00** | **981,633,685.70** | **977,336,066.66** | | **1.631** | **1,254** | |
| **Asset Backed Securities** | | | | | | | | | | | |
| 02008QAB6 | 11770 | Ally Auto Receivables Trust | | 06/11/2019 | 2,954,134.49 | 2,970,973.06 | 2,953,835.53 | 2.340 | 2.300 | 774 | 07/15/2022 |
| 02007RAC3 | 11856 | Ally Auto Receivables Trust | | 09/17/2019 | 9,500,000.00 | 9,691,995.00 | 9,499,732.10 | 1.300 | 1.283 | 1,444 | 05/15/2024 |
| 02007TAC9 | 11942 | Ally Auto Receivables Trust | | 12/11/2019 | 3,250,000.00 | 3,309,897.50 | 3,249,440.35 | 1.840 | 1.033 | 1,475 | 06/15/2024 |
| 05588CAC6 | 11858 | BMW Vehicle Owner Trust | | 09/18/2019 | 4,500,000.00 | 4,583,205.00 | 4,499,395.20 | 1.920 | 1.934 | 1,333 | 01/25/2024 |
| 05588CAB8 | 11860 | BMW Vehicle Owner Trust | | 09/18/2019 | 2,796,334.84 | 2,812,050.24 | 2,796,275.84 | 2.050 | 2.060 | 723 | 05/25/2022 |
| 14315XAB4 | 11976 | CarMax Auto Owner Trust | | 01/22/2020 | 3,500,000.00 | 3,535,105.00 | 3,499,766.90 | 1.300 | 1.308 | 1,050 | 04/17/2023 |
| 14315XAC2 | 11977 | CarMax Auto Owner Trust | | 01/22/2020 | 3,000,000.00 | 2,999,411.40 | 2,999,411.40 | 1.300 | 1.291 | 1,659 | 12/16/2024 |
| 14042WAC4 | 11760 | Capital One Prime Auto Rec | | 05/30/2019 | 3,000,000.00 | 3,080,820.00 | 2,999,392.20 | 2.510 | 2.533 | 1,262 | 11/15/2023 |
| 14043TAF3 | 11859 | Capital One Prime Auto Rec | | 09/18/2019 | 5,000,000.00 | 5,105,850.00 | 4,999,719.00 | 1.920 | 1.930 | 1,444 | 05/15/2024 |
| 14043MAC5 | 12019 | Capital One Prime Auto Rec | | 02/19/2020 | 6,000,000.00 | 6,081,960.00 | 5,998,724.40 | 1.600 | 1.615 | 1,628 | 11/15/2024 |
| 14043MAC5 | 12043 | Capital One Prime Auto Rec | | 03/18/2020 | 7,000,000.00 | 7,095,620.00 | 6,883,902.08 | 1.600 | 2.360 | 1,628 | 11/15/2024 |
| 254683CM5 | 11892 | Dexia Credit Card | | 10/31/2019 | 9,650,000.00 | 9,953,299.50 | 9,647,927.18 | 1.890 | 1.907 | 1,597 | 10/15/2024 |
| 31680YAB3 | 11752 | Fifth Third Auto Trust | | 05/08/2019 | 1,772,008.66 | 1,781,807.87 | 1,771,911.02 | 2.660 | 2.679 | 714 | 05/16/2022 |
| 34532DAD9 | 11777 | Ford Credit Auto Owner Trust | | 06/21/2019 | 9,500,000.00 | 9,722,965.00 | 9,498,136.10 | 2.235 | 2.255 | 1,231 | 10/15/2023 |
| 34528DAE3 | 11800 | Ford Credit Auto Owner Trust | | 07/30/2019 | 3,200,000.00 | 3,246,304.00 | 3,199,557.12 | 2.270 | 2.289 | 897 | 11/15/2022 |
| 34528DAD5 | 11801 | Ford Credit Auto Owner Trust | | 07/30/2019 | 10,000,000.00 | 10,131,900.00 | 9,998,254.00 | 2.220 | 2.188 | 866 | 10/15/2022 |
| 34531KAD4 | 11915 | Ford Credit Auto Owner Trust | | 11/22/2019 | 10,000,000.00 | 10,193,300.00 | 9,999,426.00 | 1.300 | 1.283 | 1,383 | 03/15/2024 |
| 34531MAB4 | 11986 | Ford Credit Auto Owner Trust | | 01/28/2020 | 4,500,000.00 | 4,532,490.00 | 4,499,745.75 | 2.080 | 2.094 | 774 | 07/15/2022 |
| 34531MAD0 | 11987 | Ford Credit Auto Owner Trust | | 01/28/2020 | 4,000,000.00 | 4,046,120.00 | 3,999,805.60 | 2.090 | 2.102 | 1,017 | 03/15/2023 |
| 36257FAD2 | 11726 | GM Financial | | 04/17/2019 | 4,000,000.00 | 4,103,120.00 | 3,999,674.40 | 2.650 | 2.668 | 1,355 | 02/16/2024 |
| 36257FAB6 | 11727 | GM Financial | | 04/17/2019 | 1,480,908.59 | 1,487,083.98 | 1,480,775.31 | 2.660 | 2.681 | 745 | 06/16/2022 |
| 36257AAD3 | 11751 | GM Financial | | 05/08/2019 | 1,750,000.00 | 1,770,842.50 | 1,749,939.63 | 2.670 | 2.687 | 658 | 03/21/2022 |
| 36257PAD0 | 11797 | GM Financial | | 07/24/2019 | 3,000,000.00 | 3,070,140.00 | 2,999,634.60 | 1.300 | 1.309 | 1,415 | 04/16/2024 |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asset Backed Securities** | | | | | | | | | | | |
| 38013TAD3 | 11810 | GM Financial | | 08/14/2019 | 5,500,000.00 | 5,550,985.00 | 5,499,393.35 | 2.030 | 1.973 | 749 | 06/20/2022 |
| 38013TAE1 | 11811 | GM Financial | | 08/14/2019 | 2,500,000.00 | 2,516,400.00 | 2,499,765.00 | 2.030 | 1.988 | 1,144 | 07/20/2023 |
| 36258NAC6 | 11972 | GM Financial | | 01/15/2020 | 2,500,000.00 | 2,566,375.00 | 2,499,411.25 | 1.840 | 1.858 | 1,568 | 09/16/2024 |
| 36258NAB8 | 11973 | GM Financial | | 01/15/2020 | 1,500,000.00 | 1,512,075.00 | 1,499,935.65 | 1.830 | 1.840 | 960 | 01/17/2023 |
| 36259KAD9 | 12018 | GM Financial | | 02/19/2020 | 2,750,000.00 | 2,772,055.00 | 2,749,752.50 | 1.670 | 1.622 | 932 | 12/20/2022 |
| 44932NAB6 | 11703 | Hyundai Auto Rec Trust | | 04/10/2019 | 1,015,992.94 | 1,021,093.22 | 1,015,991.42 | 2.670 | 2.685 | 562 | 12/15/2021 |
| 44932NAD2 | 11706 | Hyundai Auto Rec Trust | | 04/10/2019 | 3,000,000.00 | 3,075,030.00 | 2,999,605.20 | 2.660 | 2.630 | 1,109 | 06/15/2023 |
| 43815NAC8 | 11829 | Hyundai Auto Rec Trust | | 08/27/2019 | 4,750,000.00 | 4,827,947.50 | 4,749,960.58 | 1.780 | 1.787 | 1,170 | 08/15/2023 |
| 44891JAC2 | 11894 | Hyundai Auto Rec Trust | | 11/06/2019 | 3,500,000.00 | 3,573,990.00 | 3,499,838.65 | 1.940 | 1.950 | 1,354 | 02/15/2024 |
| 44891JAB4 | 11895 | Hyundai Auto Rec Trust | | 11/06/2019 | 2,249,241.01 | 2,264,715.79 | 2,249,101.79 | 1.930 | 1.942 | 774 | 07/15/2022 |
| 43813VAC2 | 11923 | Hyundai Auto Rec Trust | | 11/26/2019 | 13,500,000.00 | 13,808,340.00 | 13,497,594.30 | 1.830 | 1.846 | 1,326 | 01/18/2024 |
| 43813VAB4 | 11924 | Hyundai Auto Rec Trust | | 11/26/2019 | 12,000,000.00 | 12,109,560.00 | 11,999,258.40 | 1.860 | 1.872 | 747 | 06/18/2022 |
| 43813RAC1 | 12024 | Hyundai Auto Rec Trust | | 02/26/2020 | 10,000,000.00 | 10,228,300.00 | 9,998,040.00 | 1.610 | 1.625 | 1,421 | 04/22/2024 |
| 41284WAB6 | 11780 | Harley Davidson Motorcycle | | 06/26/2019 | 1,740,543.71 | 1,748,811.29 | 1,740,521.95 | 2.370 | 2.383 | 713 | 05/15/2022 |
| 41284UAD6 | 11988 | Harley Davidson Motorcycle | | 01/29/2020 | 2,775,000.00 | 2,811,102.75 | 2,774,394.77 | 1.870 | 1.887 | 1,597 | 10/15/2024 |
| 477870AC3 | 11798 | John Deere Owner Trust | | 07/24/2019 | 1,250,000.00 | 1,266,737.50 | 1,249,734.63 | 2.210 | 2.107 | 1,292 | 12/15/2023 |
| 58769TAD7 | 11861 | Mercedez Benz Auto Rec | | 09/25/2019 | 8,250,000.00 | 8,408,895.00 | 8,248,863.98 | 1.940 | 1.954 | 1,383 | 03/15/2024 |
| 65479NAB0 | 11984 | Nissan Auto Lease Trust | | 01/27/2020 | 8,000,000.00 | 8,055,040.00 | 7,999,554.40 | 1.800 | 1.811 | 714 | 05/16/2022 |
| 65479NAD6 | 11985 | Nissan Auto Lease Trust | | 01/27/2020 | 4,750,000.00 | 4,814,220.00 | 4,749,662.75 | 1.800 | 1.813 | 714 | 05/16/2022 |
| 89233MAD5 | 11905 | Toyota Auto Rec Owners Trust | | 11/13/2019 | 7,000,000.00 | 7,149,590.00 | 6,999,494.60 | 1.920 | 1.931 | 1,324 | 01/16/2024 |
| 98162GAD4 | 11820 | World Omni Automobile Lease | | 08/21/2019 | 4,800,000.00 | 4,852,704.00 | 4,799,216.16 | 2.030 | 2.049 | 897 | 11/15/2022 |
| 98162RAB4 | 11906 | World Omni Automobile Lease | | 11/14/2019 | 6,750,000.00 | 6,802,312.50 | 6,749,775.23 | 1.960 | 1.970 | 989 | 02/15/2023 |
| 98162HAC4 | 12010 | World Omni Automobile Lease | | 02/12/2020 | 5,250,000.00 | 5,281,657.50 | 5,249,510.18 | 1.700 | 1.712 | 958 | 01/15/2023 |
| | | **Subtotal and Average** | **229,385,932.81** | | **228,684,164.24** | **232,324,197.10** | **228,542,758.45** | | **1.902** | **1,171** | |
| **Municipal Bonds** | | | | | | | | | | | |
| 072024WP3 | 12038 | Bay Area Ca Tran | | 03/17/2020 | 10,000,000.00 | 10,379,100.00 | 10,371,665.00 | 2.254 | 1.570 | 1,400 | 04/01/2024 |
| 072024WP3 | 12039 | Bay Area Ca Tran | | 03/17/2020 | 10,000,000.00 | 10,379,100.00 | 10,264,600.00 | 2.254 | 1.575 | 1,400 | 04/01/2024 |
| 13063DRJ9 | 11878 | St. of California | | 10/24/2019 | 5,000,000.00 | 5,211,700.00 | 5,100,050.00 | 2.400 | 1.870 | 1,217 | 10/01/2023 |
| 13032UUZ9 | 11920 | St. of California | | 11/25/2019 | 2,000,000.00 | 2,022,000.00 | 2,000,000.00 | 1.893 | 1.880 | 730 | 06/01/2022 |
| 13032UUY2 | 11921 | St. of California | | 11/25/2019 | 4,000,000.00 | 4,026,880.00 | 4,000,000.00 | 1.896 | 1.875 | 365 | 06/01/2021 |
| | | **Subtotal and Average** | **31,736,315.00** | | **31,000,000.00** | **32,018,780.00** | **31,736,315.00** | | **1.678** | **1,198** | |

# Alameda County Investment Pool
## Portfolio Management
### Portfolio Details - Investments
### May 31, 2020



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Total and Average | 7,245,521,117.90 | | 7,218,882,164.24 | 7,339,041,452.56 | 7,213,005,440.76 | | 1.549 | 656 |

# Alameda County Investment Pool
## Transaction Activity Report
## May 1, 2020 - May 31, 2020
## Sorted by Fund - Transaction Date
## All Funds

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 10819 | 100 | 594918BG8 | MICROSOFT CORP, | Interest | 05/03/2020 | Mircosoft Inc. | | | 20,000.00 | **20,000.00** |
| 11126 | 100 | 742718EQ8 | PROCTER AND | Interest | 05/03/2020 | Proctor & Gamble | | | 42,500.00 | **42,500.00** |
| 11750 | 100 | 3134GTKG7 | FEDERAL HOME LN | Interest | 05/03/2020 | Federal Home Loan | | | 260,000.00 | **260,000.00** |
| 12085 | 100 | SYS12085 | BRIDGE 1.5% MAT | Interest | 05/03/2020 | Bridge Bank | | | 12,916.67 | **12,916.67** |
| 12086 | 100 | SYS12086 | BSB 1.5% MAT | Interest | 05/03/2020 | Beneficial State Ban | | | 12,916.67 | **12,916.67** |
| 11758 | 100 | SYS11758 | CBC 2.25% MAT | Interest | 05/04/2020 | California Bank of C | | | 18,606.22 | **18,606.22** |
| 11761 | 100 | SYS11761 | CBC 2.25% MAT | Interest | 05/04/2020 | California Bank of C | | | 27,909.33 | **27,909.33** |
| 11904 | 100 | SYS11904 | EWEST 2.5% MAT | Interest | 05/04/2020 | East West Bank | | | 54,541.68 | **54,541.68** |
| 12127 | 100 | 06406HBY4 | BK 3.55% MAT | Purchase | 05/05/2020 | Bank of NY | 16,072,309.09 | | | **-16,072,309.09** |
| 11804 | 100 | 3134GTU84 | FEDERAL HOME LN | Redemption | 05/05/2020 | Federal Home Loan | | 10,000,000.00 | | **10,000,000.00** |
| 11804 | 100 | 3134GTU84 | FEDERAL HOME LN | Interest | 05/05/2020 | Federal Home Loan | | | 50,000.00 | **50,000.00** |
| 12031 | 100 | 0258M0EB1 | AMERICAN | Interest | 05/05/2020 | American Express | | | 125,291.25 | **125,291.25** |
| 12031 | 100 | 0258M0EB1 | AMERICAN | Accr Int | 05/05/2020 | American Express | | 88,399.94 | -88,399.94 | **0.00** |
| 12128 | 100 | SYS12128 | 5STAR 0.5% MAT | Purchase | 05/06/2020 | Five Star Bank | 10,000,000.00 | | | **-10,000,000.00** |
| 10648 | 100 | 037833BD1 | APPLE INC, SR NT | Redemption | 05/06/2020 | Apple Inc. | | 5,000,000.00 | | **5,000,000.00** |
| 11893 | 100 | 459058HL0 | IBRD 2.25% MAT | Redemption | 05/06/2020 | International Bank R | | 10,000,000.00 | | **10,000,000.00** |
| 11903 | 100 | SYS11903 | 5STAR 2.19% MAT | Redemption | 05/06/2020 | Five Star Bank | | 10,000,000.00 | | **10,000,000.00** |
| 10648 | 100 | 037833BD1 | APPLE INC, SR NT | Interest | 05/06/2020 | Apple Inc. | | | 48,055.56 | **48,055.56** |
| 11893 | 100 | 459058HL0 | IBRD 2.25% MAT | Interest | 05/06/2020 | International Bank R | | | 112,500.00 | **112,500.00** |
| 11903 | 100 | SYS11903 | 5STAR 2.19% MAT | Interest | 05/06/2020 | Five Star Bank | | | 16,425.00 | **16,425.00** |
| 11894 | 100 | 44891JAC2 | HART 1.94% MAT | Interest | 05/06/2020 | Hyundai Auto Rec Tru | | | 5,658.33 | **5,658.33** |
| 11894 | 100 | 44891JAC2 | HART 1.94% MAT | Redemption | 05/06/2020 | Hyundai Auto Rec Tru | | 75,178.69 | | **75,178.69** |
| 12129 | 100 | 3137EAER6 | SIEBER 0.375% MAT | Purchase | 05/07/2020 | Federal Home Loan | 9,995,800.00 | | | **-9,995,800.00** |
| 12130 | 100 | 3137EAER6 | SIEBER 0.375% MAT | Purchase | 05/07/2020 | Federal Home Loan | 19,991,600.00 | | | **-19,991,600.00** |
| 12131 | 100 | 3137EAER6 | SIEBER 0.375% MAT | Purchase | 05/07/2020 | Federal Home Loan | 19,991,600.00 | | | **-19,991,600.00** |
| 11995 | 100 | 313384WN5 | BRV ZERO CPN MAT | Redemption | 05/07/2020 | Federal Home Loan | | 20,000,000.00 | | **20,000,000.00** |
| 11749 | 100 | SYS11749 | FREMNT 2.41% MAT | Interest | 05/08/2020 | Fremont Bank | | | 211,099.81 | **211,099.81** |
| 12027 | 100 | SYS12027 | CBB 1.85% MAT | Interest | 05/09/2020 | Community Bank of th | | | 5,000.00 | **5,000.00** |
| 11755 | 100 | 31422BFL9 | FAMCA 2.4% MAT | Interest | 05/10/2020 | FARMER MAC | | | 300,000.00 | **300,000.00** |
| 11756 | 100 | 31422BFK1 | FAMCA 2.4% MAT | Interest | 05/10/2020 | FARMER MAC | | | 300,000.00 | **300,000.00** |
| 12029 | 100 | 02665WDH1 | AMERICAN HONDA | Interest | 05/10/2020 | American Honda | | | 19,500.00 | **19,500.00** |
| 12029 | 100 | 02665WDH1 | AMERICAN HONDA | Accr Int | 05/10/2020 | American Honda | | 10,075.00 | -10,075.00 | **0.00** |
| 12030 | 100 | 02665WDH1 | AMERICAN HONDA | Interest | 05/10/2020 | American Honda | | | 35,750.00 | **35,750.00** |
| 12030 | 100 | 02665WDH1 | AMERICAN HONDA | Accr Int | 05/10/2020 | American Honda | | 18,470.83 | -18,470.83 | **0.00** |

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 12046 | 100 | 478160CH5 | JOHNSON & | Interest | 05/10/2020 | Johnson & Johnson | | | 243,750.00 | **243,750.00** |
| 12046 | 100 | 478160CH5 | JOHNSON & | Accr Int | 05/10/2020 | Johnson & Johnson | | 174,687.50 | -174,687.50 | **0.00** |
| 12133 | 100 | 037833DT4 | APPLE INC, SR GLBL | Purchase | 05/11/2020 | Apple Inc. | 4,991,050.00 | | | **-4,991,050.00** |
| 12134 | 100 | 0037833DV9 | AAPL 0.75% MAT | Purchase | 05/11/2020 | Apple Inc. | 4,986,400.00 | | | **-4,986,400.00** |
| 12135 | 100 | 95000U2B8 | WELLS 2.625% MAT | Purchase | 05/11/2020 | Wells Fargo Securiti | 10,340,239.17 | | | **-10,340,239.17** |
| 11464 | 100 | 45905UQ80 | IBRD 1.95% MAT | Interest | 05/11/2020 | International Bank R | | | 97,500.00 | **97,500.00** |
| 11538 | 100 | 45905UQ80 | IBRD 1.95% MAT | Interest | 05/11/2020 | International Bank R | | | 97,500.00 | **97,500.00** |
| 11555 | 100 | 45905UQ80 | IBRD 1.95% MAT | Interest | 05/11/2020 | International Bank R | | | 97,500.00 | **97,500.00** |
| 12004 | 100 | SYS12004 | BANKSF 2.% MAT | Interest | 05/11/2020 | Bank of San Francisc | | | 19,125.00 | **19,125.00** |
| 12076 | 100 | 17325FAE8 | CITIBANK NA N Y, | Redemption | 05/12/2020 | Citibank | | 13,982,776.81 | | **13,982,776.81** |
| 12076 | 100 | 17325FAE8 | CITIBANK NA N Y, | Cap G/L | 05/12/2020 | Citibank | | -76,939.01 | | **-76,939.01** |
| 11902 | 100 | 3134GUNE6 | FEDERAL HOME LN | Interest | 05/12/2020 | Federal Home Loan | | | 100,000.00 | **100,000.00** |
| 12076 | 100 | 17325FAE8 | CITIBANK NA N Y, | Interest | 05/12/2020 | Citibank | | | 122,447.50 | **122,447.50** |
| 12076 | 100 | 17325FAE8 | CITIBANK NA N Y, | Accr Int | 05/12/2020 | Citibank | | 88,162.20 | -88,162.20 | **0.00** |
| 11908 | 100 | 89114NAM7 | TD 1.88% MAT | Redemption | 05/13/2020 | Toronto Dominion | | 50,000,000.00 | | **50,000,000.00** |
| 11890 | 100 | 459200JX0 | INTERNATIONAL | Interest | 05/13/2020 | IBM Corp. | | | 95,104.50 | **95,104.50** |
| 11891 | 100 | 459200JX0 | INTERNATIONAL | Accr Int | 05/13/2020 | IBM Corp. | | 131,416.67 | -131,416.67 | **0.00** |
| 11891 | 100 | 459200JX0 | INTERNATIONAL | Interest | 05/13/2020 | IBM Corp. | | | 142,500.00 | **142,500.00** |
| 11908 | 100 | 89114NAM7 | TD 1.88% MAT | Interest | 05/13/2020 | Toronto Dominion | | | 472,611.10 | **472,611.10** |
| 11912 | 100 | 459058HP1 | IBRD 2.05% MAT | Interest | 05/13/2020 | International Bank R | | | 205,000.00 | **205,000.00** |
| 11912 | 100 | 459058HP1 | IBRD 2.05% MAT | Accr Int | 05/13/2020 | International Bank R | | 7,972.22 | -7,972.22 | **0.00** |
| 11930 | 100 | 459058HP1 | IBRD 2.05% MAT | Interest | 05/13/2020 | International Bank R | | | 205,000.00 | **205,000.00** |
| 11930 | 100 | 459058HP1 | IBRD 2.05% MAT | Accr Int | 05/13/2020 | International Bank R | | 15,944.44 | -15,944.44 | **0.00** |
| 11931 | 100 | 459200JX0 | INTERNATIONAL | Interest | 05/13/2020 | IBM Corp. | | | 52,012.50 | **52,012.50** |
| 11931 | 100 | 459200JX0 | INTERNATIONAL | Accr Int | 05/13/2020 | IBM Corp. | | 4,045.42 | -4,045.42 | **0.00** |
| 12035 | 100 | SYS12035 | SELFHP 2.1% MAT | Interest | 05/13/2020 | Self-Help Federal Cr | | | 177.08 | **177.08** |
| 12055 | 100 | 037833DJ6 | APPLE INC, SR NT | Interest | 05/13/2020 | Apple Inc. | | | 98,750.00 | **98,750.00** |
| 12055 | 100 | 037833DJ6 | APPLE INC, SR NT | Accr Int | 05/13/2020 | Apple Inc. | | 69,673.61 | -69,673.61 | **0.00** |
| 12012 | 100 | 3130AJ5Q8 | FEDERAL HOME | Redemption | 05/14/2020 | Federal Home Loan | | 10,000,000.00 | | **10,000,000.00** |
| 12013 | 100 | 3130AJ5Q8 | FEDERAL HOME | Redemption | 05/14/2020 | Federal Home Loan | | 10,000,000.00 | | **10,000,000.00** |
| 12012 | 100 | 3130AJ5Q8 | FEDERAL HOME | Interest | 05/14/2020 | Federal Home Loan | | | 43,750.00 | **43,750.00** |
| 12013 | 100 | 3130AJ5Q8 | FEDERAL HOME | Interest | 05/14/2020 | Federal Home Loan | | | 43,750.00 | **43,750.00** |
| 12140 | 100 | 3133ELZM9 | FEDERAL FARM CR | Purchase | 05/15/2020 | Federal Farm Credit | 24,953,572.22 | | | **-24,953,572.22** |
| 12141 | 100 | 46640PKG7 | JPM DISC NOTE | Purchase | 05/15/2020 | J.P. Morgan | 49,946,527.78 | | | **-49,946,527.78** |
| 11358 | 100 | 3130ACN83 | FEDERAL HOME | Redemption | 05/15/2020 | Federal Home Loan | | 15,000,000.00 | | **15,000,000.00** |
| 11396 | 100 | 3130ACN83 | FEDERAL HOME | Redemption | 05/15/2020 | Federal Home Loan | | 10,000,000.00 | | **10,000,000.00** |
| 11406 | 100 | 3130ACN83 | FEDERAL HOME | Redemption | 05/15/2020 | Federal Home Loan | | 15,000,000.00 | | **15,000,000.00** |
| 11408 | 100 | 3130ACN83 | FEDERAL HOME | Redemption | 05/15/2020 | Federal Home Loan | | 20,000,000.00 | | **20,000,000.00** |
| 11358 | 100 | 3130ACN83 | FEDERAL HOME | Interest | 05/15/2020 | Federal Home Loan | | | 127,500.00 | **127,500.00** |
| 11396 | 100 | 3130ACN83 | FEDERAL HOME | Interest | 05/15/2020 | Federal Home Loan | | | 85,000.00 | **85,000.00** |

# Alameda County Investment Pool
## Transaction Activity Report
## Sorted by Fund - Transaction Date

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 11406 | 100 | 3130ACN83 | FEDERAL HOME | Interest | 05/15/2020 | Federal Home Loan | | | 127,500.00 | **127,500.00** |
| 11408 | 100 | 3130ACN83 | FEDERAL HOME | Interest | 05/15/2020 | Federal Home Loan | | | 170,000.00 | **170,000.00** |
| 11836 | 100 | 594918AQ7 | MICROSOFT CORP, | Interest | 05/15/2020 | Mircosoft Inc. | | | 160,968.75 | **160,968.75** |
| 11862 | 100 | 912828VB3 | UNITED STATES | Interest | 05/15/2020 | U.S. Treasury | | | 437,500.00 | **437,500.00** |
| 11932 | 100 | 45818WCS3 | IADB 1.7% MAT | Interest | 05/15/2020 | INTERAMER DEV | | | 85,000.00 | **85,000.00** |
| 11932 | 100 | 45818WCS3 | IADB 1.7% MAT | Accr Int | 05/15/2020 | INTERAMER DEV | | 8,500.00 | -8,500.00 | **0.00** |
| 11950 | 100 | 45818WCS3 | IADB 1.7% MAT | Interest | 05/15/2020 | INTERAMER DEV | | | 212,500.00 | **212,500.00** |
| 11950 | 100 | 45818WCS3 | IADB 1.7% MAT | Accr Int | 05/15/2020 | INTERAMER DEV | | 36,597.22 | -36,597.22 | **0.00** |
| 11703 | 100 | 44932NAB6 | HART 2.67% MAT | Interest | 05/15/2020 | Hyundai Auto Rec Tru | | | 2,585.09 | **2,585.09** |
| 11703 | 100 | 44932NAB6 | HART 2.67% MAT | Redemption | 05/15/2020 | Hyundai Auto Rec Tru | | 152,838.70 | | **152,838.70** |
| 11706 | 100 | 44932NAD2 | HART 2.66% MAT | Interest | 05/15/2020 | Hyundai Auto Rec Tru | | | 6,650.00 | **6,650.00** |
| 11706 | 100 | 44932NAD2 | HART 2.66% MAT | Redemption | 05/15/2020 | Hyundai Auto Rec Tru | | 82,158.29 | | **82,158.29** |
| 11770 | 100 | 02008QAB6 | ALLYA 2.34% MAT | Interest | 05/15/2020 | Ally Auto Receivable | | | 6,453.67 | **6,453.67** |
| 11770 | 100 | 02008QAB6 | ALLYA 2.34% MAT | Redemption | 05/15/2020 | Ally Auto Receivable | | 372,426.40 | | **372,426.40** |
| 11777 | 100 | 34532DAD9 | FORDO 2.235% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 17,654.16 | **17,654.16** |
| 11777 | 100 | 34532DAD9 | FORDO 2.235% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 234,814.97 | | **234,814.97** |
| 11780 | 100 | 41284WAB6 | HDMOT 2.37% MAT | Interest | 05/15/2020 | Harley Davidson Moto | | | 3,900.68 | **3,900.68** |
| 11780 | 100 | 41284WAB6 | HDMOT 2.37% MAT | Redemption | 05/15/2020 | Harley Davidson Moto | | 244,884.27 | | **244,884.27** |
| 11798 | 100 | 477870AC3 | JDOT 2.21% MAT | Interest | 05/15/2020 | John Deere Owner | | | 2,302.08 | **2,302.08** |
| 11798 | 100 | 477870AC3 | JDOT 2.21% MAT | Redemption | 05/15/2020 | John Deere Owner | | 29,142.90 | | **29,142.90** |
| 11800 | 100 | 34528DAE3 | FORDL 2.27% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 6,053.33 | **6,053.33** |
| 11800 | 100 | 34528DAE3 | FORDL 2.27% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 105,525.78 | | **105,525.78** |
| 11801 | 100 | 34528DAD5 | FORDL 2.22% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 18,500.00 | **18,500.00** |
| 11801 | 100 | 34528DAD5 | FORDL 2.22% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 340,693.16 | | **340,693.16** |
| 11856 | 100 | 02007RAC3 | ALLYA 1.3% MAT | Interest | 05/15/2020 | Ally Auto Receivable | | | 15,279.16 | **15,279.16** |
| 11856 | 100 | 02007RAC3 | ALLYA 1.3% MAT | Redemption | 05/15/2020 | Ally Auto Receivable | | 201,383.34 | | **201,383.34** |
| 11859 | 100 | 14043TAF3 | COPAR 1.92% MAT | Interest | 05/15/2020 | Capital One Prime Au | | | 8,000.00 | **8,000.00** |
| 11859 | 100 | 14043TAF3 | COPAR 1.92% MAT | Redemption | 05/15/2020 | Capital One Prime Au | | 104,752.95 | | **104,752.95** |
| 11861 | 100 | 58769TAD7 | MBART 1.94% MAT | Interest | 05/15/2020 | Mercedez Benz Auto | | | 13,337.50 | **13,337.50** |
| 11861 | 100 | 58769TAD7 | MBART 1.94% MAT | Redemption | 05/15/2020 | Mercedez Benz Auto | | 179,918.99 | | **179,918.99** |
| 11892 | 100 | 254683CM5 | DEXCRD 1.89% MAT | Interest | 05/15/2020 | Dexia Credit Card | | | 15,198.75 | **15,198.75** |
| 11892 | 100 | 254683CM5 | DEXCRD 1.89% MAT | Redemption | 05/15/2020 | Dexia Credit Card | | 182,443.47 | | **182,443.47** |
| 11906 | 100 | 98162RAB4 | WOLS 1.96% MAT | Interest | 05/15/2020 | World Omni | | | 11,025.00 | **11,025.00** |
| 11906 | 100 | 98162RAB4 | WOLS 1.96% MAT | Redemption | 05/15/2020 | World Omni | | 199,816.44 | | **199,816.44** |
| 11915 | 100 | 34531KAD4 | FORDO 1.3% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 15,583.33 | **15,583.33** |
| 11915 | 100 | 34531KAD4 | FORDO 1.3% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 217,344.74 | | **217,344.74** |
| 11942 | 100 | 02007TAC9 | ALLYA 1.84% MAT | Interest | 05/15/2020 | Ally Auto Receivable | | | 4,983.32 | **4,983.32** |
| 11942 | 100 | 02007TAC9 | ALLYA 1.84% MAT | Redemption | 05/15/2020 | Ally Auto Receivable | | 65,783.71 | | **65,783.71** |
| 11976 | 100 | 14315XAB4 | CARMX 1.3% MAT | Interest | 05/15/2020 | CarMax Auto Owner | | | 5,454.17 | **5,454.17** |
| 11976 | 100 | 14315XAB4 | CARMX 1.3% MAT | Redemption | 05/15/2020 | CarMax Auto Owner | | 95,036.18 | | **95,036.18** |

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 11977 | 100 | 14315XAC2 | CARMX 1.3% MAT | Interest | 05/15/2020 | CarMax Auto Owner | | | 4,725.00 | **4,725.00** |
| 11977 | 100 | 14315XAC2 | CARMX 1.3% MAT | Redemption | 05/15/2020 | CarMax Auto Owner | | 53,014.61 | | **53,014.61** |
| 11984 | 100 | 65479NAB0 | NALT 1.8% MAT | Interest | 05/15/2020 | Nissan Auto Lease Tr | | | 12,000.00 | **12,000.00** |
| 11984 | 100 | 65479NAB0 | NALT 1.8% MAT | Redemption | 05/15/2020 | Nissan Auto Lease Tr | | 307,095.82 | | **307,095.82** |
| 11985 | 100 | 65479NAD6 | NALT 1.8% MAT | Interest | 05/15/2020 | Nissan Auto Lease Tr | | | 7,283.33 | **7,283.33** |
| 11985 | 100 | 65479NAD6 | NALT 1.8% MAT | Redemption | 05/15/2020 | Nissan Auto Lease Tr | | 182,335.35 | | **182,335.35** |
| 11986 | 100 | 34531MAB4 | FORDO 2.08% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 6,750.00 | **6,750.00** |
| 11986 | 100 | 34531MAB4 | FORDO 2.08% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 165,834.12 | | **165,834.12** |
| 11987 | 100 | 34531MAD0 | FORDO 2.09% MAT | Interest | 05/15/2020 | Ford Credit Auto Own | | | 6,166.67 | **6,166.67** |
| 11987 | 100 | 34531MAD0 | FORDO 2.09% MAT | Redemption | 05/15/2020 | Ford Credit Auto Own | | 113,533.98 | | **113,533.98** |
| 11988 | 100 | 41284UAD6 | HDMOT 1.87% MAT | Interest | 05/15/2020 | Harley Davidson Moto | | | 4,324.37 | **4,324.37** |
| 11988 | 100 | 41284UAD6 | HDMOT 1.87% MAT | Redemption | 05/15/2020 | Harley Davidson Moto | | 51,109.71 | | **51,109.71** |
| 12010 | 100 | 98162HAC4 | WOLS 1.7% MAT | Interest | 05/15/2020 | World Omni | | | 7,437.50 | **7,437.50** |
| 12010 | 100 | 98162HAC4 | WOLS 1.7% MAT | Redemption | 05/15/2020 | World Omni | | 158,053.30 | | **158,053.30** |
| 12019 | 100 | 14043MAC5 | COPAR 1.6% MAT | Interest | 05/15/2020 | Capital One Prime Au | | | 8,044.97 | **8,044.97** |
| 12019 | 100 | 14043MAC5 | COPAR 1.6% MAT | Redemption | 05/15/2020 | Capital One Prime Au | | 211,459.09 | | **211,459.09** |
| 12043 | 100 | 14043MAC5 | COPAR 1.6% MAT | Interest | 05/15/2020 | Capital One Prime Au | | | 13,458.76 | **13,458.76** |
| 12043 | 100 | 14043MAC5 | COPAR 1.6% MAT | Redemption | 05/15/2020 | Capital One Prime Au | | 242,629.31 | | **242,629.31** |
| 12028 | 100 | 02665WCA7 | AMERICAN HONDA | Interest | 05/16/2020 | American Honda | | | 65,000.00 | **65,000.00** |
| 12028 | 100 | 02665WCA7 | AMERICAN HONDA | Accr Int | 05/16/2020 | American Honda | | 41,888.89 | -41,888.89 | **0.00** |
| 12098 | 100 | SYS12098 | UB-LOC 2.% MAT | Interest | 05/16/2020 | Union Bank - LOC | | | 8,611.11 | **8,611.11** |
| 11726 | 100 | 36257FAD2 | GM 2.65% MAT | Interest | 05/16/2020 | GM Financial | | | 8,833.34 | **8,833.34** |
| 11726 | 100 | 36257FAD2 | GM 2.65% MAT | Redemption | 05/16/2020 | GM Financial | | 91,293.40 | | **91,293.40** |
| 11727 | 100 | 36257FAB6 | GM 2.66% MAT | Interest | 05/16/2020 | GM Financial | | | 3,981.45 | **3,981.45** |
| 11727 | 100 | 36257FAB6 | GM 2.66% MAT | Redemption | 05/16/2020 | GM Financial | | 327,737.90 | | **327,737.90** |
| 11797 | 100 | 36257PAD0 | GM 1.3% MAT | Interest | 05/16/2020 | GM Financial | | | 5,450.01 | **5,450.01** |
| 11797 | 100 | 36257PAD0 | GM 1.3% MAT | Redemption | 05/16/2020 | GM Financial | | 65,858.85 | | **65,858.85** |
| 11820 | 100 | 98162GAD4 | WOLS 2.03% MAT | Interest | 05/16/2020 | World Omni | | | 8,120.00 | **8,120.00** |
| 11820 | 100 | 98162GAD4 | WOLS 2.03% MAT | Redemption | 05/16/2020 | World Omni | | 157,951.08 | | **157,951.08** |
| 11829 | 100 | 43815NAC8 | HART 1.78% MAT | Interest | 05/16/2020 | Hyundai Auto Rec Tru | | | 7,045.83 | **7,045.83** |
| 11829 | 100 | 43815NAC8 | HART 1.78% MAT | Redemption | 05/16/2020 | Hyundai Auto Rec Tru | | 122,358.92 | | **122,358.92** |
| 11895 | 100 | 44891JAB4 | HART 1.93% MAT | Interest | 05/16/2020 | Hyundai Auto Rec Tru | | | 3,618.75 | **3,618.75** |
| 11895 | 100 | 44891JAB4 | HART 1.93% MAT | Redemption | 05/16/2020 | Hyundai Auto Rec Tru | | 758.99 | | **758.99** |
| 11905 | 100 | 89233MAD5 | TAOT 1.92% MAT | Interest | 05/16/2020 | Toyota Auto Rec | | | 11,200.00 | **11,200.00** |
| 11905 | 100 | 89233MAD5 | TAOT 1.92% MAT | Redemption | 05/16/2020 | Toyota Auto Rec | | 157,023.59 | | **157,023.59** |
| 11972 | 100 | 36258NAC6 | GMCAR 1.84% MAT | Interest | 05/16/2020 | GM Financial | | | 3,833.33 | **3,833.33** |
| 11972 | 100 | 36258NAC6 | GMCAR 1.84% MAT | Redemption | 05/16/2020 | GM Financial | | 46,946.66 | | **46,946.66** |
| 11973 | 100 | 36258NAB8 | GMCAR 1.83% MAT | Interest | 05/16/2020 | GM Financial | | | 2,287.50 | **2,287.50** |
| 11973 | 100 | 36258NAB8 | GMCAR 1.83% MAT | Redemption | 05/16/2020 | GM Financial | | 43,990.42 | | **43,990.42** |
| 11367 | 100 | 3137EAEK1 | FHLMC 1.875% MAT | Interest | 05/17/2020 | Federal Home Loan | | | 93,750.00 | **93,750.00** |

# Alameda County Investment Pool
## Transaction Activity Report
## Sorted by Fund - Transaction Date

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 11368 | 100 | 3137EAEK1 | FHLMC 1.875% MAT | Interest | 05/17/2020 | Federal Home Loan | | | 93,750.00 | **93,750.00** |
| 11752 | 100 | 31680YAB3 | FITAT 2.66% MAT | Interest | 05/17/2020 | Fifth Third Auto Tru | | | 4,475.59 | **4,475.59** |
| 11752 | 100 | 31680YAB3 | FITAT 2.66% MAT | Redemption | 05/17/2020 | Fifth Third Auto Tru | | 259,102.35 | | **259,102.35** |
| 11760 | 100 | 14042WAC4 | COPAR 2.51% MAT | Interest | 05/17/2020 | Capital One Prime Au | | | 6,275.00 | **6,275.00** |
| 11760 | 100 | 14042WAC4 | COPAR 2.51% MAT | Redemption | 05/17/2020 | Capital One Prime Au | | 72,667.17 | | **72,667.17** |
| 11971 | 100 | 14913Q3C1 | CATERPILLAR FINL | Interest | 05/18/2020 | Caterpillar Inc. | | | 101,562.50 | **101,562.50** |
| 12032 | 100 | 14913Q3C1 | CATERPILLAR FINL | Interest | 05/18/2020 | Caterpillar Inc. | | | 33,854.17 | **33,854.17** |
| 12032 | 100 | 14913Q3C1 | CATERPILLAR FINL | Accr Int | 05/18/2020 | Caterpillar Inc. | | 15,979.17 | -15,979.17 | **0.00** |
| 11923 | 100 | 43813VAC2 | HART 1.83% MAT | Interest | 05/18/2020 | Hyundai Auto Rec Tru | | | 20,587.50 | **20,587.50** |
| 11923 | 100 | 43813VAC2 | HART 1.83% MAT | Redemption | 05/18/2020 | Hyundai Auto Rec Tru | | 303,281.69 | | **303,281.69** |
| 11924 | 100 | 43813VAB4 | HART 1.86% MAT | Interest | 05/18/2020 | Hyundai Auto Rec Tru | | | 18,600.00 | **18,600.00** |
| 11924 | 100 | 43813VAB4 | HART 1.86% MAT | Redemption | 05/18/2020 | Hyundai Auto Rec Tru | | 464,241.13 | | **464,241.13** |
| 12142 | 100 | 3134GVWQ7 | FEDERAL HOME LN | Purchase | 05/19/2020 | Federal Home Loan | 10,000,000.00 | | | **-10,000,000.00** |
| 12143 | 100 | 3134GVVT2 | FHLMC 0.92% MAT | Purchase | 05/19/2020 | Federal Home Loan | 15,000,000.00 | | | **-15,000,000.00** |
| 11900 | 100 | 3130AHJY0 | FEDERAL HOME | Interest | 05/19/2020 | Federal Home Loan | | | 172,430.56 | **172,430.56** |
| 11901 | 100 | 3130AHJY0 | FEDERAL HOME | Interest | 05/19/2020 | Federal Home Loan | | | 258,645.84 | **258,645.84** |
| 11745 | 100 | 3136G05D9 | FEDERAL NATL MTG | Interest | 05/20/2020 | Federal National Mtg | | | 207,500.00 | **207,500.00** |
| 11911 | 100 | 31422BPC8 | FAMCA 1.72% MAT | Interest | 05/20/2020 | FARMER MAC | | | 172,000.00 | **172,000.00** |
| 11751 | 100 | 36257AAD3 | GM 2.67% MAT | Interest | 05/20/2020 | GM Financial | | | 3,737.02 | **3,737.02** |
| 11751 | 100 | 36257AAD3 | GM 2.67% MAT | Redemption | 05/20/2020 | GM Financial | | 71,691.27 | | **71,691.27** |
| 11810 | 100 | 38013TAD3 | GM 2.03% MAT | Interest | 05/20/2020 | GM Financial | | | 9,327.90 | **9,327.90** |
| 11810 | 100 | 38013TAD3 | GM 2.03% MAT | Redemption | 05/20/2020 | GM Financial | | 215,081.21 | | **215,081.21** |
| 11811 | 100 | 38013TAE1 | GM 2.03% MAT | Interest | 05/20/2020 | GM Financial | | | 4,235.35 | **4,235.35** |
| 11811 | 100 | 38013TAE1 | GM 2.03% MAT | Redemption | 05/20/2020 | GM Financial | | 65,746.66 | | **65,746.66** |
| 12018 | 100 | 36259KAD9 | GM 1.67% MAT | Interest | 05/20/2020 | GM Financial | | | 3,834.77 | **3,834.77** |
| 12018 | 100 | 36259KAD9 | GM 1.67% MAT | Redemption | 05/20/2020 | GM Financial | | 85,426.88 | | **85,426.88** |
| 11737 | 100 | 57636QAF1 | MASTER 2.% MAT | Interest | 05/21/2020 | Mastercard Inc. | | | 100,000.00 | **100,000.00** |
| 11781 | 100 | 57636QAF1 | MASTER 2.% MAT | Interest | 05/21/2020 | Mastercard Inc. | | | 200,000.00 | **200,000.00** |
| 11914 | 100 | 02665WDF5 | HNDA 1.95% MAT | Interest | 05/21/2020 | American Honda | | | 96,958.33 | **96,958.33** |
| 12024 | 100 | 43813RAC1 | HART 1.61% MAT | Interest | 05/21/2020 | Hyundai Auto Rec Tru | | | 13,416.67 | **13,416.67** |
| 12024 | 100 | 43813RAC1 | HART 1.61% MAT | Redemption | 05/21/2020 | Hyundai Auto Rec Tru | | 202,458.67 | | **202,458.67** |
| 12144 | 100 | 3134GVWR5 | FEDERAL HOME LN | Purchase | 05/22/2020 | Federal Home Loan | 25,000,000.00 | | | **-25,000,000.00** |
| 12145 | 100 | 3135G04Q3 | FNMA 0.25% MAT | Purchase | 05/22/2020 | Federal National Mtg | 19,939,800.00 | | | **-19,939,800.00** |
| 12146 | 100 | 3135G04Q3 | FNMA 0.25% MAT | Purchase | 05/22/2020 | Federal National Mtg | 14,954,850.00 | | | **-14,954,850.00** |
| 12147 | 100 | 3135G04Q3 | FNMA 0.25% MAT | Purchase | 05/22/2020 | Federal National Mtg | 14,954,850.00 | | | **-14,954,850.00** |
| 11068 | 100 | 3130A8ZA4 | FEDERAL HOME | Redemption | 05/22/2020 | Federal Home Loan | | 22,200,000.00 | | **22,200,000.00** |
| 11068 | 100 | 3130A8ZA4 | FEDERAL HOME | Interest | 05/22/2020 | Federal Home Loan | | | 136,530.00 | **136,530.00** |
| 11883 | 100 | 17325FAY4 | CITIBK 2.844% MAT | Interest | 05/22/2020 | Citibank | | | 142,200.00 | **142,200.00** |
| 12106 | 100 | 3135G03Q4 | FNMA 1.1% MAT | Interest | 05/23/2020 | Federal National Mtg | | | 14,208.33 | **14,208.33** |
| 11922 | 100 | 3134GUTU4 | FEDERAL HOME LN | Redemption | 05/25/2020 | Federal Home Loan | | 14,996,250.00 | | **14,996,250.00** |

**Alameda County Investment Pool**
**Transaction Activity Report**
**Sorted by Fund - Transaction Date**

| Investment # | Fund | CUSIP | Inv Descrip | TransactionType | TransactionDate | Issuer | New Principal | Principal Paydowns | Interest | Total Cash |
|---|---|---|---|---|---|---|---|---|---|---|
| 11922 | 100 | 3134GUTU4 | FEDERAL HOME LN | Cap G/L | 05/25/2020 | Federal Home Loan | | 3,750.00 | | **3,750.00** |
| 11922 | 100 | 3134GUTU4 | FEDERAL HOME LN | Interest | 05/25/2020 | Federal Home Loan | | | 150,000.00 | **150,000.00** |
| 11858 | 100 | 05588CAC6 | BMWOT 1.92% MAT | Interest | 05/25/2020 | BMW Vehicle Owner | | | 7,200.00 | **7,200.00** |
| 11858 | 100 | 05588CAC6 | BMWOT 1.92% MAT | Redemption | 05/25/2020 | BMW Vehicle Owner | | 102,424.17 | | **102,424.17** |
| 11860 | 100 | 05588CAB8 | BMWOT 2.05% MAT | Interest | 05/25/2020 | BMW Vehicle Owner | | | 5,214.20 | **5,214.20** |
| 11860 | 100 | 05588CAB8 | BMWOT 2.05% MAT | Redemption | 05/25/2020 | BMW Vehicle Owner | | 261,858.38 | | **261,858.38** |
| 11874 | 100 | 06417MDP7 | BNS 1.9% MAT | Redemption | 05/27/2020 | Bank of Nova Scotia | | 50,000,000.00 | | **50,000,000.00** |
| 11374 | 100 | 3133EHW58 | FFCB 1.9% MAT | Interest | 05/27/2020 | Federal Farm Credit | | | 95,000.00 | **95,000.00** |
| 11874 | 100 | 06417MDP7 | BNS 1.9% MAT | Interest | 05/27/2020 | Bank of Nova Scotia | | | 585,833.35 | **585,833.35** |
| 11929 | 100 | 3134GUWP1 | FEDERAL HOME LN | Interest | 05/27/2020 | Federal Home Loan | | | 90,000.00 | **90,000.00** |
| 12151 | 100 | 717081EX7 | PFIZER INC, GLBL | Purchase | 05/28/2020 | PFIZER | 4,968,800.00 | | | **-4,968,800.00** |
| 11512 | 100 | 3130AECJ7 | FEDERAL HOME | Redemption | 05/28/2020 | Federal Home Loan | | 15,000,000.00 | | **15,000,000.00** |
| 11512 | 100 | 3130AECJ7 | FEDERAL HOME | Interest | 05/28/2020 | Federal Home Loan | | | 196,875.00 | **196,875.00** |
| 12152 | 100 | SYS12152 | CBC 1.% MAT | Purchase | 05/29/2020 | California Bank of C | 15,000,000.00 | | | **-15,000,000.00** |
| 11873 | 100 | 89114N3H6 | TD 1.91% MAT | Redemption | 05/29/2020 | Toronto Dominion | | 50,000,000.00 | | **50,000,000.00** |
| 11148 | 100 | 3130AABG2 | FEDERAL HOME | Interest | 05/29/2020 | Federal Home Loan | | | 46,875.00 | **46,875.00** |
| 11149 | 100 | 3130AABG2 | FEDERAL HOME | Interest | 05/29/2020 | Federal Home Loan | | | 46,875.00 | **46,875.00** |
| 11150 | 100 | 3130AABG2 | FEDERAL HOME | Interest | 05/29/2020 | Federal Home Loan | | | 46,875.00 | **46,875.00** |
| 11758 | 100 | SYS11758 | CBC 2.25% MAT | Interest | 05/29/2020 | California Bank of C | | | 18,750.00 | **18,750.00** |
| 11758 | 100 | SYS11758 | CBC 2.25% MAT | Interest | 05/29/2020 | California Bank of C | | | 18,118.18 | **18,118.18** |
| 11761 | 100 | SYS11761 | CBC 2.25% MAT | Interest | 05/29/2020 | California Bank of C | | | 26,250.00 | **26,250.00** |
| 11761 | 100 | SYS11761 | CBC 2.25% MAT | Interest | 05/29/2020 | California Bank of C | | | 27,177.27 | **27,177.27** |
| 11873 | 100 | 89114N3H6 | TD 1.91% MAT | Interest | 05/29/2020 | Toronto Dominion | | | 594,222.20 | **594,222.20** |
| 12121 | 100 | SYS12121 | EWEST 0.7% MAT | Interest | 05/29/2020 | East West Bank | | | 9,041.67 | **9,041.67** |
| 12154 | 100 | SYS12154 | CBC 1.% MAT | Purchase | 05/30/2020 | California Bank of C | 10,000,000.00 | | | **-10,000,000.00** |
| 12117 | 100 | SYS12117 | CALBT 1.% MAT | Interest | 05/31/2020 | California Bank & Tr | | | 25,833.33 | **25,833.33** |
| 12126 | 100 | SYS12126 | FREMNT 1.% MAT | Interest | 05/31/2020 | Fremont Bank | | | 31,111.11 | **31,111.11** |
| 10470 | 100 | SYS10470 | CAMP 0.24% | Interest | 05/31/2020 | California Asset Mgm | | | 130,890.71 | **130,890.71** |
| 11920 | 100 | 13032UUZ9 | CASMED 1.893% | Interest | 06/01/2020 | St. of California | | | 19,561.00 | **19,561.00** |
| 11921 | 100 | 13032UUY2 | CASMED 1.896% | Interest | 06/01/2020 | St. of California | | | 39,184.00 | **39,184.00** |
| 11998 | 100 | 912828G53 | UNITED STATES | Interest | 06/01/2020 | U.S. Treasury | | | 468,750.00 | **468,750.00** |
| 11998 | 100 | 912828G53 | UNITED STATES | Accr Int | 06/01/2020 | U.S. Treasury | | 158,811.48 | -158,811.48 | **0.00** |
| 12050 | 100 | 44932HAK95 | IBM 3.45% MAT | Interest | 06/01/2020 | IBM Corp. | | | 42,038.25 | **42,038.25** |
| 12050 | 100 | 44932HAK95 | IBM 3.45% MAT | Accr Int | 06/01/2020 | IBM Corp. | | 25,690.04 | -25,690.04 | **0.00** |
| 12098 | 100 | SYS12098 | UB-LOC 2.% MAT | Interest | 06/01/2020 | Union Bank - LOC | | | 9,041.67 | **9,041.67** |
| 12038 | 100 | 072024WP3 | BAYTRN 2.254% | Accr Int | 06/04/2020 | Bay Area Ca Tran | | 107,065.00 | -107,065.00 | **0.00** |
| | | **Totals for General Fund** | | | | | **301,087,398.26** | **359,596,325.09** | **9,207,465.95** | **67,716,392.78** |
| | | **Grand Total** | | | | | **301,087,398.26** | **359,596,325.09** | **9,207,465.95** | **67,716,392.78** |