

WE EXPECT EXCELLENCE **WE INNOVATE** **WE EMBRACE EQUITY** **WE COLLABORATE** 

2009 FULL FAITH AND CREDIT OBLIGATION ADVANCE REFUND**SITUATION:**

With interest rates at record lows, the District has an opportunity to refund some of the 2009 Full Faith and Credit Obligations, and save the District approximately \$2.5 million in interest expenses over the remaining life of the obligations. Very similar to refinancing a home mortgage, the District will take advantage of the opportunity to issue refunding obligations to lower interest rates.

The District will utilize Pat Clancy of Western Financial Group, LLC as the municipal advisor, Piper Jaffray – Seattle Northwest Division, as the bond underwriter and Ann Sherman of Hawkins, Delafield & Wood LLP as bond counsel.

Attached you will find a schedule for the sale, a summary of the proposed refunding issue that has been reviewed by the District's municipal advisor and a resolution prepared by bond counsel.

RECOMMENDATION:

(16-629) It is recommended that the School Board approve the attached Resolution No. 16-629.

A RESOLUTION OF BEAVERTON SCHOOL DISTRICT NO. 48J, WASHINGTON AND MULTNOMAH COUNTIES, OREGON AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF FULL FAITH AND CREDIT REFUNDING OBLIGATIONS, SERIES 2016; DESIGNATING AN AUTHORIZED REPRESENTATIVE; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND ESCROW AGREEMENT; AND RELATED MATTERS.

District Goal: WE empower all students to achieve post-high school success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

RESOLUTION NO. 16-629

A RESOLUTION OF BEAVERTON SCHOOL DISTRICT NO. 48J, WASHINGTON AND MULTNOMAH COUNTIES, OREGON AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF FULL FAITH AND CREDIT REFUNDING OBLIGATIONS, SERIES 2016; DESIGNATING AN AUTHORIZED REPRESENTATIVE; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AND ESCROW AGREEMENT; AND RELATED MATTERS.

WHEREAS, the Beaverton School District No. 48J, Washington and Multnomah Counties, Oregon (the "District") previously issued its Full Faith and Credit Obligations, Series 2009, dated March 19, 2009 (the "Series 2009 Obligations"); and

WHEREAS, the Board of Directors of the District (the "Board") is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Sections 271.390, and 287A.365 to issue advance refunding obligations for the refunding of all or any portion of its outstanding Series 2009 Obligations (the "Refundable Obligations"); and

WHEREAS, the District has determined it is in their best interest to refund all or any portion of the Refundable Obligations. The Authorized Representative shall select all or any portion of the Refundable Obligations to be refunded in accordance with Section 5 hereof. Such refunding of the Refundable Obligations will provide significant debt service savings to the District as required by law; and

WHEREAS, the District has directed Piper Jaffray & Co. to prepare an advance refunding plan to submit to the Oregon State Treasurer for review and approval; and

WHEREAS, the District adopts this resolution to provide the terms under which advance refunding full faith and credit obligations may be issued, subject to changes in the municipal bond market providing the required present value savings to the District and the required approval of the Oregon State Treasurer.

NOW, THEREFORE, the Board of Directors of Beaverton School District No. 48J, Washington and Multnomah Counties, Oregon, resolves as follows:

SECTION 1. PLAN SUBMISSION

Piper Jaffray & Co., is hereby authorized, on behalf of the District, to submit an advance refunding plan and any amendments to such plan to the Oregon State Treasurer for review and approval to the extent required by law and the District hereby ratifies and confirms all actions taken prior to and after adoption of this resolution in connection with such submission.

SECTION 2. AUTHORIZATION OF OBLIGATIONS.

The District authorizes the:

- a. Issuance and Sale of Obligations. The District authorizes the issuance and negotiated sale of the Full Faith and Credit Refunding Obligations, Series 2016 (the "Obligations") of the District which shall be issued in one or more series and in an aggregate

principal amount sufficient to refund all or a portion of the Refundable Obligations and to pay the costs related to the authorization, sale, issuance and delivery of the Obligations.

b. Financing Agreement. The District authorizes the execution and delivery of a financing agreement (the “Financing Agreement”) in a form satisfactory to the Authorized Representative, as defined herein.

The estimated weighted average life of the Financing Agreement will not exceed the dollar weighted average life of the projects being refinanced with the Financing Agreement, as required by ORS 271.390.

c. Escrow Agreement. The District authorizes the execution and delivery of an escrow agreement between the District and the escrow agent (the “Escrow Agreement”), in a form satisfactory to the Authorized Representative, pursuant to which the escrow agent shall execute the Obligations representing the principal amounts payable under the Financing Agreement, and evidencing the right of the escrow agent to receive the District’s finance payments under the Financing Agreement.

SECTION 3. FINANCE PAYMENTS.

The financing payments for the Obligations are payable from the general non-restricted revenues of the District and other funds which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the District to make payments is a full faith and credit obligation of the District, and is not subject to appropriation. The registered Owners (as defined herein) of the Obligations do not have a lien or security interest on the property refinanced with the proceeds of the Obligations.

SECTION 4. DESIGNATION OF AUTHORIZED REPRESENTATIVE.

The District hereby authorizes the Superintendent or Chief Financial Officer (each an “Authorized Representative”) to act on behalf of the District and determine the remaining terms of the Obligations as delegated in Section 5 below.

SECTION 5. DELEGATION OF FINAL TERMS AND SALE OF OBLIGATIONS AND ADDITIONAL DOCUMENTS.

The Authorized Representative is authorized, on behalf of the District, to:

- a. approve of and authorize the distribution of the preliminary and final Official Statement to prospective purchasers of the Obligations;
- b. negotiate and execute a purchase agreement with the underwriter;
- c. appoint a financial advisor to evaluate the desirability of issuing the Refunding Obligations, if necessary and appoint other professionals necessary to assist the District in accomplishing the refinancing;
- d. appoint a certified public accounting firm to act as verification agent to produce a report demonstrating the ability of the escrow account to meet all future debt service and related costs relative to the Refundable Obligations, if necessary;

- e. establish the maturity and interest payment dates, dated date, principal amounts, optional and/or mandatory redemption provisions, interest rates, denominations, and all other terms under which the Obligations shall be issued, sold, executed, and delivered;
- f. select the maturities of the Refundable Obligations to be refunded and cause notice of call and redemption to be given as required by law;
- g. appoint an escrow deposit agent and enter into an escrow deposit agreement, if applicable;
- h. appoint an escrow agent, registrar and paying agent for the Obligations;
- i. subscribe for and obtain eligible securities to be deposited in an escrow fund for the Refundable Obligations; to the extent that any such action has been taken prior to the date of this Resolution, such action is hereby ratified;
- j. negotiate the terms and approve of the Financing Agreement and the Escrow Agreement as the Authorized Representative determines to be in the best interest of the District, and to execute and deliver the Financing Agreement and Escrow Agreement;
- k. determine whether the Obligations shall be Book-Entry certificates and take such actions as are necessary to qualify the Obligations for the Book-Entry System of DTC, including the execution of a Blanket Issuer Letter of Representations as necessary;
- l. seek to obtain a rating on the Obligations, if determined by the Authorized Representative to be in the best interest of the District;
- m. apply for municipal bond insurance for the Obligations, if determined to be in the best interests of the District, and expend proceeds to pay any insurance premiums and to execute and deliver any required insurance agreement;
- n. approve, execute and deliver a Continuing Disclosure Certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12); Tax Certificate;
- o. designate the Financing Agreement as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, if applicable;
- p. make any clarifying changes or additional covenants not inconsistent with this Resolution; and
- q. execute and deliver certificates specifying the action taken pursuant to this Resolution, and any other documents, agreements or certificates that the Authorized Representative determines are necessary and desirable to issue, sell and deliver the Obligations in accordance with this Resolution.

SECTION 6. MAINTENANCE OF TAX-EXEMPT STATUS.

The District hereby covenants for the benefit of the Owners of the Obligations to use the Obligation proceeds and the project refinanced with Obligation proceeds in the manner required, and to otherwise comply with all provisions of the Internal Revenue Code of 1986, as amended (the “Code”), which are required for the interest component of finance payments payable under the Financing

Agreement to be excluded from gross income for federal income tax purposes, as provided in the Financing Agreement. The District makes the following specific covenants with respect to the Code:

- a. The District will not take any action or omit any action if it would cause the Financing Agreement or Obligations to become arbitrage bonds under Section 148 of the Code.
- b. The District shall operate the projects refinanced with the Obligations so that the Obligations do not become “private activity bonds” within the meaning of Section 141 of the Code.
- c. The District shall comply with appropriate Code reporting requirements.
- d. The District shall pay, when due, all rebates and penalties with respect to the Obligations which are required by Section 148(f) of the Code.

The covenants contained in this Section 6 and any covenants in the closing documents for the Obligations shall constitute contracts with the Owners of the Obligations, and shall be enforceable by them. The Authorized Representative may enter into covenants on behalf of the District to protect the tax-exempt status of the Financing Agreement and the Obligations.

SECTION 7. APPOINTMENT OF UNDERWRITER AND SPECIAL COUNSEL.


The District appoints Piper Jaffray & Co. as the Underwriter of the Obligations, and Hawkins Delafield & Wood LLP, as Special Counsel to the District for the issuance of the Obligations.

SECTION 8. RESOLUTION TO CONSTITUTE CONTRACT.


In consideration of the purchase and acceptance of any or all of the Obligations by those who shall own the same from time to time (the “Owners”), the provisions of this Resolution shall be part of the contract of the District with the Owners and shall be deemed to be and shall constitute a contract between the District and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Obligations, including without limitation the District’s covenants and pledges contained in Section 3 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the District shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

ADOPTED by the Board of Directors of the Beaverton School District No. 48J, Washington and Multnomah Counties, Oregon this 22nd day of February, 2016.

**BEAVERTON SCHOOL DISTRICT NO. 48J
WASHINGTON AND MULTNOMAH COUNTIES,
OREGON**

By: 
Chair

ATTEST:

By: 
Superintendent/Clerk

Beaverton School District No. 48J

Full Faith and Credit Refunding Obligations, Series 2016

Preliminary Schedule of Events; as of February 16, 2016

Financing Team		
Issuer:	Beaverton School District No. 48J	BSD
Bond Counsel:	Hawkins Delafield & Wood, LLP	HDW
Registrar/Paying Agent:	U.S. Bank National Association	USB
Municipal Advisor:	Western Financial Group, LLC	WFG
Escrow Verification Agent:	Grant Thornton LLP	GT
Underwriter:	Piper Jaffray - Seattle-Northwest Division	PJC

February						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

March						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

<input checked="" type="checkbox"/>	Due Date	Event	Parties
<input checked="" type="checkbox"/>	Tues., Feb. 9	Circulate schedule and distribution list	PJC
<input checked="" type="checkbox"/>		Draft Authorizing Resolution circulated	HDW
<input checked="" type="checkbox"/>	Fri., Feb. 12	Comments due on Authorizing Resolution	Fin. Team
	Tues., Feb. 16	Authorizing Resolution to District for Board Packet	HDW
	Mon., Feb. 22	Board Adopts Authorizing Resolution	BSD Board
	Tues., Feb. 23	MDAC 1 filed with Treasury	PJC
		First draft Preliminary Official Statement (POS) circulated	PJC
	Fri., Mar. 4	Draft Preliminary Advance Refunding Plan circulated	PJC
	Tues., Mar. 8	Comments due on first draft POS	Fin. Team
	Wed., Mar. 9	Second draft POS and draft Purchase Agreement circulated	PJC
		First draft Continuing Disclosure Undertaking circulated	HDW
	Tues., Mar. 15	Information to rating agency	PJC
	Wed., Mar. 16	Comments due on second draft POS and draft Purchase Agreement	Fin. Team
	Thurs., Mar. 17	Clean copy of draft POS to BSD Board	BSD
		Substantially complete draft POS and "Deemed Final" letter circulated	PJC
	Tues., Mar. 22	Preliminary Advance Refunding Plan submitted to Treasury	PJC
		BSD to submit \$200, executed Resolution and Advisor contract to Treasury	BSD
	Wk. of Mar. 28	Rating prep	BSD; PJC; WFG
		Conference call with rating agency	BSD; PJC; WFG
		Due diligence call	BSD; PJC; HDW; WFG
	Thurs., Mar. 31	Final comments on POS due	Fin. Team
		End of two-week Board review of POS	BSD Board
		"Deemed Final" letter due to PJC	BSD
	Fri., Apr. 1	Printing and mailing of POS	PJC
	Tues., Apr. 5	Receive rating	PJC
		Treasury approval of Preliminary Refunding Plan	BSD; PJC
	Mon., Apr. 11	Pre-pricing (time between 11 a.m. and 2 p.m. to be determined)	BSD; PJC; WFG
	Tues., Apr. 12	Pricing (District staff to be available throughout the day)	BSD; PJC; WFG
	Fri., Apr. 15	Purchase Agreement signed; Receive Escrow verification	BSD; PJC; GT
		Final Official Statement posted; File MDAC 2	PJC
		Draft closing documents circulated	HDW
		Final Refunding Plan Approval from Treasury	BSD; PJC; WFG
	Wed., Apr. 20	Closing Memorandum circulated	PJC
	Wed., Apr. 27	Closing	Fin. Team

SUMMARY OF REFUNDING RESULTS

Beaverton School District No. 48J
Proposed Refunding of Series 2009 FFCO
Current Market Rates as of February 16, 2016
Uniform Savings Structure

Dated Date	04/27/2016
Delivery Date	04/27/2016
Arbitrage yield	2.462410%
Escrow yield	0.879895%
Value of Negative Arbitrage	799,291.49
Bond Par Amount	15,765,000.00
True Interest Cost	2.725682%
Net Interest Cost	2.930301%
All-In TIC	2.772262%
Average Coupon	3.962594%
Average Life	13.399
Par amount of refunded bonds	15,880,000.00
Average coupon of refunded bonds	5.019060%
Average life of refunded bonds	13.563
PV of prior debt to 04/27/2016 @ 2.462410%	20,770,563.97
Net PV Savings	2,010,771.55
Percentage savings of refunding proceeds	11.150738%

SAVINGS

Beaverton School District No. 48J Proposed Refunding of Series 2009 FFCO Current Market Rates as of February 16, 2016 Uniform Savings Structure

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Annual Savings	Present Value to 04/27/2016 @ 2.4624102%
06/01/2016	393,868.75	319,471.32	74,397.43	60,590.83	13,806.60	13,806.60	13,774.72
12/01/2016	393,868.75	-	393,868.75	320,775.00	73,093.75	-	72,038.06
06/01/2017	393,868.75	-	393,868.75	340,775.00	53,093.75	126,187.50	51,690.30
12/01/2017	393,868.75	-	393,868.75	320,575.00	73,293.75	-	70,488.76
06/01/2018	393,868.75	-	393,868.75	340,575.00	53,293.75	126,587.50	50,630.80
12/01/2018	393,868.75	-	393,868.75	320,275.00	73,593.75	-	69,066.12
06/01/2019	393,868.75	-	393,868.75	340,275.00	53,593.75	127,187.50	49,684.84
12/01/2019	393,868.75	-	393,868.75	319,975.00	73,893.75	-	67,671.07
06/01/2020	393,868.75	-	393,868.75	339,975.00	53,893.75	127,787.50	48,755.02
12/01/2020	393,868.75	-	393,868.75	319,575.00	74,293.75	-	66,392.46
06/01/2021	1,078,868.75	-	1,078,868.75	1,024,575.00	54,293.75	128,587.50	47,929.39
12/01/2021	378,028.13	-	378,028.13	305,475.00	72,553.13	-	63,269.42
06/01/2022	1,098,028.13	-	1,098,028.13	1,045,475.00	52,553.13	125,106.26	45,271.19
12/01/2022	361,378.13	-	361,378.13	290,675.00	70,703.13	-	60,165.50
06/01/2023	1,111,378.13	-	1,111,378.13	1,055,675.00	55,703.13	126,406.26	46,824.60
12/01/2023	344,034.38	-	344,034.38	275,375.00	68,659.38	-	57,013.79
06/01/2024	1,129,034.38	-	1,129,034.38	1,070,375.00	58,659.38	127,318.76	48,117.51
12/01/2024	325,881.25	-	325,881.25	259,475.00	66,406.25	-	53,809.65
06/01/2025	1,145,881.25	-	1,145,881.25	1,084,475.00	61,406.25	127,812.50	49,152.93
12/01/2025	306,918.75	-	306,918.75	242,975.00	63,943.75	-	50,561.57
06/01/2026	1,166,918.75	-	1,166,918.75	1,102,975.00	63,943.75	127,887.50	49,946.62
12/01/2026	285,418.75	-	285,418.75	225,775.00	59,643.75	-	46,021.27
06/01/2027	1,190,418.75	-	1,190,418.75	1,125,775.00	64,643.75	124,287.50	49,272.63
12/01/2027	262,793.75	-	262,793.75	203,275.00	59,518.75	-	44,814.51
06/01/2028	1,212,793.75	-	1,212,793.75	1,143,275.00	69,518.75	129,037.50	51,707.36
12/01/2028	239,043.75	-	239,043.75	179,775.00	59,268.75	-	43,547.35
06/01/2029	1,234,043.75	-	1,234,043.75	1,164,775.00	69,268.75	128,537.50	50,275.79
12/01/2029	214,168.75	-	214,168.75	155,150.00	59,018.75	-	42,315.28
06/01/2030	1,259,168.75	-	1,259,168.75	1,190,150.00	69,018.75	128,037.50	48,883.23
12/01/2030	188,043.75	-	188,043.75	129,275.00	58,768.75	-	41,117.32
06/01/2031	1,283,043.75	-	1,283,043.75	1,214,275.00	68,768.75	127,537.50	47,528.61
12/01/2031	160,668.75	-	160,668.75	102,150.00	58,518.75	-	39,952.56
06/01/2032	1,310,668.75	-	1,310,668.75	1,242,150.00	68,518.75	127,037.50	46,210.92
12/01/2032	131,200.00	-	131,200.00	73,650.00	57,550.00	-	38,341.23
06/01/2033	1,341,200.00	-	1,341,200.00	1,273,650.00	67,550.00	125,100.00	44,456.13
12/01/2033	100,193.75	-	100,193.75	55,650.00	44,543.75	-	28,958.68
06/01/2034	1,375,193.75	-	1,375,193.75	1,290,650.00	84,543.75	129,087.50	54,294.90
12/01/2034	67,521.88	-	67,521.88	37,125.00	30,396.88	-	19,283.78
06/01/2035	1,407,521.88	-	1,407,521.88	1,312,125.00	95,396.88	125,793.76	59,783.71
12/01/2035	33,184.38	-	33,184.38	18,000.00	15,184.38	-	9,400.08
06/01/2036	1,328,184.38	-	1,328,184.38	1,218,000.00	110,184.38	125,368.76	67,381.38
	27,009,512.55	319,471.32	26,690,041.23	24,135,540.83	2,554,500.40	2,554,500.40	2,005,801.24

Savings Summary

PV of savings from cash flow	2,005,801.24
Plus: Refunding funds on hand	4,970.31
Net PV Savings	2,010,771.55