BEAVERTON SCHOOL DISTRICT

School Board Meeting
November 10, 2026

ITEM FOR ACTION

AUTHORIZE PENSION OBLIGATION BONDS

SUMMARY
Oregon law allows public bodies, including school districts, to issue bonds to finance pension liabilities. It is proposed that the school board authorize the district to issue pension bonds if the market conditions support the district's financial objectives.

BACKGROUND
Oregon law allows public bodies, including school districts, to issue bonds to finance pension liabilities. Pension obligation bonds are a financing tool that allows an Oregon public employer to borrow money through bonds and deposit the proceeds into a PERS side account.

The intended purpose is to reduce a portion of the employer's unfunded PERS liability and, in turn, its required PERS employer contribution rates. The strategy is based on the expectation that long-term investment earnings within the pension system will exceed the interest cost of the bonds. If investment returns outperform borrowing costs, the employer can reduce future pension contribution costs and improve long-term budget stability. Recent financial projections do not include an assumption of new side accounts, only the expiration of current ones.

The district is currently exploring whether issuing new pension obligation bonds may be beneficial if market conditions are favorable. It is proposed that the school board authorize the district to issue pension bonds if the market conditions support the district's financial objectives, within the limitations established in the resolution. Authorization would not obligate the district to issue bonds; rather, it would provide flexibility to do so should market conditions support the district's financial objectives.

The resolution provided has been revised to include a maximum total interest cost (TIC) of 4.75%.

RECOMMENDATION
The administration recommends approval of the authorizing resolution. The board will be informed if conditions warrant issuance of the bonds.

SUGGEST MOTION
I move to approve the resolution on pension obligation bonds as presented.

Beaverton School District does not discriminate in any programs or activities on any basis protected by law, including but not limited to an individual's actual or perceived race, color, religion, sex, sexual orientation, gender identity, gender expression, national or ethnic origin, marital status, age, mental or physical disability, pregnancy, familial status, economic status, veteran status, or because of a perceived or actual association with any other persons within these protected classes.