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**PERS BONDS****POLICY ISSUE / SITUATION:**

The District has a current Unfunded Actuarial Liability (UAL) with the Oregon Public Employees Retirement System (PERS) totaling \$81 million. The current UAL could increase the District's PERS costs in future years.

**BACKGROUND INFORMATION:**

In 2005, the District issued \$189 million in Pension Bonds to pay off an unfunded actuarial liability with PERS. The proceeds from the bonds were placed in a side account at PERS to offset future rate increases. The 2005 Pension Bonds have saved the District \$34 million to date, and project an additional \$47 million through 2028.

The District has been working with Piper Jaffray, Underwriters, and Hawkins Delafield & Wood, Bond Counsel, to issue pension bonds to offset the current \$81 million UAL. Bond counsel has drafted a resolution to authorize the following:

- bond sale;
- designate bond counsel and underwriter; and
- delegate the Superintendent and Chief Financial Officer as District Officials, authorized to issue revenue bonds for the pension liability.

**RECOMMENDATION:**

**(15-497)** BE IT RESOLVED it is recommended that the School Board approve Resolution 15-497, A RESOLUTION AUTHORIZING FULL FAITH AND CREDIT PENSION BONDS by title only.

**District Goal:** All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career 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. 15-497**

**A RESOLUTION AUTHORIZING FULL FAITH AND CREDIT PENSION BONDS**

WHEREAS, the Beaverton School District No. 48J, Washington and Multnomah Counties, Oregon (the "District") is authorized by ORS 238.692 to 238.698 to issue revenue bonds pursuant to ORS Chapter 287A to finance its pension liability as defined in ORS 238.692(1); and

WHEREAS, ORS 287A.315 permits the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay revenue bonds authorized by ORS 238.692 to 238.698 and ORS Chapter 287A; and

WHEREAS, the District has an unfunded actuarial accrued liability ("UAL") to the State of Oregon Public Employees Retirement System ("PERS"); and

WHEREAS, the District previously issued its Limited Tax Pension Bond, Series 2005A (Federally Taxable) (the "Existing Bonds") to finance a portion of the UAL; and

WHEREAS, the PERS' actuary has estimated that the District's net UAL to PERS as of December 31, 2013 is approximately \$81,359,156; and

WHEREAS, PERS requires the District to pay this UAL over a period of years with interest at PERS' assumed earnings rate, which is currently seven and three-quarters percent per annum; and

WHEREAS, current interest rates in the bond market are below the rate of return that PERS may receive in the future, creating the opportunity for the District to finance its unfunded pension liability and to reduce its costs;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF BEAVERTON SCHOOL DISTRICT NO. 48J, WASHINGTON AND MULTNOMAH COUNTIES, OREGON RESOLVES:

**SECTION 1. BONDS AUTHORIZED**

(1) The District hereby authorizes the issuance, sale and delivery of its full faith and credit pension bonds ("Bonds") in accordance with this resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the District's estimated UAL as of the expected closing date of the Bonds, plus estimated costs related to the Bonds . The Bonds may be issued in one or more series.

(2) Bond proceeds may only be used to pay the District's pension liability to PERS, and to pay costs related to the Bonds.

(3) As required by the Internal Revenue Code of 1986, as amended, the Bonds shall be "federally taxable bonds" which bear interest that is not excludable from gross income under Section 103(a) of that code. Interest will, however, be exempt from Oregon personal income taxation.

(4) The Bonds shall not be sold at a true interest cost of more than 5.25% per annum. The Superintendent or Chief Financial Officer (each of whom is referred to in this resolution as a "District Official") shall compare the cash flows required to pay the Bonds to the cash flows that are estimated

to be required pay PERS for the District's UAL and determine a Bond structure which the District Official estimates will be advantageous to the District.

## **SECTION 2. DELEGATION**

Any District Official may, on behalf of the District, and without further action by the Board of Directors (the "Board"):

(1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bonds.

(2) Enter into covenants for the benefit of owners of the Bonds that are intended to improve the terms under which the Bonds are issued.

(3) Apply for ratings on the Bonds and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

(4) Negotiate the terms of and enter into a bond purchase agreement for the Bonds with Piper Jaffray & Co. - Seattle-Northwest Division, as underwriter and a paying agent and/or fiscal agent agreement with U.S. Bank National Association.

(5) Establish the final principal amount, payment schedule, interest rates (subject to the limit in Section 1(4) of this resolution), sale price and discount, redemption terms, payment terms and dates, and other terms of the Bonds.

(6) Undertake to provide continuing disclosure for the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

(7) Approve and execute one or more bond declarations or similar documents, which describe the financial terms, administrative provisions and covenants for the Bonds.

(8) Make any clarifying changes or additional covenants not inconsistent with this Resolution.

(9) Execute and deliver the Bonds and any other agreements or other documents, and take any other action in connection with the Bonds that a District Official finds is desirable to permit the sale and issuance of the Bonds in accordance with this Resolution.

## **SECTION 3. SECURITY FOR BONDS**

Pursuant to ORS 287A.315 and ORS 238.694, the District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bonds. The District is not authorized to levy additional taxes to pay the Bonds.

**SECTION 4. DESIGNATION OF BOND COUNSEL AND UNDERWRITER**

The District hereby designates Hawkins Delafield & Wood LLP as Bond Counsel for the issuance of the Bonds and Piper Jaffray & Co. – Seattle-Northwest Division as Underwriter for the issuance of the Bonds.

**SECTION 5. EFFECTIVE DATE**

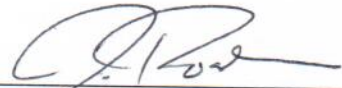
This resolution shall take effect on the date of its adoption by the Board.

Passed by the Board this 12<sup>th</sup> day of January, 2015.

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

  
Chair

**ATTEST:**

  
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Superintendent