

School Board Meeting:

February 9, 2009

Subject:

OPEB Bonds

Presenter:

Tina Burkholder
Chuck Klaassen

SUGGESTED SCHOOL BOARD ACTION:

For Board Review.

DESCRIPTION:

Last year, legislation approved the opportunity for school districts to bond for their other post-employment benefits (OPEB). As school districts are getting their actuarial studies completed, they are finding out how significant their obligations are. We learned from the actuarial study on page 2 that the District's Actuarial Accrued Liability (AAL) as of July 1, 2008 is \$10,694,069. Going forward, this liability will change. Employees will retire, new employees will be hired, and different contract terms will be negotiated.

So what are the next steps? Attached is an article from Ehlers that discusses GASB No. 45 and implementation steps. The first step was to have an actuarial study completed to determine the cost of the District's other post-employment benefits. Next, we need to start developing a plan. The article lists some points to consider when developing the plan:

- Should we establish a trust?
- Should the trust be revocable or irrevocable?
- What portion of the liability should be funded through a trust?
- How should the funds in the trust be invested?
- Should we issue bonds, use existing funds, or both?
- How will future OPEB costs be funded?

A representative from Ehlers will be present to discuss OPEB bond options. Also included is a summary of school districts that are taking advantage of the opportunity to bond for the OPEB obligations.

Attachments:

Attachment 1: OPEB Article

Attachment 2: OPEB Bond Summary by School District

Attachment 3: Buffalo's Property Tax Impact to Taxpayers