

**RESOLUTION NO. 1209**

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

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

WHEREAS, on September 28, 2012, PERS' actuary estimated that the City's net UAL to PERS was approximately \$3,390,421 as of December 31, 2011; and

WHEREAS, the City's estimated net UAL to PERS is anticipated to be approximately \$3,758,408 as of August 31, 2013; and

WHEREAS, PERS requires the City to pay this UAL over a period of years with interest at PERS' assumed earning rate, which is currently eight percent per annum; and

WHEREAS, current interest rates in the bond market are substantially below PERS' assumed earnings rate, creating the potential opportunity for the City to finance its unfunded pension liability and to reduce its costs;

NOW, THEREFORE, THE CITY OF PRINEVILLE RESOLVES that the City is hereby authorized to take any actions that may be required to prepare the City to issue full faith and credit pension bonds to finance the City's pension liability, plus estimated costs related to the pension bonds and capitalized interest. Those actions include, but are not limited to, requesting the payoff figures and the calculation of payroll rate reductions resulting from such payoffs that are expected to result from the issuance of those bonds and the payment of the City's UAL, and

engaging the services of a consulting economist to help quantify the potential benefit of issuing the pension bonds. City staff is additionally authorized to work with Gel Oregon Inc., as the City's financial advisor, Hawkins Delafield & Wood LLP, as the City's bond counsel, and Seattle Northwest Securities Corporation as the underwriter for the pension bonds, to formulate a recommended approach for financing the City's pension Liability and, if appropriate, to prepare a resolution for subsequent consideration by the City Council authorizing the sale and issuance of the pension bonds.

APPROVED BY THE CITY COUNCIL ON THE 28<sup>th</sup> DAY OF May, 2013.

  
Betty J. Roppe, Mayor

ATTEST:

  
Lisa Morgan, City Recorder