

HERMISTON CITY COUNCIL

Work Session

February 14, 2022

Mayor Drotzmann called the work session meeting to order at 6:30pm. Present were Councilors Hardin, Peterson, Barron, Primmer, Spicerkuhn, Duron (arrived at 6:02pm), and Myers. Councilor Davis was excused. Staff members in attendance were City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Richard Tovey, Chief Edmiston, Planning Director Clint Spencer, Finance Director Mark Krawczyk, Parks and Recreation Director Brandon Artz, Hermiston Energy Services General Manager Nate Rivera, and City Recorder Lilly Alarcon-Strong.

Pension Obligation Bonds

Senior Vice President of Piper Sandler, John Peterson, presented (PowerPoint presentation attached) information regarding Pension Obligation Bonds.

After more discussion, City Manager Smith stated the Council, during the regular City Council meeting, will be asked to make a decision regarding whether or not to move forward with a bond based on the information provided.

There was no other discussion and Mayor Drotzmann adjourned the work session at 6:58pm and stated the City Council would take a short break and convene the regular City Council meeting at 7:00pm.

Presentation on Pension Obligation Bonds to City of Hermiston

February 14, 2022

**John Peterson
Senior Vice President
Piper Sandler**

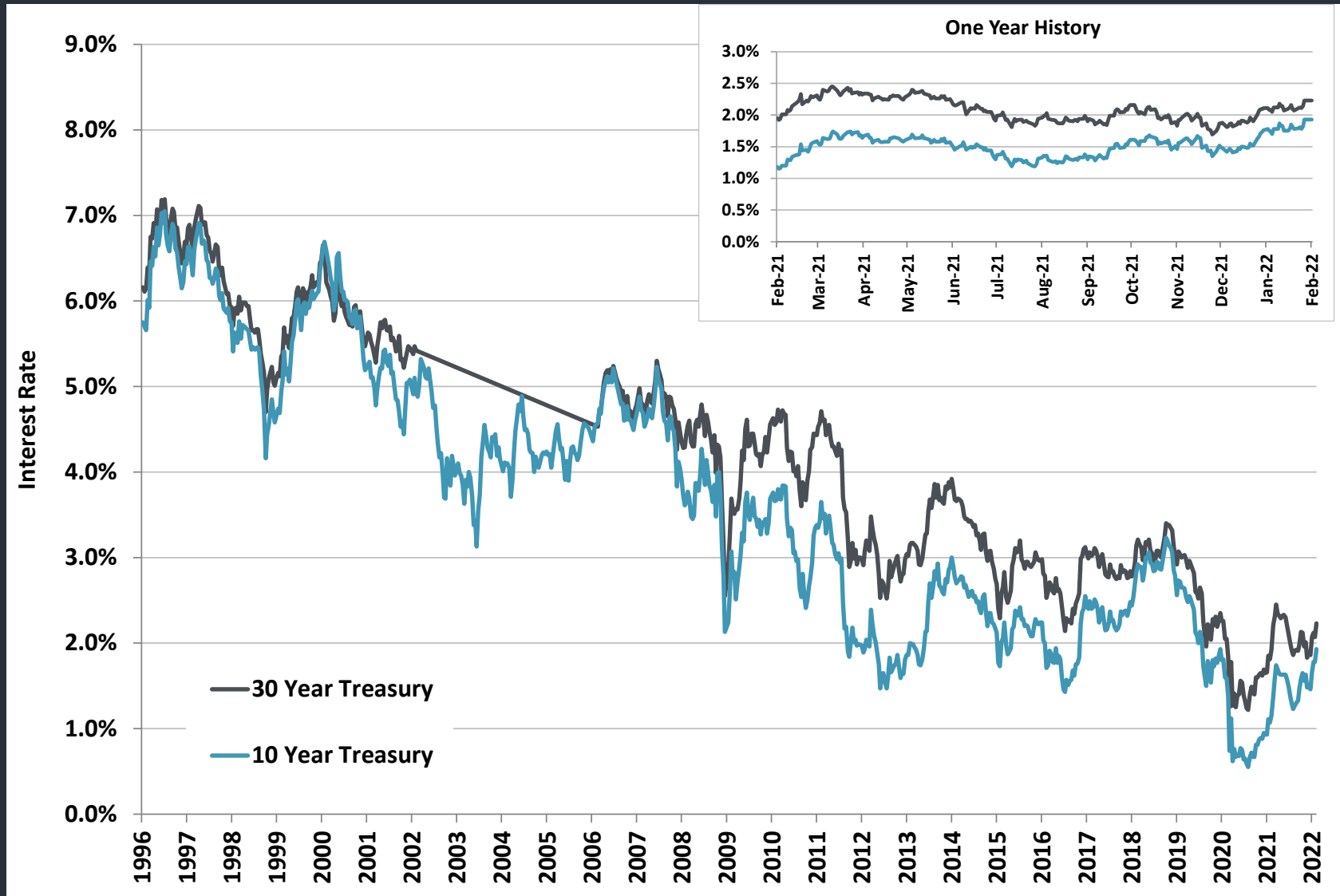
Pension Bonds (POBs) may help reduce pension costs

- Concept is to borrow at low interest rates and send funds to PERS; if returns exceed borrowing rate, jurisdictions save.
- Under federal tax law, POBs must be sold on taxable basis, so borrowing rates are higher than on capital borrowings. **We are currently projecting borrowing rates of 3.50%.**
- Bond funds for all Employers (ERs) are deposited into Side Accounts (SAs) and invested within PERS fund, with earnings/losses credited directly.
- SAs are drawn down and provide 'rate credit' over 20 years. Previously, SAs were not always available to cities and counties.
- Over 150 Oregon POBs were issued from 1999-2021 at rates ranging from 2.45% to 7.06%. Generally positive PERS returns means most, but not all, have realized savings.

Now is a good time to borrow

Interest rates are still at historic lows

10 Year Treasury Rates vs. 30 Year Treasury Rates



Note: 30 year Treasury Bonds were not issued between 2002 and 2006.

PERS Investments

OIC is responsible for PERS' investments; has long history of strong performance.

50-Year Average Rates of Return (1970-2020):

Regular account earnings: 10.1%

Tier One Crediting: 9.4%

Variable Crediting: 8.9%

Avg. return on SAs 2004-2015: 8.16%

1-year earnings through 12/31/2021: 20.05%

* The PERS Board originally credited these accounts at 20%. That allocation was later reduced to 11.33% to comply with subsequent court decisions and legislative findings.

** Tier Two regular account crediting, based solely on earnings, was 13.74%. However, the PERS Board deployed \$9 million from the Capital Preservation Reserve and \$17 million from the Contingency Reserve that was added to Tier Two earnings. As a result, Tier Two was credited with a total of 18.31%. The dollars allocated from the reserves were originally withheld from Tier Two regular account earnings.

*** After crediting Tier One accounts with the assumed rate of 8%, member attorney fees in the Strunk case were deducted by order of the Oregon Supreme Court, resulting in an effective crediting rate of 7.97%.

**** Various Target-Date Fund returns.

Year	Earnings (%)	Distributions (%)			
		Tier One	Tier Two	Variable Account	IAP
1970	5.09	5.09		7.47	
1971	6.27	6.27		9.47	
1972	7.46	7.46		13.87	
1973	0.00	0.00		-16.39	
1974	0.00	5.50		-18.16	
1975	9.19	7.50		18.94	
1976	10.38	7.75		18.58	
1977	4.79	7.00		-2.62	
1978	7.37	7.00		7.03	
1979	12.32	11.09		20.40	
1980	16.92	13.00		29.94	
1981	4.37	7.50		-2.25	
1982	15.31	11.50		22.39	
1983	18.37	13.00		23.12	
1984	7.33	7.50		4.00	
1985	21.38	15.00		27.99	
1986	22.70	18.37		18.98	
1987	9.00	7.50		4.54	
1988	16.86	13.50		18.62	
1989	19.74	14.50		26.84	
1990	-1.53	8.00		-7.84	
1991	22.45	15.00		35.05	
1992	6.94	8.00		10.54	
1993	15.04	12.00		12.65	
1994	2.16	8.00		-1.76	
1995	20.78	12.50		29.92	
1996	24.42	21.00	24.42	21.06	
1997	20.42	18.70	20.42	28.87	
1998	15.43	14.10	13.63	21.45	
1999	24.89	11.33*	21.97	28.83	
2000	0.63	8.00	0.54	-3.24	
2001	-7.17	8.00	-6.66	-11.19	
2002	-8.93	8.00	-8.93	-21.51	
2003	23.79	8.00	22.00	34.68	
2004	13.80	8.00	13.27	13.00	12.77
2005	13.04	8.00	18.31**	8.29	12.80
2006	15.57	8.00	15.45	15.61	14.98
2007	10.22	7.97***	9.47	1.75	9.46
2008	-27.18	8.00	-27.18	-43.71	-26.75
2009	19.12	8.00	19.12	37.57	18.47
2010	12.44	8.00	12.44	15.17	12.13
2011	2.21	8.00	2.21	-7.80	2.15
2012	14.29	8.00	14.68	18.43	14.09
2013	15.76	8.00	15.62	25.74	15.59
2014	7.29	7.75	7.24	4.29	7.05
2015	2.21	7.75	1.87	-1.61	1.85
2016	6.9	7.50	7.15	8.76	7.13
2017	15.3	7.50	15.23	26.48	14.72
2018	0.19	7.20	0.23	-10.03	****
2019	13.32	7.20	13.27	28.80	****
2020	7.18	7.20	7.18	11.77	****

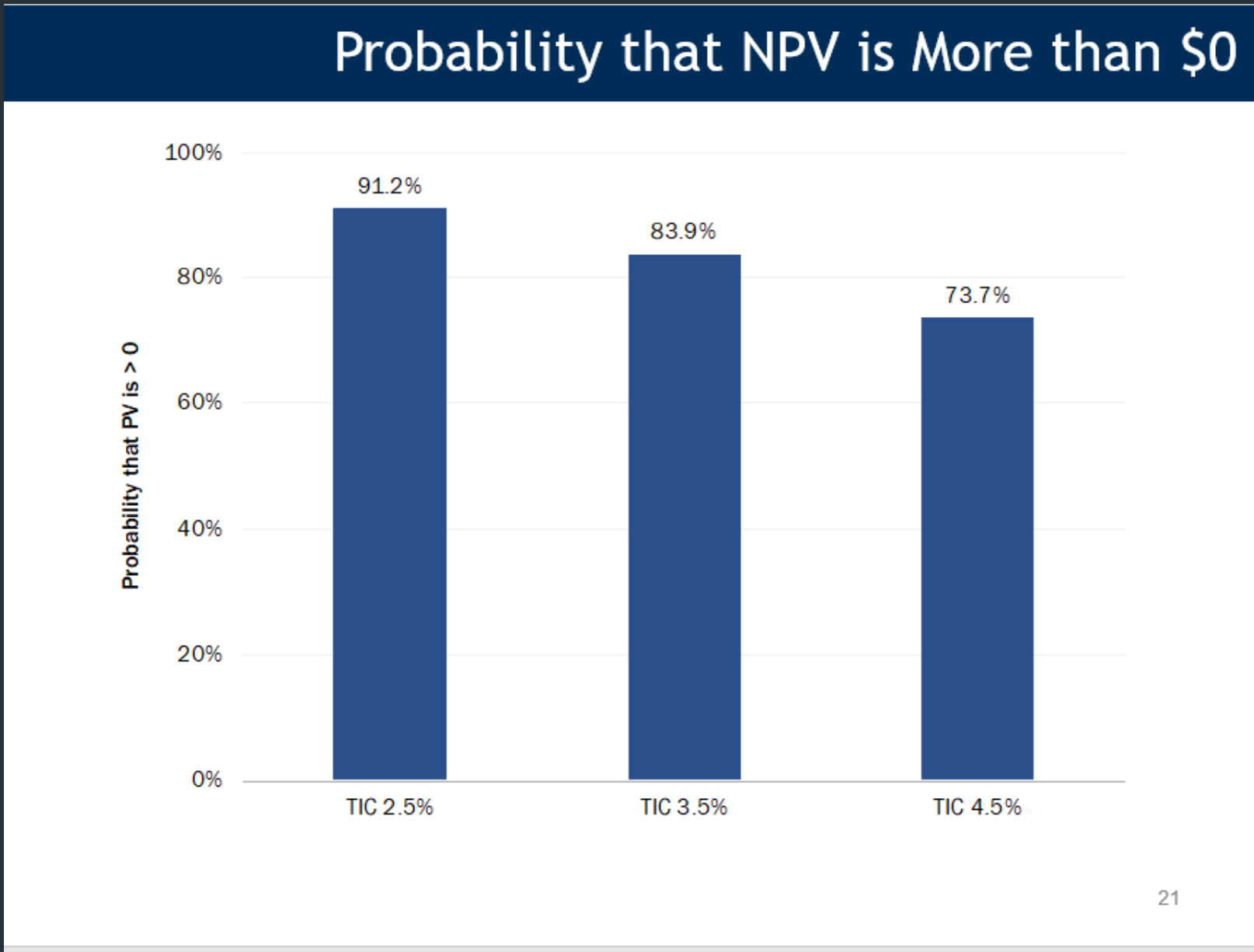
Statistically Based Assessment Required

Any district contemplating issuing pension obligation bonds is required to:

- a) Obtain a statistically based assessment from an independent economic or financial consulting firm regarding the likelihood that investment returns on bond proceeds will exceed the interest cost of the bonds under various market conditions; and
- b) Make a report available to the general public that:
 - (A) Describes the results of the assessment

City participated in contract with ECONorthwest to conduct this assessment in January.

ECONorthwest Assessment on POBs



Source: ECONorthwest - Funding OPERS Side Accounts, A Risk vs. Reward Analysis, Modeling Results, January 6, 2022.

But there are other risks too...

- Timing of earnings matter; early negative returns are hard to overcome, and may more than offset later positive returns.
- Rate credits will not be consistent:
 - ✓ Earnings variability will cause volatility, even if earnings rate exceeds bond rates.
 - ✓ SAs cause 'doubling down' of investment performance in Fund.
 - ✓ Particularly fast or slow growth in payroll relative to 3.40% assumption can cause increases or decreases.
- If SA builds large surpluses, rate relief may be delayed, causing potential mismatch with debt service.

Other Risks (cont'd)

- Unknown future changes to PERS may have negative consequences.
- Reductions in assumed rate can reduce rate credits, at least temporarily.
- POBs change 'soft' liabilities to hard liabilities.



Timing Matters

School District A

- Issued twice in 2002 (5.60% TIC) & 2003 (5.73% TIC)
- Total issuance amount: \$491,673,897
- Benefit from strong market returns prior to the 2008 great recession

School District B

- Issued twice in 2005 (4.77% TIC) & 2015 (4.15% TIC)
- Total issuance amount: \$142,135,000
- Benefit from low borrowing rate and strong early market returns

School District C

- Issued once in 2007 (5.67% TIC)
- \$41,385,000
- Combined impact of immediate negative market and payroll growth trends

Summary of Results

Actual results through December 31, 2020.

	School "A"	School "B"	School "C"
Bonds Issued	2002 (5.60% TIC) 2003 (5.73% TIC)	2005 (4.77% TIC) 2015 (4.15% TIC)	2007 (5.67% TIC)
Total Amount Borrowed	\$491,673,897	\$142,135,000	\$41,385,000
Number of SAs Funded from Bonds	2	2	1
Final SA Amort. Date(s)	12/31/2027 12/31/2027	12/31/2027 12/31/2034	12/31/2027
Remaining Value of SA(s) as of 12/31/20	\$470,803,426	\$95,560,733	\$18,975,388
Nominal Savings/(Costs) through 12/31/20	\$317,153,536	\$41,169,988	(\$2,625,701)
Additional Savings/(Costs) Projected @ 6.90%	\$149,679,484	\$3,755,279	(\$7,552,621)

Bottom line...

- Those with SAs will have more volatility and less predictability in payroll rates than those without.
- Volatility is not an indicator of whether ER is better or worse off with POBs, but it may cause cash flow issues.
- It is prudent for ERs to create reserve accounts to offset fluctuations.

Numerical Analysis

City of Hermiston – Background Data

	2007 Valuation		2018 Valuation	2019 Valuation	2020 Valuation
System					
Combined Valuation Payroll	\$ 7,721,819,358		\$ 10,852,000,000	\$ 11,533,700,000	\$ 12,042,700,000
OPSRP UAL (\$ in millions)	(72.1)		1,955.0	1,891.8	2,459.3
State and Local Government Rate Pool (SLGRP)					
Combined Valuation Payroll	\$ 4,264,200,000		\$ 6,346,100,000	\$ 6,769,800,000	\$ 7,134,300,000
Total T1/T2 UAL (\$ in millions)	208.9		13,765.6	12,738.0	14,497.4
City of Hermiston					
Combined Valuation Payroll			\$ 6,700,498	\$ 7,040,821	\$ 7,130,381
Payroll Increase				5.08%	1.27%
Allocated UAL/(surplus)					
T1/T2			14,534,346	13,249,846	14,489,488
Pre-SLGRP			0	0	0
Transition			(621,460)	(567,130)	(504,004)
OPSRP			1,209,868	1,157,479	1,459,570
Total Allocated Pooled UAL			15,122,754	13,840,195	15,445,054
Less Side Account			0	0	0
Net UAL			\$ 15,122,754	\$ 13,840,195	\$ 15,445,054

	2007 Valuation		2018 Valuation		2019 Valuation		2020 Valuation	
	T1/T2	OPSRP	T1/T2	OPSRP	T1/T2	OPSRP	T1/T2	OPSRP
Rates Effective	7/1/09 - 6/30/11		Advisory Only		7/1/2021 - 6/30/23		Advisory Only	
Pension								
Normal cost rate	6.31%	5.81%	16.42%	8.70%	16.13%	13.66%	17.79%	9.99%
Tier 1/Tier 2 UAL rate	4.84%	4.84%	14.50%	14.50%	12.60%	12.60%	13.84%	13.84%
OPSRP UAL rate	(0.08%)	(0.08%)	1.76%	1.76%	1.69%	1.69%	2.09%	2.09%
Pre-SLGRP pool rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transition liability rate		0.00%	(1.22%)	(1.22%)	(1.17%)	(1.17%)	(1.15%)	(1.15%)
Total Pension Rate	11.07%	10.57%	31.46%	23.74%	29.25%	26.78%	32.57%	24.77%
Side account rate relief	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Member redirect offset	0.00%	0.00%	(2.45%)	(0.70%)	(2.45%)	(0.70%)	(2.40%)	0.65%
Net Pension Rate	11.07%	10.57%	29.01%	23.04%	26.80%	26.08%	30.17%	25.42%
Retiree Healthcare								
Normal cost rate	0.10%	0.00%	0.05%	0.00%	0.05%	0.00%	0.05%	0.00%
UAL rate	0.19%	0.19%	0.00%	0.00%	0.00%	0.00%	(0.05%)	0.00%
Total Retiree Healthcare Rate	0.29%	0.19%	0.05%	0.00%	0.05%	0.00%	0.00%	0.00%
Total Net Employer Rate	11.36%	10.76%	29.06%	23.04%	26.85%	26.08%	30.17%	25.42%

Source: Oregon Public Employees Retirement System – System Actuarial Valuation Reports and Employer Actuarial Valuation Reports.

City of Hermiston – Sensitivity Analysis Summary

Payroll and Payroll Growth						
Calendar Year	System		SLGRP Pool		City of Hermiston	
	PERS Covered Payroll	Annual Payroll	PERS Covered Payroll	Annual Payroll	PERS Covered Payroll	Annual Payroll
2007	\$ 7,721,819,358	----	\$ 4,264,200,000	----		
2008	8,130,136,492	5.29%	4,521,300,000	6.03%	4,599,570	----
2009	8,512,192,290	4.70%	4,850,100,000	7.27%	4,599,570	0.00%
2010	8,750,064,502	2.79%	4,973,400,000	2.54%	4,599,570	0.00%
2011	8,550,511,000	(2.28%)	4,935,700,000	(0.76%)	4,599,570	0.00%
2012	8,590,879,000	0.47%	5,018,000,000	1.67%	4,869,074	5.86%
2013	8,671,800,000	0.94%	5,121,900,000	2.07%	5,372,528	10.34%
2014	9,115,800,000	5.12%	5,390,800,000	5.25%	5,174,835	(3.68%)
2015	9,544,100,000	4.70%	5,594,300,000	3.77%	5,777,184	11.64%
2016	9,872,600,000	3.44%	5,714,000,000	2.14%	5,916,181	2.41%
2017	10,098,900,000	2.29%	5,897,800,000	3.22%	5,833,150	(1.40%)
2018	10,852,000,000	7.46%	6,346,100,000	7.60%	6,700,498	14.87%
2019	11,533,700,000	6.28%	6,768,800,000	6.66%	7,040,821	5.08%
2020	12,042,700,000	4.41%	7,134,300,000	5.40%	7,130,381	1.27%
Average		3.48%			4.04%	#DIV/0!

Assumes bonds sold at a TIC of **3.50%**, leading to significantly better results than District C (5.67% TIC) even with 2007 performance.

City of Hermiston – Base Case Scenario

City of Hermiston - Projected Rate Credits and Pension Bond Savings											
(New Payoff Date: 12/31/20, Payoff Amount: \$15,445,054)											
	Side Account				Earnings ⁽¹⁾		Side Account	Bond Debt Service		Savings	
Fiscal Year	Balance	Deposit	Rate	Rate	Investment	Investment	Balance	Debt	Debt	Savings	
	July 1	6/1/22	Credit	Credit (\$)	Earnings (\$)	Returns (%)	June 30	Service (\$) ⁽²⁾	Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 15,445,054	1.23%	\$ 89,334	\$ 85,620	6.90%	\$ 15,441,340	\$ -		\$ 89,334	1.23%
2023	15,441,340	-	14.56%	1,091,648	1,025,277	6.90%	15,374,970	836,690	11.16%	254,958	3.40%
2024	15,374,970	-	14.56%	1,128,764	1,019,331	6.90%	15,265,538	867,600	11.19%	261,164	3.37%
2025	15,265,538	-	14.56%	1,167,142	1,010,368	6.90%	15,108,765	896,050	11.18%	271,092	3.38%
2026	15,108,765	-	14.56%	1,206,824	998,090	6.90%	14,900,031	928,100	11.20%	278,724	3.36%
2027	14,900,031	-	14.56%	1,247,856	982,178	6.90%	14,634,352	958,575	11.19%	289,281	3.38%
2028	14,634,352	-	14.56%	1,290,283	962,284	6.90%	14,306,353	992,475	11.20%	297,808	3.36%
2029	14,306,353	-	14.56%	1,334,153	938,038	6.90%	13,910,238	1,024,625	11.18%	309,528	3.38%
2030	13,910,238	-	14.56%	1,379,514	909,037	6.90%	13,439,760	1,060,025	11.19%	319,489	3.37%
2031	13,439,760	-	14.56%	1,426,418	874,848	6.90%	12,888,190	1,093,500	11.16%	332,918	3.40%
2032	12,888,190	-	14.56%	1,474,916	835,004	6.90%	12,248,278	1,130,050	11.16%	344,866	3.40%
2033	12,248,278	-	14.56%	1,525,063	789,005	6.90%	11,512,220	1,169,500	11.17%	355,563	3.39%
2034	11,512,220	-	14.56%	1,576,915	736,309	6.90%	10,671,613	1,211,675	11.19%	365,240	3.37%
2035	10,671,613	-	14.56%	1,630,530	676,334	6.90%	9,717,416	1,251,400	11.18%	379,130	3.39%
2036	9,717,416	-	14.56%	1,685,968	608,454	6.90%	8,639,902	1,293,675	11.17%	392,293	3.39%
2037	8,639,902	-	14.56%	1,743,291	531,996	6.90%	7,428,606	1,338,325	11.18%	404,966	3.38%
2038	7,428,606	-	14.56%	1,802,563	446,235	6.90%	6,072,277	1,385,175	11.19%	417,388	3.37%
2039	6,072,277	-	14.56%	1,863,850	350,393	6.90%	4,558,819	1,429,050	11.16%	434,800	3.40%
2040	4,558,819	-	14.56%	1,927,221	243,632	6.90%	2,875,230	1,479,950	11.18%	447,271	3.38%
2041	2,875,230	-	14.56%	1,992,747	125,053	6.90%	1,007,535	1,532,525	11.20%	460,222	3.36%
2042	1,007,535	-	7.22%	1,021,639	14,103	6.90%	0	786,600	5.56%	235,039	1.66%
TOTAL		\$ 15,445,054		\$ 29,606,642	\$ 14,161,588			\$ 22,665,565		\$ 6,941,077	
PRESENT VALUE SAVINGS ⁽³⁾ :										\$ 4,657,388	30.15%

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.

City of Hermiston – 2002 Scenario

City of Hermiston - Projected Rate Credits and Pension Bond Savings											
(New Payoff Date: 12/31/20, Payoff Amount: \$15,445,054)											
	Side Account				Earnings ⁽¹⁾		Side Account	Bond Debt Service		Savings	
Fiscal Year	Balance	Deposit	Rate	Rate	Investment	Investment	Balance	Debt	Debt		
	July 1	6/1/22	Credit	Credit (\$)	Earnings (\$)	Returns (%)	June 30	Service (\$) ⁽²⁾	Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 15,445,054	1.23%	\$ 89,334	\$ 85,620	6.90%	\$ 15,441,340	\$ -		\$ 89,334	1.23%
2023	15,441,340	-	14.56%	1,091,648	3,271,626	22.00%	17,621,319	836,690	11.16%	254,958	3.40%
2024	17,621,319	-	14.56%	1,128,764	2,259,175	13.27%	18,751,730	867,600	11.19%	261,164	3.37%
2025	18,751,730	-	15.57%	1,248,052	2,485,905	13.74%	19,989,583	896,050	11.18%	352,002	4.39%
2026	19,989,583	-	15.57%	1,290,485	2,983,317	15.45%	21,682,415	928,100	11.20%	362,385	4.37%
2027	21,682,415	-	18.55%	1,589,741	1,973,323	9.47%	22,065,997	958,575	11.19%	631,166	7.36%
2028	22,065,997	-	18.55%	1,643,792	(5,745,041)	(27.18%)	14,677,164	992,475	11.20%	651,317	7.35%
2029	14,677,164	-	21.56%	1,975,456	2,608,200	19.12%	15,309,908	1,024,625	11.18%	950,831	10.38%
2030	15,309,908	-	21.56%	2,042,622	1,770,085	12.44%	15,037,371	1,060,025	11.19%	982,597	10.37%
2031	15,037,371	-	15.46%	1,514,407	314,350	2.21%	13,837,314	1,093,500	11.16%	420,907	4.30%
2032	13,837,314	-	15.46%	1,565,897	1,910,047	14.68%	14,181,464	1,130,050	11.16%	435,847	4.30%
2033	14,181,464	-	15.97%	1,672,354	2,074,849	15.60%	14,583,959	1,169,500	11.17%	502,854	4.80%
2034	14,583,959	-	15.97%	1,729,214	983,667	7.20%	13,838,411	1,211,675	11.19%	517,539	4.78%
2035	13,838,411	-	17.61%	1,971,871	242,798	1.90%	12,109,339	1,251,400	11.18%	720,471	6.43%
2036	12,109,339	-	17.61%	2,038,914	760,507	6.90%	10,830,932	1,293,675	11.17%	745,239	6.44%
2037	10,830,932	-	18.52%	2,217,459	1,478,300	15.30%	10,091,773	1,338,325	11.18%	879,134	7.34%
2038	10,091,773	-	18.52%	2,292,852	37,199	0.42%	7,836,120	1,385,175	11.19%	907,677	7.33%
2039	7,836,120	-	18.96%	2,426,862	888,702	13.56%	6,297,960	1,429,050	11.16%	997,812	7.80%
2040	6,297,960	-	18.96%	2,509,375	342,208	6.90%	4,130,792	1,479,950	11.18%	1,029,425	7.78%
2041	4,130,792	-	20.92%	2,862,944	179,661	6.90%	1,447,508	1,532,525	11.20%	1,330,419	9.72%
2042	1,447,508	-	10.37%	1,467,770	20,262	6.90%	0	786,600	5.56%	681,170	4.81%
TOTAL		\$ 15,445,054	\$ 36,369,815		\$ 20,924,761			\$ 22,665,565		\$ 13,704,251	
PRESENT VALUE SAVINGS ⁽³⁾ :										\$ 8,875,485	57.46%

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.

City of Hermiston – 2007 Scenario

City of Hermiston - Projected Rate Credits and Pension Bond Savings											
(New Payoff Date: 12/31/20, Payoff Amount: \$15,445,054)											
	Side Account				Earnings ⁽¹⁾		Side Account	Bond Debt Service		Savings	
Fiscal Year	Balance	Deposit	Rate	Rate	Investment	Investment	Balance	Debt	Debt		
	July 1	6/1/22	Credit	Credit (\$)	Earnings (\$)	Returns (%)	June 30	Service (\$) ⁽²⁾	Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 15,445,054	1.23%	\$ 89,334	\$ 85,620	6.90%	\$ 15,441,340	\$ -		\$ 89,334	1.23%
2023	15,441,340	-	14.56%	1,091,648	(4,029,273)	(27.18%)	10,320,420	836,690	11.16%	254,958	3.40%
2024	10,320,420	-	14.56%	1,128,764	1,860,086	19.12%	11,051,743	867,600	11.19%	261,164	3.37%
2025	11,051,743	-	11.98%	960,378	1,311,614	12.44%	11,402,979	896,050	11.18%	64,328	0.80%
2026	11,402,979	-	11.98%	993,031	240,219	2.21%	10,650,167	928,100	11.20%	64,931	0.78%
2027	10,650,167	-	10.76%	922,031	1,492,038	14.68%	11,220,174	958,575	11.19%	(36,544)	(0.43%)
2028	11,220,174	-	10.76%	953,380	1,671,984	15.60%	11,938,777	992,475	11.20%	(39,095)	(0.44%)
2029	11,938,777	-	10.77%	986,917	821,708	7.20%	11,773,568	1,024,625	11.18%	(37,708)	(0.41%)
2030	11,773,568	-	10.77%	1,020,472	213,279	1.90%	10,966,375	1,060,025	11.19%	(39,553)	(0.42%)
2031	10,966,375	-	12.23%	1,198,525	712,571	6.90%	10,480,421	1,093,500	11.16%	105,025	1.07%
2032	10,480,421	-	12.23%	1,239,275	1,503,560	15.30%	10,744,706	1,130,050	11.16%	109,225	1.08%
2033	10,744,706	-	11.86%	1,242,372	42,318	0.42%	9,544,651	1,169,500	11.17%	72,872	0.70%
2034	9,544,651	-	11.86%	1,284,613	1,202,217	13.56%	9,462,255	1,211,675	11.19%	72,938	0.67%
2035	9,462,255	-	12.43%	1,391,660	601,679	6.90%	8,672,275	1,251,400	11.18%	140,260	1.25%
2036	8,672,275	-	12.43%	1,438,976	545,429	6.90%	7,778,727	1,293,675	11.17%	145,301	1.25%
2037	7,778,727	-	12.95%	1,550,403	479,673	6.90%	6,707,998	1,338,325	11.18%	212,078	1.77%
2038	6,707,998	-	12.95%	1,603,117	403,853	6.90%	5,508,734	1,385,175	11.19%	217,942	1.76%
2039	5,508,734	-	13.13%	1,680,311	318,263	6.90%	4,146,685	1,429,050	11.16%	251,261	1.96%
2040	4,146,685	-	13.13%	1,737,442	222,179	6.90%	2,631,422	1,479,950	11.18%	257,492	1.95%
2041	2,631,422	-	13.36%	1,827,901	114,297	6.90%	917,819	1,532,525	11.20%	295,376	2.16%
2042	917,819	-	6.58%	930,576	12,757	6.90%	-	786,600	5.56%	143,976	1.02%
TOTAL		\$ 15,445,054		\$ 25,271,126	\$ 9,826,072			\$ 22,665,565		\$ 2,605,561	
PRESENT VALUE SAVINGS ⁽³⁾ :										\$1,701,304	11.02%

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.

Pro forma timeline

- By Feb 28: Notify Piper and bond counsel if want to proceed with Resolution.
- By March 15: Send payoff requests to PERS.
- By March 31: Adopt Resolution/Issue Public Report.
- April-May: Development of POS, Rating. Send assessment to Treasury.
- Week of April 25: Structuring/Due Diligence calls
- May 9: Final decision to proceed
- **Week of May 23: Bond Sale**
- June 15: Closing, funds sent to PERS
- July 1: Payroll rates reduced.

Questions



Next Steps

Contact Piper if interested in proceeding.

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