

**BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON**

ORDER AND RESOLUTION NO: 22-05-24-13 IN THE MATTER OF AUTHORIZING FINANCING OF FULL FAITH AND CREDIT BONDS AND RELATED MATTERS.

A. Lane County, Oregon (the "County") is authorized by Oregon Revised Statutes ("ORS") 238.692 to 238.698 (the "Act") to issue revenue bonds pursuant to ORS Chapter 287A to finance its pension liability as defined in ORS 238.692(1); and

B. ORS 238.694(4) limits the amount of revenue bonds that the County may issue under the Act to no more than five percent of the real market value of the taxable property within the boundaries of the County, unless the charter of the County provides a lower limit; and

C. The charter of the County does not limit the amount of revenue bonds the County may issue under the Act; and

D. The County has an unfunded actuarial liability (the "Pension Liability") to the Oregon Public Employees Retirement System ("OPERS") and,

E. OPERS' actuary estimated that the County's Pension Liability was approximately \$270,020,187 as of December 31, 2020; and

F. ORS 238.697 requires that the County (1) 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 (2) make a report (the "Report") available to the general public that (a) describes the result of the assessment and (b) discloses whether the County has retained the services of an independent SEC-registered advisor; and

G. The Report is attached hereto as Exhibit A and the County has obtained an assessment (the "Assessment"), dated January 6, 2022 from ECONorthwest, an independent economic consulting firm, which is attached to the Report; and

H. The County understands that the Assessment is based on facts and assumptions that are subject to change; and

I. OPERS requires the County to pay its Pension Liability over a period of years with interest at the OPERS assumed earnings rate, which is currently 6.90%; and

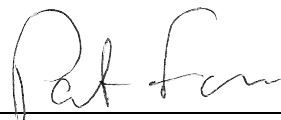
J. Current interest rates in the bond market are below that rate of return that OPERS may receive in the future creating the opportunity for the County to finance all or a portion of its Pension Liability and to potentially reduce its costs.

## RESOLUTION

1. The Board of Commissioners (the “Board”) of the County hereby authorizes the issuance of full faith and credit 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 Pension Liability as reported by the OPERS’s actuary as of the expected date of the lump sum payment, plus estimated costs of issuing the Bonds.
2. Bond proceeds shall be used to pay all or a portion of the Pension Liability and to pay costs of issuing the Bonds. The County may direct that a portion of the Bond proceeds be directly paid to OPERS after closing and a portion be retained by the County for payment to OPERS over time as determined by the County Administrator or the County Treasurer, or the person designated by either of those individuals to act under this resolution (each a “County Official”).
3. As of the date of this resolution, OPERS charges the County a rate of 6.90 percent per annum on its unfunded liability because that is the assumed rate of return that OPERS expects, over the long term, to earn on its investments. Issuing Bonds at a lower rate of interest and depositing proceeds at OPERS in a Side Account (“Side Account”) may reduce costs for the County if the rate of return on the Bond proceeds deposited in the Side Account exceeds the borrowing costs. To maximize the potential for the rate of return on the OPERS fund to exceed the rate of interest on the Bond, the Bond shall not be sold at a true interest cost of more than 4.5% per annum.
4. The County Official shall compare the cash flows required to pay the Bonds to the payroll rate credit currently estimated from the Side Account and determine a Bond structure which the County Official estimates will be advantageous to the County.
5. The County Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior to the adoption of this resolution, the Board hereby ratifies such action.
6. In addition, the County Official may, on behalf of the County, and without further action by the Board:
  - a. Sell or issue the Bonds in one or more series, which may be sold at different times.
  - b. Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bonds.
  - c. Enter into covenants for the benefit of owners of the Bonds that are intended to improve the terms under which the Bonds are issued.

- d. 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.
  - e. Publish a notice of sale, receive bids and award the sale of each series of the Bonds to the bidder complying with the notice and offering the most favorable terms to the County, or select one or more underwriters or other lenders and negotiate the sale of any series with those underwriters or other lenders.
  - f. Appoint a paying agent, municipal advisor, bond counsel, and/or any other professionals whose services are desirable for the Bonds and negotiate the terms of and execute any agreements with such professionals.
  - g. Establish the final principal amount, payment schedule, interest rates (subject to the limit in Section 3 of this resolution), and other terms of the Bonds.
  - h. Undertake to provide continuing disclosure for the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission and any other applicable requirements of the United States Securities and Exchange Commission and any other federal agencies.
  - i. Enter into one more bond declarations or similar documents, which describe the terms of the Bonds.
  - j. Execute and deliver any agreements or other documents, and take any other action in connection with the Bonds that a County Official finds is desirable to issue the Bonds in accordance with this resolution.
7. The Bonds shall be payable from all lawfully available funds of the County and shall be secured by the County's full faith and credit and taxing power within the limitations of Article XI, Sections 11 and 11b of the Oregon Constitution as permitted by the Act and ORS 287A.315.
  8. This resolution shall take effect on the date of its adoption by the Board.

Dated this 24th day of May, 2022.



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Pat Farr, Chair  
Lane County Board of Commissioners