
Rogue Community College District
Board of Education Work Session- March 16, 2021 Meeting Minutes

1. **Call to Order-** The Rogue Community College (RCC) Special Board of Education (Board) meeting was called to order by Shawn Hogan at 4:03 p.m. on March 16, 2021 via Zoom. Due notice was given.
2. **Zoom Etiquette-** Rachele Brown explained the Board's Zoom Etiquette expectations. Participants, aside from Board members and the Senior Leadership team, were asked to mute themselves and have their video turned off. If someone were to cause a distraction or disturbance to the meeting, that person would be dismissed from the meeting. If anyone wished to speak, they were asked to raise their hand, either electronically or physically on their video screen. Participants were asked to sign in with their full name and title using the chat box.
3. **Determine Presence of a Quorum-** A quorum of the Board was present including: Kevin Talbert, Pat Fahey, Roger Stokes, Shawn Hogan, Pat Ashley, Claudia Sullivan and Maria Ramos Underwood.
4. **Introduction of Guests-** RCC District employees included: President Cathy Kemper-Pelle, Curtis Sommerfeld, Juliet Long, Kori Ebenhack, Lisa Stanton, Rene McKenzie, August Farnsworth, and Rachele Brown; and Carol Samuels, Managing Director of Public Finance at Piper Sandler & Co.
5. **Information Presentation-**
 - A. Bonding RCC's PERS Unfunded Actuarial Liability- Carol Samuels, Managing Director of Public Finance at Piper Sandler & Co. gave a presentation on pension obligation bonds (see file). Pension bonds (POBs) may help to reduce pension costs. The concept is to borrow at low interest rates and send funds to the Public Employees' Retirement System (PERS). If PERS makes more on their investment than our borrowing rate, RCC makes money and that money can then be used to reduce pension costs. Ms. Samuels noted that there may be an opportunity for RCC to take advantage of current market conditions to potentially lower pension costs, as has been done in the past. She added that current interest rates are at historic lows. Ms. Samuels highlighted Oregon's history with POBs, which has had generally positive PERS returns. Success from borrowing largely depends on the market returning more than the cost of the bonds. Ms. Samuels noted that they are currently projecting borrowing rates of around 3.50%. Ms. Samuels highlighted some of the risks that are associated with pension bonds. She noted that timing is very important and that early negative returns are hard to overcome. She added that particularly fast or slow growth in payroll relative to the 3.50% assumption can cause increases or decreases in rate credits. If extreme and extended, these may affect potential savings. Ms. Samuels presented examples of three different Oregon school districts that have used pension bonds over the last 20 years. She then gave RCC background data valuations from 2007, 2017, 2018,

Rogue Community College District
Board of Education Work Session- March 16, 2021 Meeting Minutes

and 2019. Payroll growth between 2007 and 2019 was examined and Ms. Samuels outlined the pension bonds that were issued to RCC in 2005. She noted that those bonds have done really well and she projects that RCC will continue to save. Should RCC and the Board decide to move forward with pension bonds, three different scenarios on projected rate credits and pension bond savings were presented. Even in the worse case scenario, Ms. Samuels stated that with the current market projections there would still be a savings. Steps to financing were presented to the Board. If the Board is interested in moving forward, Piper Sandler & Co. will need to be notified by April 5, and a resolution would be brought forward at the May board meeting. Ms. Samuels noted that even if a resolution is brought forward, there is no obligation to approve the resolution. She added that the resolution will allow RCC to decide the maximum borrowing rate. If the resolution is adopted, final opt in forms are due to Piper Sandler & Co. by July 6.

Roger Stokes asked if the Board decides to move forward, are the bonds sold to just one investor or could they be broken up among multiple investors. Ms. Samuels said that they would go through the public market and find buyers across the spectrum. They are not reliant on a single bank or a single mutual fund to buy the whole sum. Mr. Stokes asked if these pension bonds will hinder our ability to go out for future bonds for construction projects. He wanted to know if the pension bonds would count against us as a debt obligation. Ms. Samuels responded that creditors and investors already see PERS as a pension debt, and they view pension bonds as a replacement of that debt.

6. Adjournment- Shawn Hogan adjourned the meeting at 4:58 p.m.

Meeting minutes respectfully submitted by Rachelle Brown, Assistant to the President-Governance.