Multnomah County
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Program # 10025 - PERS Pension Bond Fund — Version 3/08/2010 s

Lead Agency: Non-Departmental - All
Program Contact: Mark Campbell
Program Offer Type: Existing Operating
Related Programs:
Program Characteristics:

Executive Summary

The PERS Pension Obligation Bond Sinking Program accounts for principal and interest payments on pension obligation revenue bonds issued December 1, 1999 in the amount of $184,548,160 to retire the County's PERS unfunded actuarial accrued liability. The revenues are derived from charge backs to departments based on their departmental personnel cost.

Program Description

The County passed Resolution No. 99-218 on November 4, 1999, authorizing the issuance of up to $200,000,000 of bonds under the Uniform Revenue Bond Act to finance the estimated unfunded accrued actuarial liability of the County to the Oregon Public Employees Retirement System. Senate Bill 198-B, effective October 23, 1999, authorizes the County to pledge taxes that the County may levy within the limitations of sections 11 and 11b, Article XI of the Oregon Constitution not subject to annual appropriation. On December 1, 1999 the County issued $184,548,160 in Pension Obligation Bonds to fund the PERS unfunded liability.

Multnomah County took a leadership role in PERS reform and was the second jurisdiction in the State to issue PERS Pension Obligation Bonds. In July 1998 Multnomah County received a letter from PERS informing the County that the employer costs would increase from 10.66% to 12.55%. In October 1998 we were notified that instead of the rate increasing to 12.55%, it would increase to 15.24%. This increase was required by PERS after an actuarial study was performed and over a five year period, the County's unfunded liability for retirement grew from $50.9 million to $158.5 million. In addition HB 3349, adopted by the 1995 Legislature, added benefits to retirement pay due to retirement benefits becoming taxable at the State level. This added about $25 million to the County's unfunded liability. The increased rate would cost Multnomah County taxpayers over $9 million when the rate was fully implemented. By issuing the Pension Obligation Bonds, the County expects to save about $35 million (present value)in pension costs.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY08-09)	Current Year Purchased (FY09-10)	Current Year Estimate (FY09-10)	Next Year Offer (FY10-11)
Output	Moody's Rating of Aa2 or Better	1	1	1	1
Outcome		0	0	0	0

Performance Measure - Description

Maintaining an investment grade bond rating limits the amount the County might otherwise have to pay towards annual debt service; (1)-indicates Moody's Aa2 rating, (0)-represents rating lower than Aa2.

Legal/Contractual Obligation

Principal and interest on the PERS Pension Obligation Bond are a binding debt obligation. The County passed Resolution No. 99-218 on November 4, 1999, authorizing the issuance of up to $200,000,000 of bonds under the Uniform Revenue Bond Act.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2010	2010	2011	2011
Contracts	$0	$14,915	$0	$25,000
Debt Service	$0	$14,349,085	$0	$15,201,805
Unappropriated & Contingency	$0	$34,000,000	$0	$45,613,195
Total GF/non-GF:	**$0**	**$48,364,000**	**$0**	**$60,840,000**
Program Total:	**$48,364,000**		**$60,840,000**	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Fees, Permits & Charges	$0	$16,250,000	$0	$18,000,000
Other / Miscellaneous	$0	$32,114,000	$0	$42,840,000
Total Revenue:	**$0**	**$48,364,000**	**$0**	**$60,840,000**

Explanation of Revenues

Interest earnings on fund balance and service charges assessed against department payroll. In FY 2011 departments will pay 6.75% of payroll costs toward retirement of the PERS bonds.

Significant Program Changes

Last year this program was: #10025, PERS Pension Bond Sinking Fund