

**Program # 10025 - PERS Pension Bond Fund**

**Version 2/23/2012 s**

**Lead Agency:** Nondepartmental - All

**Program Contact:** Mark Campbell

**Program Offer Type:** Existing Operating

**Related Programs:**

**Program Characteristics:** In Target

**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. Revenues that support debt payments 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 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, authorized 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 its PERS unfunded liability.

Multnomah County took a leadership role in PERS reform and was the second jurisdiction in the state to issue Pension Obligation Bonds. As a result of issuing Pension Obligation Bonds the County will save an estimated \$35 million (present value) in pension costs. This is based on forecast rates that PERS would have had to charge if the County's liability had remained on a pay-as-you-go basis.

**Performance Measures**

Measure Type	Primary Measure	Previous Year Actual (FY10-11)	Current Year Purchased (FY11-12)	Current Year Estimate (FY11-12)	Next Year Offer (FY12-13)
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 as authorized by state statute.

### Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
<b>Program Expenses</b>	2012	2012	2013	2013
Contracts	\$0	\$50,000	\$0	\$50,000
Debt Service	\$0	\$16,098,430	\$0	\$17,041,600
Unappropriated & Contingency	\$0	\$56,176,570	\$0	\$58,335,900
Total GF/non-GF:	<b>\$0</b>	<b>\$72,325,000</b>	<b>\$0</b>	<b>\$75,427,500</b>
Program Total:	<b>\$72,325,000</b>		<b>\$75,427,500</b>	
Program FTE	0.00	0.00	0.00	0.00
<b>Program Revenues</b>				
Fees, Permits & Charges	\$0	\$16,500,000	\$0	\$18,000,000
Other / Miscellaneous	\$0	\$55,825,000	\$0	\$57,427,500
Total Revenue:	<b>\$0</b>	<b>\$72,325,000</b>	<b>\$0</b>	<b>\$75,427,500</b>

### Explanation of Revenues

Interest earnings on the fund balance and service charges assessed to departments as a percentage of payroll. In FY 2013, departments will pay 6.5% of payroll costs toward the retirement of the Pension Obligation Bonds. This is forecast to remain constant as the goal of this program is to use accumulated fund balance to offset anticipated increases in PERS rates.

### Significant Program Changes

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