

Department: Nondepartmental **Program Contact:** Mark Campbell
Program Offer Type: Existing Operating Program **Program Offer Stage:** As Requested
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 Summary

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.

Debt service payments are supported by a surcharge against payroll. The surcharge rate has fluctuated, on average, between 6% and 7% of payroll. A reserve has been established to support future escalating debt payments in order to maintain the surcharge at a constant level.

Performance Measures

Measure Type	Primary Measure	FY14 Actual	FY15 Purchased	FY15 Estimate	FY16 Offer
Output	Moody's Rating of Aa2 or Better	1	1	1	1
Outcome	Debt Service Payments Made as Scheduled	100%	100%	100%	100%

Performance Measures Descriptions

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 or better, (0)-represents rating lower than Aa2. All principal and interest payments are made on time in order to maintain an investment grade rating on the bond issue. Multnomah County has never defaulted on a debt payment.

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
Program Expenses	2015	2015	2016	2016
Contractual Services	\$0	\$25,000	\$0	\$1,000
Debt Service	\$0	\$19,086,600	\$0	\$20,186,600
Unappropriated & Contingency	\$0	\$69,206,330	\$0	\$75,664,873
Total GF/non-GF	\$0	\$88,317,930	\$0	\$95,852,473
Program Total:	\$88,317,930		\$95,852,473	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Other / Miscellaneous	\$0	\$18,050,922	\$0	\$18,967,274
Interest	\$0	\$340,000	\$0	\$320,000
Beginning Working Capital	\$0	\$69,927,008	\$0	\$76,565,199
Total Revenue	\$0	\$88,317,930	\$0	\$95,852,473

Explanation of Revenues

Interest earnings on the fund balance and service charges are assessed to departments as a percentage of payroll. In FY 2016, departments will pay 6.25% of payroll costs toward the retirement of the Pension Obligation Bonds.

Significant Program Changes

Last Year this program was: FY 2015: 10028 PERS Pension Bond Sinking Fund