



Program #10028 - PERS Pension Bond Sinking Fund

6/30/2016

Department: Nondepartmental Program Contact: Mark Campbell
Program Offer Type: Existing Operating Program Program Offer Stage: As Adopted
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. 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 8% 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

Table with 6 columns: Measure Type, Primary Measure, FY15 Actual, FY16 Purchased, FY16 Estimate, FY17 Offer. Rows include Output (Moody's Rating of Aa2 or Better) and Outcome (Debt Service Payments Made as Scheduled).

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	2016	2016	2017	2017
Contractual Services	\$0	\$1,000	\$0	\$25,001,000
Debt Service	\$0	\$20,186,600	\$0	\$21,343,067
Unappropriated & Contingency	\$0	\$76,984,026	\$0	\$71,551,849
Total GF/non-GF	\$0	\$97,171,626	\$0	\$117,895,916
Program Total:	\$97,171,626		\$117,895,916	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Other / Miscellaneous	\$0	\$20,286,427	\$0	\$28,128,480
Interest	\$0	\$320,000	\$0	\$386,287
Beginning Working Capital	\$0	\$76,565,199	\$0	\$89,381,149
Total Revenue	\$0	\$97,171,626	\$0	\$117,895,916

Explanation of Revenues

Interest earnings on the fund balance and service charges are assessed to departments as a percentage of payroll. In FY 2017, departments will pay 8.25% of payroll costs toward the retirement of the Pension Obligation Bonds.

Significant Program Changes

Last Year this program was: FY 2016: 10028-16 PERS Pension Bond Sinking Fund

The County will be establishing a PERS Side Account (amount \$25 million) with Oregon-PERS in FY17. Existing bond fund reserves will be used to fund side account (reserves are used to provide stability in the department payroll surcharge). The side account will help the County address rising PERS costs by providing PERS rate relief. Rate relief is estimated to be between .7% to 2.25% of payroll.