



**Program #10028 - PERS Pension Bond Sinking Fund** 7/24/2020

**Department:** Nondepartmental **Program Contact:** Eric Arellano  
**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 unfunded actuarial accrued pension 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 bond proceeds to finance the estimated unfunded accrued actuarial liability (UAL) of the County to the Oregon Public Employees Retirement System (PERS).

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. The bonds have a final maturity date in FY 2030.

Debt service payments are supported by a surcharge against payroll. The surcharge rate has fluctuated, on average, between 6% and 9% 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	FY19 Actual	FY20 Budgeted	FY20 Estimate	FY21 Offer
Output	Moody's Rating of Aa1 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 Aa1, (0)-represents a rating lower than Aa1. 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

	Adopted General Fund	Adopted Other Funds	Adopted General Fund	Adopted Other Funds
Program Expenses	2020	2020	2021	2021
Contractual Services	\$0	\$25,461,450	\$0	\$10,461,450
Debt Service	\$0	\$25,195,000	\$0	\$26,615,000
Unappropriated & Contingency	\$0	\$12,869,187	\$0	\$16,315,983
<b>Total GF/non-GF</b>	<b>\$0</b>	<b>\$63,525,637</b>	<b>\$0</b>	<b>\$53,392,433</b>
<b>Program Total:</b>	<b>\$63,525,637</b>		<b>\$53,392,433</b>	
<b>Program FTE</b>	0.00	0.00	0.00	0.00

Program Revenues				
Other / Miscellaneous	\$0	\$25,257,070	\$0	\$36,463,961
Financing Sources	\$0	\$10,054,826	\$0	\$0
Interest	\$0	\$553,211	\$0	\$332,000
Beginning Working Capital	\$0	\$27,660,530	\$0	\$16,596,472
<b>Total Revenue</b>	<b>\$0</b>	<b>\$63,525,637</b>	<b>\$0</b>	<b>\$53,392,433</b>

## Explanation of Revenues

Interest earnings on the fund balance and service charges are assessed to departments as a percentage of payroll. In FY 2021, departments will pay 8.97% of payroll costs toward the retirement of the Pension Obligation Bonds.

## Significant Program Changes

**Last Year this program was:** FY 2020: 10028-20 PERS Pension Bond Sinking Fund

Budgeted expenses for FY 2021 also include \$450,000 to account for the County's obligations to members of the Oregon Public Service Retirement Program (OPSRP) who belong to labor unions covered by collective bargaining agreements.