

Program #10028 - PERS Pension Bond Sinking Fund

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Department: Nondepartmental **Program Offer Type:** Program Offer Stage: As Requested Existing Operating Program

Related Programs:

Executive Summary

Program Characteristics: In Target

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	FY20 Actual	FY21 Budgeted	FY21 Estimate	FY22 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.

3/2/202

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	Requested General Fund	Requested Other Funds
Program Expenses	2021	2021	2022	2022
Contractual Services	\$0	\$10,461,450	\$0	\$461,495
Debt Service	\$0	\$26,615,000	\$0	\$28,110,000
Unappropriated & Contingency	\$0	\$16,315,983	\$0	\$33,654,725
Total GF/non-GF	\$0	\$53,392,433	\$0	\$62,226,220
Program Total:	\$53,392,433		\$62,226,220	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues								
Other / Miscellaneous	\$0	\$36,463,961	\$0	\$34,462,926				
Interest	\$0	\$332,000	\$0	\$332,000				
Beginning Working Capital	\$0	\$16,596,472	\$0	\$27,431,294				
Total Revenue	\$0	\$53,392,433	\$0	\$62,226,220				

Explanation of Revenues

Interest earnings on the fund balance and service charges are assessed to departments as a percentage of payroll. In FY 2022, departments will pay 8.22% of payroll costs toward the retirement of the Pension Obligation Bonds.

Significant Program Changes

Last Year this program was: FY 2021: 10028 PERS Pension Bond Sinking Fund

In FY 2017, the County Board approved a plan to set up four PERS side accounts over a four year period (\$25 million each year). In FY 2020, the County established its fourth and final account, total side accounts \$100 million. FY 2022 includes budgeted expenses 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.