

The Oregonian

Special amendment to PERS bill benefited only one person: House clerk Ramona Line

By Ted Sickinger

Oregon lawmakers passed a pension system bill in 2007 with a last-minute amendment that inflated the pension of a single individual with impeccable connections in the Legislature: Ramona Kenady Line, the chief clerk of the Oregon House of Representatives.

House Speaker Tina Kotek asked Line to resign last week as The Oregonian pressed an investigation into the amendment.

The add-on to the bill -- introduced at the request of then-Rep. Brian Boquist, R-Dallas -- included narrowly tailored language allowing Line to buy back pension account balances that she had previously cashed out with money she rolled over from the state's deferred compensation plan.

Line retired last July after 42 years service with a pension of nearly \$120,000 a year -- about 107 percent of her final payroll salary. She continued working at the Legislature full-time until Friday, where she served as chief parliamentarian in the House. PERS retirees typically are limited to working 1,040 hours a year, but those double-dipping limits don't apply to retirees who have reached full Social Security retirement age.

Line started working for the Legislature in the Speaker's office in 1972, just before her father, Richard Eymann, was elected Speaker of the House. She was let go in 1981 and she says personal circumstances at the time forced her to cash out her PERS account, which was about \$8,000 at the time. She rejoined state employment later that same year, she said.

The early withdrawal was inopportune, as the stock market was about to go on an unprecedented, two-decade tear.

The Public Employees Retirement System board, packed at the time with public employees, credited most of the system's earnings during that period to members' accounts. Combined with PERS' money match and generous annuity formula, it was responsible for inflating members' pensions until the average benefit for career employees reached 100 percent of final salary in 2000.

Because of Line's earlier refund, she didn't get those years of earnings credited to her pre-1981 PERS balance. But in early 2008, she was allowed to restore some of her account by making a deposit of about \$60,000, the product of her pre-1981 balance and a 7.5 percent compounded "interest charge" for each intervening year.

Oregon statute allows all pre-2004 PERS members, when they retire, to buy back service time and pension account balances that they had previously cashed out. The rules effectively allow members to correct a financial mistake they may have made earlier in their careers by re-establishing pension balances they previously liquidated.

PERS charges interest of 7.5 percent per year on the buyback, and members accounts don't benefit from the earnings crediting that would have taken place in the intervening years.

But thanks to PERS' lucrative money-match formula, the buybacks can yield an enormous return.

In Line's case, the amendment that Boquist asked the Senate Commerce Committee to tack onto House Bill 2397 added a few special provisions that weren't available to other members. At the time, for instance, no one else was able to fund their buyback using a rollover of dollars from the state deferred compensation plan, though those rules have since changed.

Boquist's amendment opened the buyback for a 60 day window to members who were 60 years or older and would have 35 years or more of service after the buyback. PERS officials say only 126 members were eligible. However, they didn't contact anyone and only one member -- Line -- took advantage of the provisions.

Financially, the upside to Line was that she was able to reestablish her PERS balance before she retired, instead of waiting until retirement. That meant she was able to make the deposit and watch it grow at the system's assumed earnings rate of 8 percent per year for more than five years before she retired.

Line told The Oregonian she deposited \$60,000 in her account in 2008. That deposit would have grown to some \$90,000 by the time she retired, about 16 percent of her total account balance at retirement. The \$90,000 could bring her almost \$1,500 in additional monthly pension benefits, or as much as \$400,000 over the course of her retirement, including cost of living increases.

Just the extra interest income from those five years -- \$30,000 -- could bring her approximately \$130,000 in additional benefits.

Line said Kotek asked her to resign because of a House rule that prevents employees from serving as lobbyists. But she says she doesn't meet the technical definition of a lobbyist.

"I did not lobby," she said. "A couple members here knew I was looking at a pretty hefty buyback number. I went to my legislator, took off my employee hat, and talked to him about the situation. There's no rule here that says I can't take my hat off and talk to my legislator."

Line acknowledged that she also had a hand in drafting the amendment language, which Boquist asked the Senate Commerce Committee to add to the bill. In his 2007 testimony before the committee, Boquist said the amendment didn't get included in the House version for "technical reasons."

Boquist told senators the bill was simply to provide a service to a few constituents, and that it was a net gain to the state because the alternative was for the affected employees to retire immediately and come directly back to work.

It's not clear if Line could have retired and returned to work full time at that point. But Boquist, now a state senator, said he didn't recall many specific details of the bill and said there was no reason he would have done anything special for Line.

"We do these every single session," Boquist said. "They come from constituents. That we did it is not surprising."

Line said she did not pursue the rollover for any special financial gain. She said her investments in the state's deferred compensation plan had been outperforming PERS at the time, and she could have bought back the same account balance with a \$90,000 deposit when she retired.

Had she known she was going to be the only beneficiary, she said, "I probably would not have done it."

Portland's \$9 million investment in Wal-Mart? The financial return could pay half an employee

By Brad Schmidt

Portland Commissioner Steve Novick's disdain for Wal-Mart may be good for politics in this city.

And, it turns out, Novick's dislike of America's biggest retailer may not be all that bad for the city's bottom line, either.

Portland's newest city commissioner last year targeted Wal-Mart, pushing a new social investment policy that takes into account a company's track record, such as labor practices.

The city's investment managers, on the other hand, like low-risk options that provide a solid return. In other words, they like Wal-Mart.

But in today's investment climate, Wal-Mart isn't exactly setting the world on fire.

Last week, Portland cleared \$9 million of its \$36 million in Wal-Mart holdings from its investment portfolio, Novick announced.

But that \$9 million investment netted the city just over \$33,500 in a year, or one-third of one percent, according to the Office of Management & Finance.

The city's \$1.26 billion portfolio has done slightly better, returning about half a percent. The city, incidentally, can't invest in stocks.

"Every investment is making us less today than what it historically has," said Jennifer Cooperman, the city's treasurer.

In today's world, Cooperman said, officials are simply trying to hit singles on their investments – noting that the Wal-Mart return would pay for about half a full-time-equivalent employee.

The Portland Tribune

Don't expect election to settle issues

By Jim Redden

Regardless of whether the Portland Public Water District passes or fails in Tuesday's election, controversies about the management of the water and sewer bureaus will not cease on election night.

Ballot Measure 26-156 aims to take control of the water and sewer bureaus away from the City Council and give it to a new agency — structured as a district — governed by an independently elected board of directors. The measure gives the council a short deadline to draw up district boundaries and transfer assets of the two bureaus to the district.

But Mayor Charles Hales and City Commissioner Nick Fish have strongly hinted that the city will likely go to court seeking clarification on many provisions in the measure if it passes. Questions include issues first raised by Multnomah County Circuit Judge Leslie Roberts, who wrote the ballot title. Among other things, Roberts questioned whether the entire city is included in the district, whose boundaries are to approximate those of the Portland Public Schools board.

Other legal challenges could be filed by organizations that opposed the measure, including environmental organizations and public employee unions.

If the measure is defeated, Hales and Fish have already promised to quickly appoint a blue ribbon commission to consider other arrangements for managing the two bureaus. They include ideas offered both before and after the measure qualified for the ballot.

Some of the proposed measures would create a body appointed by the mayor or council with the authority to set the rates and budgets for the bureaus, with the council having the power to override them with a super-majority vote. Having the entire council manage the bureaus instead of a single commissioner has also been proposed.

Neighborhood activists are also expected to continue protesting council plans to disconnect the city's five open reservoirs from the water system and replace them with underground storage tanks to comply with U.S. Environmental Protection Agency rules.

Watchdog testimony

Several third-party investigations begun during the campaign are still pending. The Oregon secretary of state's office is reviewing two elections complaints by measure supporters filed against Hales' office. One alleges that spokesman Dana Haynes broke elections laws by issuing a press release criticizing the measure. The other charges that staff member Josh Alpert broke elections law by speaking against the measure at a downtown law firm.

In addition, the city auditor's office is reviewing cost overruns at the recently completed support staff building at the North Columbia Waste Water Treatment Plant. Costs increased from around \$5 million to more than \$12.5 million during the course of the project. The city's lead architect on the project also went to work for the construction contractor as the costs were increasing.

Hales and Fish have asked the auditor's office to review the cost increases. The Multnomah County district attorney's office says it will decide whether to conduct its own investigation after the city audit has been completed.

And, the Citizens Utility Board will presents its first public testimony about the water and sewer budget on Thursday, May 22. Although the testimony was not available early in the week, the consumer watchdog organization could raise new issues about management of both bureaus.

Ballot are due at the Multnomah County Elections Office or official drop-off sites before 8 p.m. Tuesday, May 20.