



OREGON  
STATE  
TREASURY

# Oregon State Treasury 2020 Annual Report

Oregon State Treasurer  
Tobias Read



# A Look Back at 2020: Message from Oregon State Treasurer Tobias Read



Faced with one challenge after another in 2020, I'm proud to report that our team at Oregon State Treasury continued providing services and resources to Oregonians without breaking our stride. This required pulling together, being creative, and never losing sight of our mission to support the financial well-being of Oregonians.

We provided banking and bond services to state and local governments — services as important as ever, especially as state agencies delivered health care, housing, and unemployment assistance to Oregonians in need. We also helped public entities save more than \$125 million by refinancing bonds to lower interest rates.

Our savings programs continued to shine. Tens of thousands of Oregonians save money each month through OregonSaves — as of fall 2020, this group of savers includes personal support workers (plus we've continued to expand participants in 2021). Changes to the Oregon College Savings Plan means that Oregonians now receive a tax credit for saving — a win for low- and moderate-income families. Oregon ABLE served more Oregonians experiencing disabilities than ever before, in part because of the tireless ways our team has continued to reach out to community groups and families in this age of Zoom.

Last but certainly not least, our investment team carefully minded the investments of public employees and state and local governments. Particularly in the Oregon Public Employees Retirement Fund, we've seen how the resilience we've built into the portfolio has helped us weather market volatility and end the year up 7.7 percent.

Read on for details about this work, plus our contributions to wildfire recovery, our progress on a new resilient building, and our commitment to modernizing our services so that we can continue serving Oregonians. Thank you for learning about how we did in 2020. We welcome your feedback and questions.

**\$92.7 million** Treasury budget 2019-21

**166** Number of positions

**\$118 billion** Assets Under Management 12/31/2020

**31.3 million** Financial transactions processed in 2020

**\$317 billion** Value of transactions processed

**\$2.3 billion** New debt issued in 2020

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## FOR MORE INFORMATION

For more information, and for links to our other reports and publications, please visit:

[www.oregon.gov/Treasury](http://www.oregon.gov/Treasury)

[\*The Ledger: News & Updates\*](#)

You can also find us on Facebook and Twitter:

[\*@OregonStateTreasury\*](#)

[\*@OregonTreasury\*](#)

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# Treasurer Read and the Treasury Leadership Team



Tobias Read was elected Oregon’s 29th State Treasurer in 2016 and reelected to office in 2020. Prior to elected office, he worked in the U.S. Treasury and as a liaison between designers, engineers, and manufacturing units for Nike Inc.

In 2006, he was elected to the Oregon House of Representatives. During his decade of service, he championed legislation to invest in public education, improve state financial management, finance critical infrastructure improvements, and help Oregonians save for a more secure future.

As State Treasurer, Read has overseen the successful launch of OregonSaves, the country’s first state-based retirement savings program. During his tenure, Treasury has also modernized the way we invest the Oregon Public Employees Retirement Fund, reducing long-term risk while saving millions in fees from Wall Street. And Treasury’s careful management of the state’s bonding capacity has supported continued investment in critical infrastructure like roads and schools while expanding support for low-income housing and increasing savings for state government and taxpayers.

In 2020, under the leadership of Treasurer Read, Oregon State Treasury:

- Provided seamless financial services to Oregonians across the state despite the pandemic upending a business-as-usual approach.
- Launched the nation’s first refundable tax credit to help low- and moderate-income Oregon families benefit from saving for future education and job training costs.
- Furthered state banking modernization projects.
- Helped Oregonians build retirement savings through OregonSaves – with program expansion to personal support workers.
- Made significant progress on construction of a new resilient building, on schedule to open in early 2022, that will be home to Treasury’s Salem operations.
- Ended the year up 7.7 percent for the Oregon Public Employees Retirement Fund, with approximately \$90 billion in assets on behalf of public employees statewide.
- Worked to help the Oregon Investment Council adopt an amended “Statement of Investment and Management Beliefs” policy that formalized the importance of environmental, social, and governance factors to Treasury’s investment decision-making process.



**Tobias Read**  
State Treasurer



**Dmitri Palmateer**  
Chief of Staff



**Michael Kaplan**  
Deputy State Treasurer



**Jackie Steffens**  
Chief Human Resources  
Officer



**Deena Bothello J.D.**  
Director  
Legal and Compliance



**Rex Kim**  
Chief Investment Officer



**Cora Parker**  
Director  
Finance



**Jacqueline Knights**  
Director  
Debt Management



**Michael Parker**  
Director  
Oregon Savings Network



**Jerry Walker**  
Director  
Information Technology



**Byron Williams**  
Chief Administrative Officer



**Michael Makale**  
Chief Audit Executive

# Even When Working Remotely, Our Team Works on Behalf of All Oregonians

## ABOUT TREASURY

Under Treasurer Read's leadership, we prioritize investing for the long term, ensuring the safety and integrity of public funds, and empowering Oregonians to invest in themselves. We're proud of the work we do to help families, governments, and businesses succeed.

## OUR VISION

Leading the way for Oregonians to achieve long-term financial security.

## OUR MISSION

Improving Oregon governments' and citizens' financial capabilities.

## EMPOWERING YOUR FINANCIAL FUTURE

We help Oregonians save money. Our programs include the OregonSaves program for retirement savings, the Oregon College Saving Plan for college and career training costs, and our Oregon ABLE Savings Plan, which helps people experiencing disabilities to save now and for their future.

## SERVING GOVERNMENTS AND TAXPAYERS

We operate the state's investing, banking, and debt programs.

We carefully invest public and pension funds, and sell Oregon bonds to finance community projects like schools, roads and armories.

We stretch taxpayer dollars with a strong rate of return for funds deposited in the Local Government Investment Pool, which is available to all Oregon and Tribal governments.

## SAFEGUARDING PUBLIC FUNDS

We partner with banks and credit unions to protect public funds deposited by public bodies throughout Oregon.

## HELPING NONPROFITS AND COMMUNITIES

We help secure low-cost loans and bonds for nonprofit projects like hospitals and make money available to Oregon lenders, who can put that money to work in their communities.

## MAKING BUSINESSES MORE COMPETITIVE

We engage as a thoughtful shareholder to improve sustainable business practices. Oregon small businesses also benefit from OregonSaves, which allows them to facilitate a retirement savings option with no employer fees or fiduciary risk.



# Boards and Commissions Offer Public Expertise and Input to the Treasury Team

## VOLUNTEERS WANTED

Do you have an interest in public service and expertise in financial matters? We often seek out Oregonians who can bring new perspectives and ideas to improve our programs and make them work better for people across the state.

*Email Treasury for more information:*  
[oregon.treasurer@ost.state.or.us](mailto:oregon.treasurer@ost.state.or.us)

### OREGON INVESTMENT COUNCIL

Sets policy for investment of Oregon State Treasury-managed statutory investment funds, including the Oregon Public Employees Retirement Fund and the State Accident Insurance Fund. John Russell, Chair; Cara Samples, Vice Chair; Monica Enand; Charles Wilhoite; Tobias Read, Oregon State Treasurer (ex officio); and Kevin Olineck, PERS Director (ex officio). ORS 293.706.

### OREGON SHORT TERM FUND BOARD

Advises Oregon Investment Council and State Treasury Investment staff in the management of the Oregon Short Term Fund. Members: Douglas E. Goe, Chair; Michael Kaplan, Treasurer's designee; Deanne Woodring; Sharon Wojda; Brian Nava; Danton Wagner; Michelle Morrison. ORS 294.885

### OREGON 529 SAVINGS BOARD

Sets policy for Savings Network, which includes the Oregon College Savings Plan and Oregon ABLE Savings Plan. Members: Tobias Read, Oregon State Treasurer, Chair; Jennifer Geller; Sydney Shook; Missy Olson; Brent Wilder. ORS 348.849.

### OREGON RETIREMENT SAVINGS BOARD

Sets policy and guides development of the Oregon Retirement Savings Plan. Members: Tobias Read, Oregon State Treasurer, Chair; Jeff Anderson; Kara Backus; Sen. Lee Beyer; Edward Brewington; Rep. Pam Marsh; Cory Streisinger. ORS 178.200.

### MUNICIPAL DEBT ADVISORY COMMISSION

Provides technical assistance to local governments and state agencies to improve the market for bond issues in Oregon. Members: Christine Reynolds, Chair; Nick Hogan; Jacqueline Knights, Treasurer's Designee; Bryce Stadick; Paul Matthews; Laurie Steele; and Sharon Wojda. ORS 287A.630-640

### INFRASTRUCTURE FINANCE AUTHORITY

Oversees public infrastructure assistance, and industrial land certification. Members: Christine Bailey; Patrick Clancy; Andrea Klaas; Mark Knudson; Kristin Retherford; Rep. Karin Power; and Jacqueline Knights, Treasurer's Appointment. Staffed by Business Oregon. ORS 285A.091-108

### OREGON FACILITIES AUTHORITY BOARD

Helps nonprofit organizations access low-cost financing for capital projects through the issuance of tax exempt conduit revenue bonds. Members: Eric Johansen, Chair; Roy Kim, Vice Chair; Kevin McAuliffe; Sean Hubert; Erika Patton; Andrea Trenner; ORS 289.005-250

### PRIVATE ACTIVITY BOND COMMITTEE

Facilitates construction of critical facilities for public benefit through tax-exempt bonds using federally allocated funds. Members: Jacqueline Knights, Chair and Treasurer's Designee; Jean Gabriel, Department of Administrative Services Director's Designee; Dan Anderson. ORS 286A.605-630

### WEST COAST INFRASTRUCTURE EXCHANGE

Provides technical training and advice to government policymakers about innovative approaches to the procurement of capital projects and infrastructure. Anthony Buckley, Chair (Washington); Travis Brouwer (Oregon); Karmen Fore (Oregon); Mark Pisano (California); Sean Randolph (California); Mark Liedemann, Advisor (British Columbia); Jason Richter (Washington); Scott Boardman, Secretary and Ex Officio Director. ORS 276.285.

### STATE DEBT POLICY ADVISORY COMMISSION

Advises policymakers on debt capacity and produces annual state debt affordability report. Members: Treasurer Tobias Read, chair; Rep. Nancy Nathanson; Katy Coba, Department of Administrative Services director; Sen. Betsy Johnson; and Tim Duy, public representative. ORS 286A.250

### OREGON LAND BOARD

This board manages state-owned lands for the benefit of the Common School Fund. Its three members are the Governor, the Secretary of State, and the State Treasurer. ORS 273.031.

### STATE BOARD OF EDUCATION

The Treasurer or a designee sits on the state committee that oversees curriculum for Oregon's public schools and community colleges. ORS 326.021.

# A Secure Retirement for Everyone: OregonSaves

OregonSaves, the statewide retirement program overseen by Oregon State Treasury, was launched in 2017 and quickly became a popular, easy way for Oregonians to save for their retirement. Participation in the program has opened in waves, and in 2020, the program was made available to personal support workers—the hardworking people who provide home-based help and services to adults and children experiencing intellectual or developmental disabilities.

OregonSaves was the first program of its kind in the nation. It's inspired five states and two cities to follow our lead and create programs that respond to the sobering retirement savings crisis. In Oregon, an estimated 1 million workers lacked access to a work-based retirement plan prior to OregonSaves.

From the start, OregonSaves has demonstrated effectiveness by a number of measures: more than 7 in 10 workers elect to stay in the program; workers save at a higher percentage of pay than anticipated (an average of \$134 per month); and millions of dollars have been saved by workers who were not saving before.

In 2020, program assets continued to climb. That's due in part to the important resource it provides employees, who are able to contribute part of their paycheck into their own personal IRAs that stay with them throughout their careers.

But it's also a reflection of consistent outreach by the program team, who reach out to employers and employees and continuously seek ways to make the program simple to join and administer. One of the key benefits for employers: OregonSaves helps businesses that do not offer a qualified retirement plan to compete with businesses that do.

OregonSaves is open to all Oregonians, including the self-employed and gig economy workers, and Treasury continues to promote the program to workers across the state. More and more Oregonians have chosen to self-enroll since that option was made available, joining the ranks of the tens of thousands employees who have enrolled through a facilitating employer and are saving for their future retirement needs.



## 2020 highlight:

► OregonSaves made available to personal support workers across the state

**2017**

Program launched

**\$84.7 million**

Total OregonSaves assets 12/31/20

**87,909**

Number of funded accounts

**\$964**

Average account balance

**\$134**

Average contribution amount

**16,292**

Number of registered businesses

## SUPPORTING OUR WORK: OREGON RETIREMENT SAVINGS BOARD & OREGON 529 SAVINGS BOARD

Treasury works with oversight panels to improve and support our savings programs. Treasurer Read chairs both the Oregon Retirement Savings Board and the Oregon 529 Savings Board. Additional appointed members are listed on page 5. The Oregon Retirement Savings Board oversees OregonSaves. The Oregon 529 Savings Board oversees the Oregon College Savings Plan, Oregon MFS Savings Plan, Oregon ABLE Savings Plan, and ABLE for ALL.

# Investing in Opportunity: Oregon College Savings Plan

The Oregon College Savings Plan is a state-sponsored education savings program that can be opened by just about anyone—parents, family, friends, and future students. The money saved in the plan grows tax-free and can be used for qualified expenses at any accredited, post-secondary institution or trade school.

In 2020, the Oregon College Savings Plan celebrated its 19th anniversary and, by the end of the year, more than \$2.5 billion saved. Oregon State Treasury also oversees the Oregon MFS Savings Plan, which, unlike the direct-to-participant OCSP, is sold through financial advisors.

In January 2020, Treasury launched a new Education Savings Tax Credit, passed by the Oregon Legislature in 2019, that provides the nation's first refundable tax credit of up to \$300 to help Oregon families save for education. The incentive is available to all Oregon taxpayers but is tiered, with low- to moderate-income families receiving a higher percentage match.

Later in the year, OCSP announced two big developments. First, the program was one of just 14 plans nationwide to earn a best-in-class rating from Morningstar, Inc. The new rating is silver status, and it was the second upgrade for OCSP in as many years. Oregon's program was recognized for its value and low fee structures, investment management, and investment options for participants.

The program also announced a new scholarship program for underrepresented and diverse Oregon high school graduates pursuing higher education in the state. Awards of up to \$25,000 may be used to attend a range of Oregon institutions, including apprenticeships, trade schools, community colleges, colleges or universities.

The program continued its participation with Oregon BottleDrop, in which Oregonians can transfer proceeds from their bottle and can returns directly into an Oregon College Savings Plan account. During the first year of the partnership, more than \$123,000 was saved for higher education from the redemption of used bottles and cans via BottleDrop accounts.

Last but certainly not least, OCSP conducted consistent outreach to Oregon families through the Kinder Grad and Baby Grad programs. Both programs provide \$25 to new Oregon College Savings Plan accounts opened for either a child prior to their first birthday or a child entering kindergarten.



## 2020 highlights:

▶ OCSP earns best-in-class Morningstar Silver status

▶ New college scholarship launched

**\$2.5 billion**

Oregon College Savings Plan assets 12/31/20

**124,624**

Oregon College Savings Plan funded accounts

**\$20.4k**

Average OCSP account balance

**\$148 million**

Amount OCSP distributed in 2020

**+8.5%**

Annualized growth in # of OCSP accounts Dec '10-Dec '20



**\$1.8 billion**

MFS assets 12/31/20

**85,661**

MFS accounts



# Saving Without Compromise: Oregon ABLE Savings Plan

In early December 2020, just four years after the launch of Oregon ABLE and the ABLE for ALL Savings Plans, Treasury announced that more than 4,000 participants had already saved more than \$27 million—a big jump over the previous year and a reminder that the program meets an important need for people across the state.

ABLE accounts are tax-advantaged savings vehicles for individuals with disabilities and their families. They were made possible by the federal Stephen Beck Jr., Achieving a Better Life Experience Act of 2014.

Before Congress and the Oregon State Legislature paved the way for the creation of ABLE plans, people living with disabilities were functionally forced to live in poverty if they wanted to remain eligible for vital means-tested benefits, like Medicaid and Supplemental Security Income, which required individuals to have less than \$2,000 in their name. Thanks to ABLE plans, at the end of 2020, participants in Oregon ABLE had an average account size of \$8,800.

Oregon offers two plans: the Oregon ABLE Savings Plan for Oregonians and the nationwide ABLE for ALL Savings Plan. Through ABLE, Oregonians with disabilities have a safe mechanism to save money without jeopardizing their benefits. ABLE funds can be used for anything that helps improve the health, independence, or quality of life of a person with a disability.

In 2020, the program had to shift strategies to continue reaching out to people and partner organizations about the savings program and its benefits. The team made a smooth transition to web-based outreach efforts. A new partnership with Oregon BottleDrop was also a success: Oregonians can accrue funds for their Oregon ABLE accounts by returning empty beverage containers at redemption centers across the state.

Treasurer Read has continued to support changes that would support ABLE expansion, such as the proposed ABLE Age Adjustment Act. This legislation would expand access to ABLE savings accounts by increasing program eligibility for people who acquired a disability before age 46, as opposed to age 26. Adjusting the age of eligibility would expand the benefit of ABLE to populations such as veterans injured in combat, people experiencing mental illness, those who sustained a brain injury later in life, or those living with ALS.



## 2020 highlights:

- ▶ New prepaid card launched for Oregon ABLE savers
- ▶ More than \$27 million saved by Oregon ABLE participants at program's four-year anniversary

**\$31.9 million**

Total ABLE Savings Plan assets 12/31/20

**3,615**

Number of funded accounts 12/31/20

**\$8,813**

Average ABLE account balance 12/31/20

**\$100 k**

Amount that someone can save without impairing SSI eligibility

**+46.9%**

Annualized growth in # of ABLE accounts Dec '17-Dec '20

## 2020 Investment Highlights: ESG and In-House Savings

At the September 2020 Oregon Investment Council meeting, Council members approved changes to the investment and management beliefs that guide Treasury day-to-day investment decision-making and priorities. The approved changes formalized the importance of environmental, social, and governance, or ESG, factors to Treasury's investment processes.

State law requires that Oregon trust funds must be invested for the sole and exclusive benefit of beneficiaries, and trust fund capital cannot legally be invested or divested exclusively to advance social, political, or economic development goals.

As a large institutional investor, Treasury has a responsibility to understand ESG factors that influence the long-term profitability of an investment. Similarly, Treasury must act as a responsible shareholder, pressing corporations to make decisions that improve long-term value. Priorities include advancing shareholder rights, improving board diversity, and recognizing and acting on material risks and opportunities connected to the environment and climate change, workforce safety, cybersecurity, and customer treatment.

In 2020, Treasury participated in 9,076 board meetings and voted on more than 87,000 board proposals affecting 7,541 companies through our proxy voting program.

Also in 2020, Treasury continued to generate value from moving some investment management activities in-house. Approximately \$9 billion of public equity holdings are managed internally by Treasury staff. By internally managing these assets in the Oregon Short Term Fund and Oregon Public Employees Retirement Fund, the Treasury team has reduced costs and fees and improved investment performance. For reduced fees alone, the savings amount to nearly \$2 million a month. These savings, net of all costs including additional staff, are reinvested. For OPERF and the Oregon Short Term Fund, the net value-add of investing these savings was approximately \$220 million in 2020—a number that has risen dramatically since the program was first initiated in 2016.

### SUPPORTING OUR WORK: OREGON INVESTMENT COUNCIL

The Oregon Investment Council is a six-member board responsible for setting investment policy for public trust and state investment funds. Four members are appointed by the governor. Treasurer Read and the director of the Public Employees Retirement System serve by position.

## 2020 investment highlights:

- ▶ Formalized ESG into investment beliefs
- ▶ \$220 million saved and earned through in-house investing and reduction in fees

**\$118  
billion**

Total Assets  
Under  
Management  
12/31/2020

**\$82  
billion**

OPERF Regular  
Fund

**7.7%**

OPERF 1-year  
return

**\$27.2  
billion**

Oregon Short  
Term Fund

**1.6%**

OSTF 1-year  
return

**\$5.2  
billion**

State Accident  
Insurance Fund

**9.2%**

SAIF 1-year  
return

**\$2  
billion**

Common School  
Fund

**8.0%**

CSF 1-year  
return

# Investment Division Takes on Historic Year in Stride

It will be no surprise to anyone reading this that 2020 was an interesting year for investing. In March 2020, global markets were down 30 percent. Thankfully, the Oregon Public Employees Retirement Fund—the largest fund overseen by Treasury staff—never saw a dip that severe because our investment team and the Oregon Investment Council have taken numerous steps over the years to reduce risk in OPERF through greater diversification. By August 2020, Oregon’s investment funds were nearly back to where they started the year. Across an unusual time for investors worldwide, OPERF in particular showed its resiliency.

Over several years, strategic changes have been implemented to transition OPERF from a high-risk, high-reward fund—one that delivered well during bull markets but suffered during bear markets—to a portfolio that performs well in strong markets and outperforms on a relative basis in down markets.

This means OPERF is designed to be less risky than the stock market. When the stock market is up sharply, OPERF will lag, but conversely, the portfolio will be down less when the market dips. To put it another way, the short-term performance of our overall portfolio will often be quite different from the performance of the stock market. However, the level of risk-taking for OPERF is deliberate and consistent with our long-term responsibility to pension beneficiaries.

In addition to navigating a pandemic year that disrupted normal operations and market performance, throughout 2020, Treasury’s investment team focused on:

- \$115 billion traded through internally-managed fixed income portfolios
- \$220 million saved and earned through in-house investing
- \$7.5 billion in new commitments to private equity, real estate, infrastructure, and natural resources investments.
- More than 2,000 meetings held between investment team and external managers despite inability to travel due to COVID.

## OPERF

**7.7%**

OPERF 2020 return

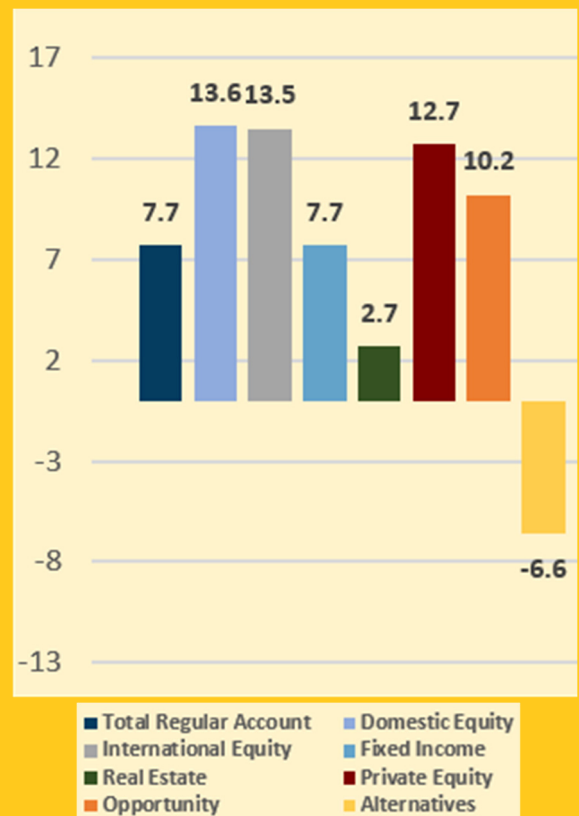
**8.4%**

OPERF 10-year return

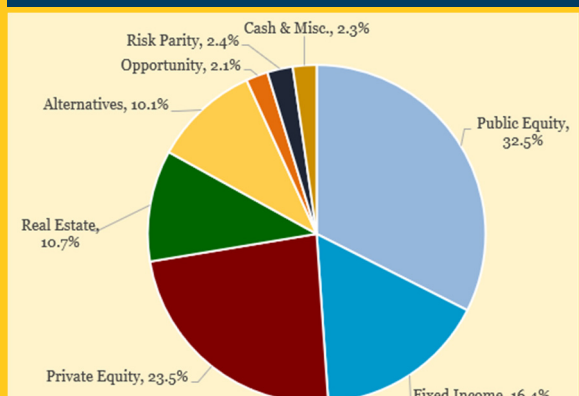
**\$82 billion**

OPERF regular fund assets  
12/31/2020

## 2020 OPERF Performance by Asset Class

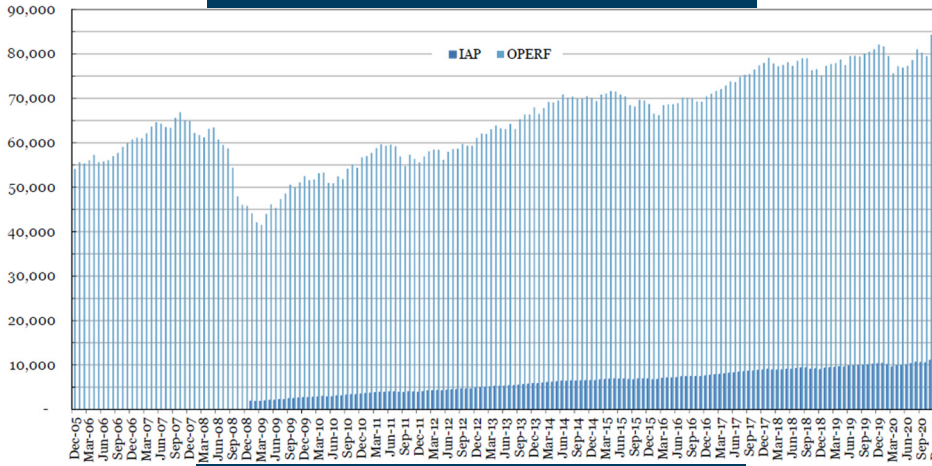


## OPERF Asset Allocation

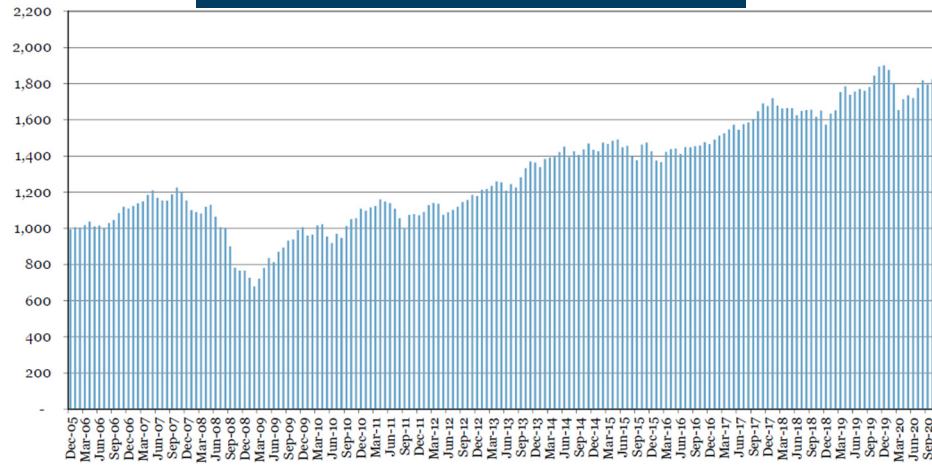


# Portfolio Performance: 2020 and Over Time

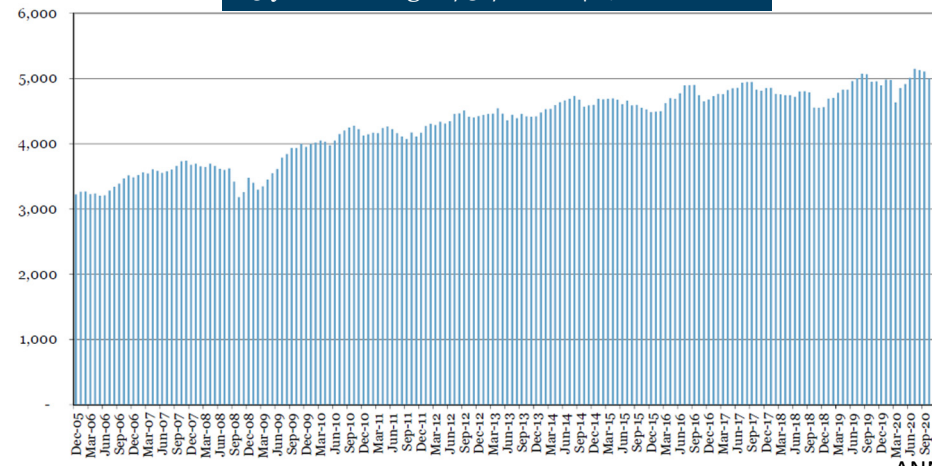
**OPERF Net Asset Value**  
15 years ending 12/31/2020 | \$ in millions



**CSF Net Asset Value**  
15 years ending 12/31/2020 | \$ in millions



**SAIF Net Asset Value**  
15 years ending 12/31/2020 | \$ in millions



## Key Fund Performance Over Time

### PUBLIC EMPLOYEES RETIREMENT FUND \$81.96 Billion

Globally diversified financial and real asset portfolio  
Doesn't include Variable Fund (\$442 M) or IAP Target-Date Funds (\$3 B)

| 1-year | 3-year | 5-year | 10-year |
|--------|--------|--------|---------|
| 7.7%   | 7.1%   | 8.7%   | 8.4%    |
| 12.4%  | 9.0%   | 10.3%  | 9.3%    |

### OREGON SHORT TERM FUND \$27.2 Billion

Includes Local Government Investment Pool

| 1-year | 3-year | 5-year | 10-year |
|--------|--------|--------|---------|
| 1.6%   | 2.3%   | 1.9%   | 1.3%    |
| 0.7%   | 1.6%   | 1.2%   | 0.6%    |

### STATE ACCIDENT INSURANCE FUND \$5.2 Billion

Managed on behalf of injured workers and their families

| 1-year | 3-year | 5-year | 10-year |
|--------|--------|--------|---------|
| 9.2%   | 6.7%   | 6.9%   | 5.7%    |
| 8.9%   | 6.4%   | 6.2%   | 5.2%    |

### COMMON SCHOOL FUND \$2 Billion

Managed in trust for Oregon schoolchildren  
Includes unclaimed property

| 1-year | 3-year | 5-year | 10-year |
|--------|--------|--------|---------|
| 8.0%   | 6.4%   | 8.4%   | 7.9%    |
| 11.2%  | 8.1%   | 9.9%   | 8.3%    |

Guide:

**Portfolio Performance %**  
**Benchmark Performance %**

## IAP 2020 Performance

Individual Account Program—\$3 billion fund

|                           | 2020 RETURN | BIRTH YEAR  |
|---------------------------|-------------|-------------|
| IAP 2065 Target Date Fund | NA          | 1998-       |
| IAP 2060 Target Date Fund | 10.24%      | 1993-1997   |
| IAP 2055 Target Date Fund | 10.18%      | 1988-1992   |
| IAP 2050 Target Date Fund | 10.51%      | 1983-1987   |
| IAP 2045 Target Date Fund | 9.73%       | 1978-1982   |
| IAP 2040 Target Date Fund | 7.63%       | 1973-1977   |
| IAP 2035 Target Date Fund | 8.36%       | 1968-1972   |
| IAP 2030 Target Date Fund | 9.36%       | 1963-1967   |
| IAP 2025 Target Date Fund | 8.33%       | 1958-1962   |
| Retirement Allocation     | 6.99%       | Before 1957 |

# Investing for the Long Term—In Oregon and Beyond

In accordance with ORS 293.731-293.741, the Oregon Investment Council sets investment policy and may contract with external service providers to perform investment management functions. By statute, the OIC and Treasury are fiduciaries required to act for the exclusive benefit of Public Employees Retirement Fund beneficiaries.

In terms of its overall investment responsibilities, the Council aligns policy and fund management activities with the objective of generating the highest returns prudently possible. This section offers an annual report on in-state venture capital investments (ORS 293.734).

While OIC does not mandate Oregon-specific investments, OPERF has exposure to Oregon companies across the portfolio, including publicly traded stocks, fixed income instruments, and privately held real estate.

The fund's allocation to venture capital is narrower, and for this report we considered exposure to Oregon-based investments through the private equity portfolio. Defined as companies headquartered in Oregon, or employing more than 100 employees in the state, "Oregon companies" comprised \$1.3 billion or approximately 6.9% of the Fund's private equity portfolio, which totaled \$19.2 billion as of 12/31/2020.

While this represents a roughly 34.8% increase over CY2019, it's important to note that these calculations depend on company self-reporting. In 2019, Oregon companies comprised \$978.7 million or approximately 5.7% of the Fund's then-\$17.3 billion private equity portfolio.

## TOP 10 OPERF INVESTMENTS BY MARKET VALUE

|    | Investment Fund       | Value   | Weight | Asset Class   |
|----|-----------------------|---------|--------|---------------|
| 1  | Government Portfolio  | \$5.6 B | 6.8%   | Fixed Income  |
| 2  | OST Risk Premia       | \$4.0 B | 4.9%   | Public Equity |
| 3  | DFA Large Cap Core    | \$3.0 B | 3.6%   | Public Equity |
| 4  | OST S&P 500 Index     | \$2.5 B | 3.0%   | Public Equity |
| 5  | Western Asset Core    | \$1.5 B | 1.8%   | Fixed Income  |
| 6  | Wellington Core       | \$1.5 B | 1.8%   | Fixed Income  |
| 7  | Oak Hill Advisors     | \$1.4 B | 1.7%   | Fixed Income  |
| 8  | BlackRock Core        | \$1.4 B | 1.7%   | Fixed Income  |
| 9  | Alliance Bernstein    | \$1.4 B | 1.7%   | Fixed Income  |
| 10 | OST Int'l Risk Premia | \$1.4 B | 1.7%   | Public Equity |

## Private Partnership Commitments—2020

### PRIVATE EQUITY—Amount in millions | Strategy | Segment | Geography

Mayfield XVI, L.P.: \$30M | Venture Capital | Early-Stage | North America  
 Mayfield Select II, L.P.: \$20M | Venture Capital | Late Growth | North America  
 Francisco Partners VI, L.P.: \$250M | Buyout | Large | North America  
 Francisco Partners Agility II, L.P.: \$50M | Buyout | Small | North America  
 Thoma Bravo Fund XIV, L.P.: \$250M | Buyout | Large | North America  
 Vitruvian Investment Partners IV, L.P.: € 150M | Buyout | Medium | Europe  
 CVC Capital Partners VIII, L.P.: € 325M | Buyout | Large | Europe  
 Sherpa Healthcare Fund I, L.P.: \$100M | Venture Capital | Early-Stage | Asia Pacific  
 OCM Opportunities Fund XI, L.P.: \$350M | Special Situation | Distressed | North America  
 TPG Growth V, L.P. | \$250M | Growth | Growth | Global  
 Centerbridge Capital Partners IV, L.P.: \$250M | Special Situations | Distressed | North America  
 GGV Capital VII L.P., GGV Capital VII Plus L.P., GGV Discovery III, L.P.: \$120M | Venture Capital | Multi-Stage | Global  
 GTCR Fund XII, L.P.: \$205M | Buyout | Medium | North America  
 Pathway Private Equity Fund C-III, L.P. Follow-On: \$350M | Buyout | Small | Global  
 ClearVue OPERF: \$50M | Growth | Growth | Asia Pacific  
 USV 2021, L.P. & USV Climate Fund, L.P.: \$30M | Venture Capital | Early-Stage | North America

### REAL ESTATE—(in millions)

GID All Weather Fund, L.P.: \$150M  
 Nuveen U.S. Cities Multifamily Fund, L.P.: \$100M  
 Oak Street Real Estate Capital Fund V, L.P.: \$200M  
 Abacus Core Multifamily Separate Account: \$250M  
 Columbia Industrial Properties, LLC: \$150M  
 Sculptor Real Estate Fund IV, L.P.: \$150M  
 Ascentris-OR Partners, LLC: \$300M  
 Waterton Residential Property Venture Fund XIV, L.P.: \$150M  
 Harrison Street Real Estate Partners Fund VIII, L.P.: \$150M  
 HS-OR Life Science Partners: \$200M

### ALTERNATIVES PORTFOLIO—(in millions)

LS Power Bolt Energy LLC top-off: \$12M  
 Stonepeak Infrastructure Fund IV: \$500M  
 NGP Royalty Partners, L.P.: \$150M  
 FORT Global Trend, L.P.: \$250M  
 Harrison Street Social Infrastructure Fund: \$200M  
 Harrison Street Social Infrastructure Fund Sidecar: \$50M  
 EQT Infrastructure Fund V: \$400M  
 Brookfield Super-Core Infrastructure Partners, L.P.: \$250M  
 Brookfield Infrastructure Co-Investment Side-Car, L.P.: \$50M

### OPPORTUNITY PORTFOLIO

Sixth Street Partners Specialty Lending Europe II, L.P.: \$125M  
 Oak Hill Advisors Tactical Investment Fund: \$300M  
 Owl Rock Capital Corporation III: \$150M  
 Clearlake Flagship Plus Partners, L.P.: \$200M

TOTAL Commitments 2020:

\$7.5 billion

# Building a Better Oregon Through Bonds and Debt Management

Treasury's Debt Management Division approves issuance of all bonds and appropriation credits for state agencies. Public bonding is key to enhancing Oregon's quality of life: it boosts the economy and helps communities modernize by constructing and updating roads, schools, and vital public facilities.

In addition, the Debt Management team is the clearinghouse for bond data, bond calendars, and information about credit ratings. The division provides technical support to local governments, offers training on selected debt-related topics, and created an online manual to help government officials plan and execute successful bond sales. The list of upcoming state bond sales can be found on the Oregon Treasury website.

In 2020, the Division issued more than \$2.35 billion in new debt for the state.

Further, the Debt Management team also refinanced existing debt on behalf of borrowers. By refunding bonds to lower interest rates, the Treasury team was able to save state government, universities, and taxpayers millions of dollars through lower bond payments.

The division reviews the structure of each bond sale, coordinates the timing of state agency bond sales, secures credit ratings, negotiates and accepts bids for bond placement, reviews official statements and other documents, provides for the delivery of bonds, and assists with settlement of bond issues.

Credit rating firms have applauded Oregon's careful attention to debt and budget discipline, and the state's credit ratings remain steady and solid. Oregon's credit ratings are a barometer of the state's fiscal health. Managing the state's debt capacity in a prudent way helps to bolster credit scores while ensuring Oregon can get the most mileage for today's jobs and tomorrow's opportunities.

Oregon's credit ratings at the end of 2020 were:

**GO Bonds: S&P: AA+ | Moody's: Aa1 | Fitch: AA+**

**Lottery: S&P: AAA | Moody's: Aa2**

**ODOT: S&P: AAA | Moody's: Aa1 | Fitch: AA+**

**OBDD: S&P: AA+ | Moody's: Aa2**

## State Debt

**\$2.35 billion** New state debt issued in 2020

**\$192 million** Savings generated by bond refundings

**\$11.5 billion** Total outstanding state debt

**\$8.39 billion** Net state tax-supported debt FY2020

**\$1,966** NTSD per capita

**AA+ / Aa1/AA+** GO credit ratings: S&P, Moody's, Fitch

## Local Debt

**\$7.3 billion** Local debt issued in 2020

**\$32.6 billion** Total outstanding local debt

**School Districts, Cities, Ports, Hospitals, Independent Higher Ed** Top 5 local debt issuances

# Debt-Related Services for Communities and Governments

The **Municipal Debt Advisory Commission** implements programs aimed at lowering borrowing costs and improving debt management practices for local governments.

On behalf of the MDAC, the Debt Management Division serves as a resource for Oregon local governments issuing and managing debt.

The **Private Activity Bond Committee** is responsible for determining which private projects qualify. When the construction of a private facility would provide important public benefits, the project can often be financed using tax-exempt bonds.

Under federal law, each state can approve a limited amount of tax-exempt debt that can be used for private projects. To qualify for this lower cost financing, the financed projects need to benefit the public.

Under the **School Bond Guaranty Act**, public school districts and community colleges can lower their borrowing costs by having their bonds based on the state's credit rating, saving taxpayers millions.

In those cases, the districts are responsible for retiring the debt, but the bonds are guaranteed by the full faith and credit of the state. Bonds issued in 2020 through this program listed to the right.

## SUPPORTING OUR WORK: STATE DEBT POLICY ADVISORY COMMISSION MUNICIPAL DEBT ADVISORY COMMISSION

Chaired by Treasurer Read, the SDPAC evaluates the level of bonded indebtedness for the state and makes recommendations to the Governor and Legislature about prudent debt limit.

The Oregon Municipal Debt Advisory Commission assists local governments in the cost-effective issuance, sale, and management of their debt.

[SDPAC Annual Report](#) | [MDPAC Annual Report](#)

### School Bond Guarantee Issuances—2020

| Issuer                                   | Issued Amt.            | Principal + Interest   | Maturity Date |
|--|------------------------|------------------------|---------------|
| Washington Cty SD 1J (Hillsboro)         | \$139,605,000          | \$209,564,150          | 6/15/2040     |
| Clackamas Cty SD 3J (W.Linn-Wilsonville) | \$103,756,715          | \$195,480,000          | 6/15/2050     |
| Clackamas Cty SD 3J (W.Linn-Wilsonville) | \$44,120,000           | \$59,011,250           | 6/15/2034     |
| Clackamas Cty SD 3J (W.Linn-Wilsonville) | \$76,285,000           | \$90,616,157           | 6/15/2033     |
| Gilliam Cty SD 25J (Condon)              | \$1,921,484            | \$2,580,000            | 6/15/2040     |
| Gilliam Cty SD 25J (Condon)              | \$1,575,000            | \$2,141,450            | 6/15/2035     |
| Jefferson Cty SD 509J (Madras)           | \$24,680,000           | \$27,034,522           | 6/15/2033     |
| Linn Cty SD 8J (Greater Albany)          | \$7,450,000            | \$11,998,000           | 6/15/2037     |
| Umatilla Cty SD 8 (Hermiston)            | \$80,052,324           | \$135,180,000          | 6/15/2045     |
| Umatilla Cty SD 8 (Hermiston)            | \$5,485,000            | \$7,953,250            | 6/15/2030     |
| Multnomah Cty SD 1J (Portland)           | \$441,320,000          | \$492,735,900          | 6/15/2037     |
| Union Cty SD 5 (Union)                   | \$4,000,000            | \$5,371,900            | 6/15/2040     |
| Crook Cty School District                | \$33,225,000           | \$40,820,269           | 6/15/2038     |
| Multnomah Cty SD 7 (Reynolds)            | \$2,054,952            | \$1,571,686            | 6/15/2030     |
| Coos Cty SD 9 (Coos Bay)                 | \$19,995,000           | \$34,368,788           | 6/15/2043     |
| Washington Cty SD 48J (Beaverton)        | \$432,745,000          | \$473,208,197          | 3/15/2034     |
| Marion Cty SD 24J (Salem Keizer)         | \$47,376,123           | \$78,795,000           | 6/15/2040     |
| Marion Cty SD 24J (Salem Keizer)         | \$111,646,222          | \$173,454,722          | 6/15/2035     |
| Marion Cty SD 24J (Salem Keizer)         | \$77,445,000           | \$126,924,000          | 6/15/2038     |
| Clatsop Cty SD 10 (Seaside)              | \$2,207,344            | \$ 2,393,324           | 6/15/2034     |
| Clackamas Cty SD 86 (Canby)              | \$75,780,000           | \$111,050,450          | 6/15/2040     |
| Clackamas Cty SD 86 (Canby)              | \$11,745,000           | \$12,041,141           | 6/15/2025     |
| Douglas Cty SD 77 (Glendale)             | \$1,880,000            | \$2,833,100            | 6/15/2042     |
| Deschutes Cty SD 2J (Redmond)            | \$65,110,000           | \$75,156,037           | 6/15/2034     |
| Columbia Cty SD 502 (St Helens)          | \$32,190,427           | \$60,339,150           | 6/15/2050     |
| Columbia Cty SD 502 (St Helens)          | \$25,531,400           | \$53,596,500           | 6/15/2045     |
| Lane Cty SD 4J (Eugene)                  | \$115,025,000          | \$123,442,863          | 6/15/2034     |
| Multnomah Cty SD 28J (Centennial)        | \$65,000,000           | \$127,292,550          | 6/15/2050     |
| Marion Cty SD 4J (Silver Falls)          | \$19,405,000           | \$19,346,265           | 6/15/2027     |
| Clackamas Cty SD 12 (North Clackamas)    | \$139,415,000          | \$146,524,676          | 6/15/2031     |
| Union Cty SD 1 (La Grande)               | \$27,830,000           | \$31,176,977           | 6/15/2035     |
| Washington Cty SD 1J (Hillsboro)         | \$40,360,000           | \$39,629,087           | 6/15/2025     |
| Benton Cty SD 509J (Corvallis)           | \$39,915,000           | \$58,213,854           | 6/15/2038     |
| Multnomah Cty SD 1J (Portland)           | \$365,465,000          | \$497,734,690          | 6/15/2046     |
| Multnomah Cty SD 1J (Portland)           | \$53,965,000           | \$59,504,793           | 6/15/2033     |
|  | <b>\$2,976,426,991</b> | <b>\$3,877,931,414</b> |               |

# State Debt Issued in 2020



*In 2020, Treasury issued our third round of sustainability bonds for affordable housing across the state.*

| State Debt Issuances—2020                      |                              |               |   |
|--|------------------------------|---------------|---|
| Issuer   | Bond Type                    | Issued        | Description   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$6,500,000   | Hayden Bridge Meadows and Taney Place Apartments  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$10,400,000  | Hayden Bridge Meadows and Taney Place Apartments  |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$24,675,000  | Refinancing of 2010A Bonds  |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$152,030,000 | 2011 Refunding and Building Projects  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$14,310,000  | Fountain Place Apartments   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$3,000,000   | Fountain Place Apartments   |
| Oregon Department Of Energy                    | General Obligation (S) Bonds | \$5,725,000   | Current Tax-Exempt Refunding 2010A GO Bonds   |
| Oregon Department Of Energy                    | General Obligation (S) Bonds | \$18,590,000  | Refunding of Alternate Energy Bonds - funds used for the development of small scale local energy projects |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$9,800,000   | Sunnyslope Manor and College Manor Apartment Projects   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$5,650,000   | Sunrise Vista Apartments  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$2,450,000   | Sunrise Vista Apartments  |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$3,668,000   | Refunding of 2015 Bonds   |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$3,830,000   | Roof Improvement Projects   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$3,120,000   | Hillside Manor Apartments Project   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$11,880,000  | Hillside Manor Apartments Project   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$8,225,000   | Small Division (Cedar Commons) Project  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$2,500,000   | Holden Creek Village  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$5,250,000   | Holden Creek Village  |
| Oregon Housing & Community Services Department | Revenue Bonds                | \$24,500,000  | New Money   |
| Oregon Housing & Community Services Department | Revenue Bonds                | \$47,905,000  | Refunding of 2010ABC, 2009A-1/2010 A and 2009 A-2/2011 A and New Money                                    |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$95,390,000  | Article XI-Q Sustainability Bonds - OHCS D LIFT Housing and and Permanent Supportive Housing Programs     |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$84,715,000  | Advance refunding of Article XI-Q GO Bonds Series 2011P & 2013G   |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$134,930,000 | Advance refunding of 2010C COPs & XI-Q Bonds Series 2011O, 2012I, 2013 & 2014A.                           |



**State Debt Issuances—2020**

| <b>Issuer</b>                                  | <b>Bond Type</b>             | <b>Issued</b>          | <b>Description</b>   |
|--|------------------------------|------------------------|--|
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$42,880,000           | Article XI-M - OBDD - Seismic Rehabilitation Grants - Schools - New Money and Partial Refunding of 2010A |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$2,665,000            | Advance Refunding of 2011I Article XI-N GO Bonds.  |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$2,775,000            | Advance Refunding of DAS GO 2011I Article XI-M Seismic Rehabilitation Bonds                              |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$4,135,000            | Article XI-N Seismic Emergency Service Bldgs - Refunds 2010A Article XI-N Seismic GO Bonds               |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$32,540,000           | Article XI-Q financing of various state projects and facilities (New Money)                              |
| Oregon Department of Veterans' Affairs         | General Obligation (S) Bonds | \$4,410,000            | Refunding of Series 92A  |
| Oregon Department of Veterans' Affairs         | General Obligation (S) Bonds | \$30,165,000           | Refunding of Series 91   |
| Oregon Department of Veterans' Affairs         | General Obligation (S) Bonds | \$ 11,650,000          | Fixed Rate New Money   |
| Oregon Department of Veterans' Affairs         | General Obligation (S) Bonds | \$11,565,000           | Swap executed 6/30/2020. Variable Rate Refunding for Series 91   |
| Oregon Department of Veterans' Affairs         | General Obligation (S) Bonds | \$11,435,000           | Variable Rate New Money  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$17,000,000           | Tigard Triangle Apartments Project   |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$66,100,000           | Refunding of 2010 Bonds (OFA)  |
| Oregon Facilities Authority                    | Conduit Revenue Bonds        | \$3,365,000            | Refund a portion of 2010 Bonds (OFA) and defease a portion of 2016 Bonds (OFA).                          |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$5,400,000            | Patton Home Apartments Project   |
| Oregon Department Of Administrative Services   | General Obligation (S) Bonds | 279,990,000            | Advanced refunding of State Board of Higher Education Bonds 2011EG, 2013N, 2014C and 2012A               |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$6,070,000            | Current refunding of State Board of Higher Education Bonds 2008B and 2010D                               |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$24,410,000           | Advance refunding of State Board of Education 2011D Bonds  |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$49,770,000           | Advance refunding of State Board of Higher Education Bonds 2011H, 2012B, and 2013D                       |
| Oregon Department Of Administrative Services   | General Obligation (S) Bonds | \$23,430,000           | Current refunding of State Board of Higher Education 2010A Bonds   |
| Oregon Business Development Commission         | Conduit Revenue Bonds        | \$5,996,543            | Red Rock Biofuels Clean Energy Project   |
| Oregon Business Development Commission         | Conduit Revenue Bonds        | \$39,996,864           | Red Rock Biofuels Clean Energy Project   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$12,750,000           | Glenhaven Park Apartment Projects  |
| Oregon Department Of Transportation            | Revenue Bonds                | \$611,505,000          | Advance Refunding of Series 2013A, 2014A, and 2015A  |
| Oregon Department Of Transportation            | Revenue Bonds                | \$186,465,000          | HB2017 Keep Oregon Moving Various Projects   |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$1,800,000            | Orchards Plaza and Solhavn Apartment Projects  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$2,488,000            | Orchards Plaza and Solhavn Apartment Projects  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$4,712,000            | Orchards Plaza and Solhavn Apartment Projects  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$35,000,000           | Stillwater Crossing  |
| Oregon Department Of Administrative Services   | General Obligation (N) Bonds | \$11,125,000           | Article XI-Q financing of various state projects and facilities  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$13,926,678           | 115th & Division (Crescent Court)  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$7,273,322            | 115th & Division (Crescent Court)  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$9,170,000            | Springtree Apartments  |
| Oregon Housing & Community Services Department | Revenue Bonds                | \$60,000,000           | New Money  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$25,054,325           | RiverPlace Phase 2 Apartments  |
| Oregon Housing & Community Services Department | Conduit Revenue Bonds        | \$15,314,000           | RiverPlace Phase 2   |
| <b>Total</b>                                   |                              | <b>\$2,351,374,732</b> |  |

# Managing Public Funds — Now and In the Future



Treasury's Finance Division provides a variety of cash management services to all state agencies, some public universities, and hundreds of local and regional governments across Oregon, including cities, counties, schools, and special districts. And in 2020, we had to figure out how to continue delivering accurate, fast, no-fail banking services while most people on our team worked remotely.

Fortunately, we were successful. Not only was Treasury able to continue providing depository, check redemption, and electronic payment services such as wire transfers, merchant card acceptance, and other services, we were able to move forward on critical multi-year projects to strengthen and modernize our banking services.

In 2020, the Finance team successfully transitioned outgoing domestic wire transfers from U.S. Bank to KeyBank – completing Phase 1 of the EFT Business Systems Renewal project. The team also stayed busy planning for Phase 2, launching in 2021, which will transition received wire and ACH services. The goal with these large projects: ensuring our banking services are safe, secure, and reliable now and well into the future.

Additional ongoing projects include administration of the Oregon Short Term Fund, which includes the Local Government Investment Pool as a short-term cash investment vehicle for state agencies and roughly 1,000 local governments, and the Public Funds Collateralization Program. This program protects public funds deposited in private financial institutions. Across the state, public entities collect money to fund government services. When these public funds are deposited at local banks and credit unions, collateral is used to protect deposits that exceed levels insured by the Federal Deposit Insurance Corporation and National Credit Union Administration.

Treasury works with the Oregon Department of Consumer and Business Services to monitor the financial health of participating banks and credit unions and to set the required amount of collateral. Treasury works with other institutions to monitor the value and quality of collateral.

Treasury's commitment to equitable, reliable banking services was shown in 2020 via Treasurer Read joining with 14 other state treasurers to advocate for the SAFE Banking Act, which would allow licensed cannabis businesses, their employees, and vendors to safely access traditional financial services.

## Treasury's role as the bank for the State of Oregon:

**31.3 million** Number of transactions processed in 2020

**\$317 billion** Value of transactions processed

Transactions processed on behalf of:

**75 state agencies**  
**10 public universities**  
**1,028 local govts**

## Public Funds Collateralization Program

**\$3.8 billion** Public funds protected through PFCP

**\$2.6 billion** Collateral pool by qualified depositories

# Serving and Investing on Behalf of State and Local Governments

Oregon local governments are able to invest their short-term funds with the State Treasury via the **Local Government Investment Pool**. The assets of the LGIP are part of the larger **Oregon Short Term Fund**, which is invested in a suite of fixed income securities. State agencies also invest in the Short Term Fund.

The fund was posting a .75% rate at the end of 2020.

More than one thousand Oregon local governments utilize the Local Government Investment Pool. By statute, the fund is available to cities, counties, school districts, sovereign tribes, and special service districts such as those that manage cemeteries and parks.

The fund has beaten its policy benchmark, 91-day U.S. Treasury Bills, every year for the past decade. Treasury staff who oversee the fund make themselves available to participants from agencies and local governments to field questions and comments.

In this vein, as part of our mission to serve the public's financial needs, Treasury hosted our third annual Local Government Investment Pool investor meeting in 2020. Like many events, the meeting went virtual because of the pandemic, which helped boost attendance: 161 government financial officers and other representatives registered, more than double the number who attended in 2019.

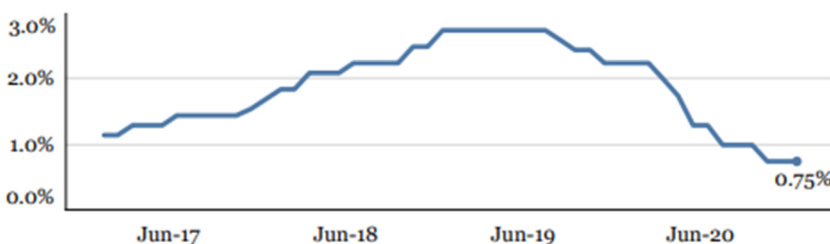
The full agenda included remarks from Treasurer Tobias Read, updates from investment staff, a review of capital markets, and an overview of the economy by State Economist Mark McMullen. Sharon Wojda, a member of the Oregon Short Term Fund Board, spoke about local government investment policies.

Treasury also reaches out monthly to state agencies and local governments through newsletters and other regular communications about finance, cybersecurity, and the economy.



*What a difference a year makes: Treasurer Read presenting at Treasury's Local Government Investment Pool investor meeting in 2019, top, and 2020, bottom, after the meeting went virtual due to the pandemic.*

OSTF Historical Monthly Rate Paid



## Oregon Short Term Fund

**\$27.2 billion** OSTF balance as of 12/31/2020

**\$15.1 billion** Agency/ university funds in OSTF

**\$12 billion** Local government funds in OSTF

**.75%** Rate paid on deposits 12/31/20

# Other Key Treasury Achievements in 2020



## WORKING THROUGH A PANDEMIC

Like governments, businesses, and households across the state, Oregon State Treasury had to respond to a once-in-a-generation pandemic that disrupted how we worked. Thanks to investments made into technology, including collaboration software, in early March 2020, the team was able to shift to a mostly work-from-home posture without missing a step.

## RESILIENCE

Related to the above, Treasury recognizes the importance of providing critical business services in the face of adverse operational events. No matter what, the core financial activities we oversee keep state government moving and must be available. A few years ago, we initiated a lengthy and rigorous review of Treasury's capacity and resources, including physical location and potential threats to operations. We ultimately made the decision to begin planning for a move to a



new, resilient building that can withstand a Cascadia Subduction Zone earthquake and other natural disasters and disruptions. Work on this project moved forward steadily throughout 2020. We are currently planning to move into a new headquarters building in Salem in the spring of 2022. As that project moves forward, we've continuously dedicated time to emergency planning, risk identification and mitigation, and continuity of operations planning.

## BUDGET PREPARATION

Every two years, the state legislature passes two-year budgets for state agencies. To prepare for that project, in 2020, Treasury staff completed an extensive overhaul of our budget structure, improving the formatting and functionality of our budget infrastructure while developing more than 200 pages of budget documents for legislators and their staff to consider during the 2021 legislative session.

## WILDFIRE RECOVERY

As part of Oregon's response to devastating wildfires in 2020, Treasurer Read joined with Labor Commissioner Val Hoyle and volunteers across the state on the Wildfire Economic Recovery Council. Over the course of weekly meetings held at the end of 2020, the Council discussed issues such as how to remove debris and hazardous waste, pathways and programs to help people rebuild, options for people who are struggling with housing in the short-term, strategies for housing shortages in the long-term, and assistance for small businesses that have been affected. Using what they learned at the meetings from participants and public comment, the Council issued recommendations to the Governor by the close of 2020.

# Other Key Treasury Achievements in 2020




## CYBERSECURITY

Oregon State Treasury has continued to emphasize the importance of cybersecurity and protecting financial data and information. Much of this work is connected to our emphasis on resilient operations, and the necessity of having “no fail” operations for Treasury and our customers and partners. But it also means achieving and sustaining optimum levels of information confidentiality, integrity, and availability across the platforms we use. Treasury invests considerable time, training, and resources on cybersecurity controls, issue identification and remediation, and ongoing management and training. In 2020, our IT Security team oversaw extensive tests of our systems, expanded mandatory training for all staff, and continued enhancements to our cybersecurity posture to ensure the safety and integrity of confidential and/or sensitive information, systems, and networks.

## FINANCIAL EDUCATION

At the very end of 2020, Treasurer Read announced the creation of a new advisory team to guide Treasury’s efforts to improve financial literacy across the state. Participants are subject matter experts from across Oregon, including a



“Financial literacy doesn’t solve inequity or systemic problems, it cannot lift a person out of poverty, but it can provide a foundation for making confident financial decisions. We’re excited to work with this group to advance tools that help every Oregonian build a more secure future.”

**Tobias Read**  
Oregon State Treasurer

counselor who helps military families, leaders from financial literacy nonprofits, and voices from the AARP, banks, and credit unions. The group was brought together to discuss ways to better highlight the importance of financial education, amplify existing efforts in the public and private sectors, and address gaps to make financial education more accessible to people when they need it most.

## OREGON FACILITIES AUTHORITY

Treasury continued our work with the Oregon Facilities Authority, which helps nonprofit organizations access low-cost financing for capital projects through the issuance of tax exempt conduit revenue bonds. By making low-cost financing available, Treasury is able to assist nonprofits to further their missions that help Oregonians.

OFA bonds are issued by Treasury. OFA’s role is to evaluate projects proposed by nonprofits and make recommendations to the State Treasurer for bond issuance. The State Treasurer makes the final decision about whether to issue the bonds. More than \$4.5 billion in bonds have been issued through OFA.

With certain exceptions, OFA can assist on capital projects for nonprofit organizations with a presence in Oregon that qualifies as a section 501(c)(3) organization under federal income tax law. Bonding can cover purchase of facilities or equipment, major remodeling of facilities, construction financing, or refinancing of loans originated for capital purposes.

In 2020, OFA celebrated its 30-year anniversary. It also supported organizations such as Legacy Health, OMSI, and Lewis & Clark College. For more information, please see the [Oregon Facilities Authority 2020 Annual Report](#).