

# Oregon Municipal Debt Advisory Commission



## 2021 Annual Report

July 20, 2022

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*Association of Oregon Counties Representative*



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Port of Morrow, Chief Financial Officer  
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City of Bend, Chief Financial & Administrative Officer/Assistant  
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*League of Oregon Cities*



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July 20, 2022

The following report is delivered on behalf of the members of the Municipal Debt Advisory Commission (“MDAC”) of the State of Oregon, for the calendar year 2021. As required by Oregon law, this report summarizes debt issuance activity for Oregon local government issuers and market factors affecting issuance, relevant Oregon legislative Acts or administrative rules affecting local governments, areas of concerns and bond professionals active in Oregon municipal debt issuance.



## Contents

<b>1. Executive Summary</b>	1
<b>2. Introduction</b>	2
a. Oregon Municipal Debt Advisory Commission	2
b. Oregon State Treasury Debt Management Division Resources	2
<b>3. Amendments to OARs Affecting Local Government Issuers</b>	3
<b>4. Market Environment and Statewide Economic Factors</b>	3
a. Bond-Buyer 20-Bond Index - Tax-exempt Interest Rate	4
b. Taxable Bond Index – 10-Year US Treasury Yield	5
<b>5. Oregon Local Government Debt</b>	5
a. Local Government Debt Issuance by County	5
b. Local Government Debt Issuance by Bond Security	6
c. Local Debt Issued by Issuer Type	6
d. Historical Trends in Oregon Local Debt Issued by Issuer Type	7
<b>6. Local Issuance by Purpose</b>	8
<b>7. Advance Refundings</b>	10
<b>8. Local Debt Outstanding</b>	12
<b>9. OSBG Program and Pension Obligation Bonds with State Fund Diversion Support</b>	14
a. Oregon School Bond Guaranty Program	14
b. Graph of OSBG and POBs For K-12 School Districts	16
c. Graph of OSBG and POBs For Community Colleges	17
<b>10. Bond Professionals Ranking</b>	18
a. Bond Counsel Firms	18
b. Underwriter’s Counsel	19
c. Municipal Advisors	20
d. Lead Underwriters	22
<b>11. Information Requests and Disclaimer</b>	24
<b>APPENDICES</b>	
APPENDIX A: BondTracker Debt Instrument Format	A



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## 1. Executive Summary

In 2021, supported by continued historically low tax-exempt and taxable interest rate and a favorable issuance environment, Oregon local governments, referred to herein as “public bodies”, sold over \$6.02 billion in new debt across a wide range of issuers and purposes. Issuers in Multnomah County topped the list with over \$3 billion or 50.78% of total issuances for a variety of purposes including pension, healthcare, transportation, public facilities, and education.

Although CY 2021 commenced with COVID-19 lockdowns in many counties across the State, aggressive actions by the Federal government such as enactment of the ARPA (American Rescue Plan) that infused significant amounts of stimulus funds buoyed the economy. The emergence of three vaccines to mitigate the effect of COVID-19 and reduction in the transmission rates resulted in phased reopening of businesses across all Oregon local governments and other jurisdictions nationally. Stimulus funds and pent-up demand fueled new business activity. The broad financial market remained favorable with record flow of monies into municipal bond funds and strong demand for municipal bonds.

CY 2021 issuances lagged that of CY 2020 by over \$1.4 billion. This was in part due to the decrease in advance refunding activity from \$1.36 billion in CY 2020 to \$641 million in CY 2021 or approximately \$720 million reduction year over year and significant reduction in education financings.

The MDAC together with Oregon State Treasury Debt Management Division revised OAR 170-061-0000 to reflect the provisions of ORS 238.697 to provide guidance on the issuance of pension obligation bonds by public bodies after June 11, 2019. This OAR went into effect in July 2021. Since that time, 29 public bodies sold \$1.38 billion in pension obligation bonds between July 2021 and the end of CY 2021.

Overall, outstanding indebtedness of Oregon local governments continues to grow, with CY 2021 aggregate outstanding debt at \$37.8 Billion, over \$4 billion above CY 2020 totals. The use of the combined State Aid Intercept for Pension Obligation Bonds and the Oregon School Bond Guaranty Program guaranty continues to increase year over year. The debt service guaranteed or supported with the state aid intercept was approximately \$1.15 billion in the state’s fiscal year ending June 30, 2021, and this will increase in 2022 and future years as newly issued pension bond debt service is added.



## 2. Introduction

### a. Oregon Municipal Debt Advisory Commission

The Oregon Municipal Debt Advisory Commission (MDAC or Commission) was established in 1975 to assist local government in the cost-effective issuance, sale, and management of their debt. The Commission is comprised of seven members, including the State Treasurer (or designee), three public body finance officers, one representative for the special districts, and two public members.

[ORS 287A.001\(14\)](#) defines public body (referred in this report as local government) and [ORS 287A.634](#) requires the MDAC to prepare an annual report describing operations of the Commission in the preceding year. The Debt Management Division (DMD) of the Oregon State Treasurer's Office (OST) is staff to the Commission.

State statute [ORS 287A.634\(1\)](#) empowers the Municipal Debt Advisory Commission to carry out the following functions:

- a) Provide assistance and consultation, upon request of the State or a public body, to assist them in the planning, preparation, marketing and sale of new bond issues to reduce the cost of the issuance to the issuer and to assist in protecting the issuer's credit.
- b) Collect, maintain and provide financial, economic and social data on public bodies pertinent to their ability to issue and pay bonds.
- c) Collect, maintain and provide information on bonds sold and/or outstanding and serve as a clearinghouse for all local bond issues.
- d) Maintain contact with municipal bond underwriters, credit rating agencies, investors and others to improve the market for public body bond issues.
- e) Undertake or commission studies on methods to reduce the costs of state and local issues.
- f) Recommend changes in state law and local practices to improve the sale and servicing of local bonds.
- g) Perform any other function required or authorized by law.
- h) Pursuant to [ORS Chapter 183](#), adopt rules necessary to carry out its duties.

The MDAC strives to improve existing services and to initiate new programs with the goal of lowering borrowing costs and improving debt management practices for local governments, particularly in the area of capital planning and debt administration. In addition, MDAC staff monitors local and national bond market and economic trends, notifies local governments of market developments, and makes municipal bond policy and legislative recommendations to the State Treasurer.

### b. Oregon State Treasury Debt Management Division Resources

Oregon State Treasury's Debt Management Division staff publishes a schedule of upcoming and recent municipal bond sales known as the Oregon Bond Calendar. The Bond Calendar lists state and local bond offerings, enabling local governments to minimize scheduling conflicts that may impact the marketability of their issues. The statewide [Oregon Bond Calendar](#) is updated on a real time basis and the MDAC web page contains links to bond election information and the Oregon Bond Index, which charts Oregon municipal bond interest rates. Additionally, OST Debt Management Division maintains the [Oregon Bond Education Center](#). The site is a resource for Oregon local governments issuing and managing debt.

The OST/DMD staff maintains the Bond Tracker System, which is a database of debt issuance and debt outstanding for all Oregon municipal bond issuers. To ensure that information contained in the Bond



Tracker System is as accurate as possible, a verification of local government districts and their debt is accomplished by MDAC staff. [ORS 287A.640](#) states that:

*“...a public body shall verify, at the request of the commission, the information maintained by the commission or the State Treasurer on the public body’s outstanding bonds.”*

District-by-district verifications are performed through close collaboration between DMD staff and local government finance officials. The Department of Revenue also provides annual updates of real market values used in preparing overlapping debt report information. Additional verifications are performed when bonds are called or when special circumstances may require verification of outstanding debt. Local government debt information in the Bond Tracker System was updated and verified as of 06/30/2021. The next biennial verification will occur in early 2024 for data as of 06/30/2023.

*This report is based on calendar year-end data, with the exception of Oregon School Bond Guaranty and Pension Obligation Bonds, where data represents fiscal year end.*

### **3. Amendments to OARs Affecting Local Government Issuers**

To address concerns over the growing levels of POBs issued by Oregon school districts and local jurisdictions, the 2019 Legislative Assembly enacted ORS 238.697. The statute establishes certain prerequisites for the issuance of POBs and additional post issuance reporting requirements for all POBs issued after June 11, 2019, to assist the State Treasurer in meeting its POB reporting requirements to the State Debt Policy Advisory Commission.

ORS 238.697 requires jurisdictions to generate and file a statistically based analysis of the expected earnings on POB proceeds over the life of the POB issue compared to the borrowing cost on these bonds. Once issued, each jurisdiction will provide Oregon Treasury staff with the actual borrowing cost, and annually, the actual earnings on POB proceeds. Treasury staff will track the estimated and actual earnings on these bond proceeds and compare them to the actual borrowing cost of the bonds, with the resulting information incorporated into the annual State Debt Policy Advisory Commission report, provided to the Legislative Assembly annually. Between passage of ORS 238.697 in June 2019 and June 30, 2021, there were no new issuances of POBs by any Oregon jurisdiction.

In May 2021, the MDAC convened a sub-committee to work with Oregon State Treasury Debt Management Division to amend OAR 170-061-0000 to provide guidance to local government (public bodies) on the issuance of pension obligation bonds and meet the ongoing requirements to assist the Treasurer in making annual reports to the Legislative Assembly. In addition, at the request of OST DMD, the MDAC Sub-Committee and OST DMD reviewed the fee structure for MDAC issuances which are codified in OAR 170-061-0015. The MDAC approved both amendments and after publication for public comments, both OAR 170-061-000 and 170-061-0015 became effective on July 12, 2021. The Oregon Administrative Rules may be accessed on the Secretary of State website at <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=279041>.

### **4. Market Environment and Statewide Economic Factors**

Oregon greeted 2021 with lockdowns in many communities due to the health risks continued spread and related of COVID-19. With the emergence of three vaccines, the State engaged in campaign to vaccinate all eligible individuals. By December 31, 2021, Oregon Health Authority recorded 74.7% of Oregonians were vaccinated. High vaccination rates and stabilization of new COVID-19 caseloads led to a gradual opening of facilities and increased levels of in person gatherings.



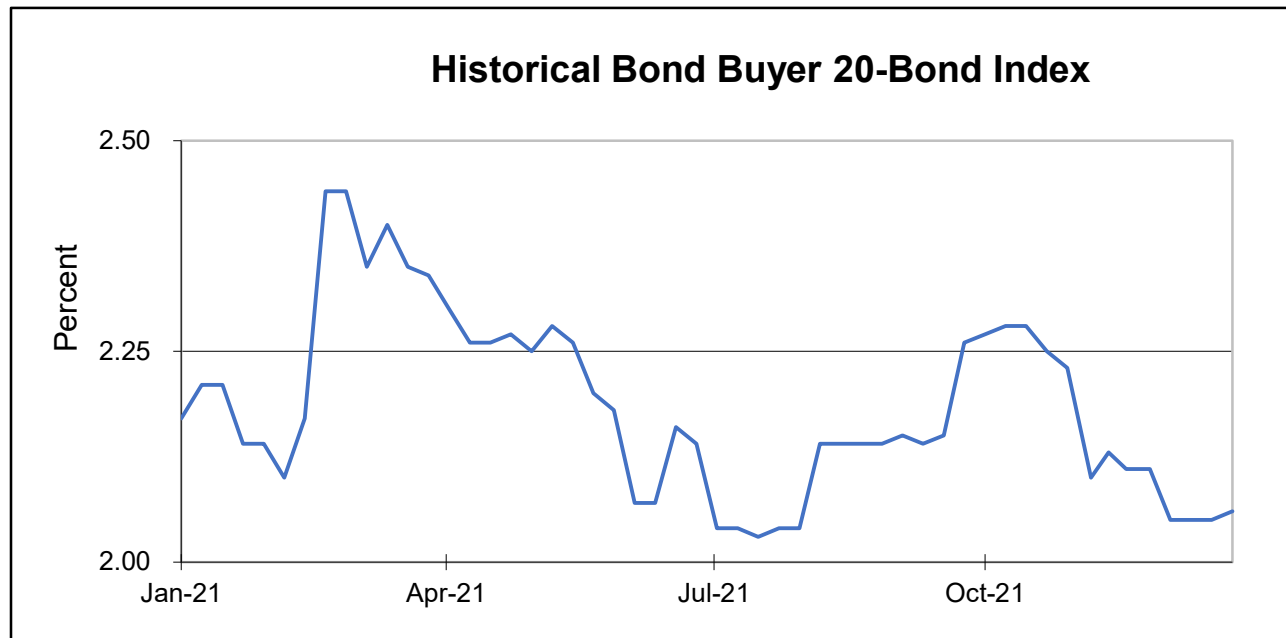
Federal subsidy, through the CARES Act (2020) and ARPA (2021) provided significant funding to states and local governments nationally. This funding supported income, healthcare benefits and employment as the nation and state sought to contain the spread of the virus.

Despite the dampening effects of COVID-19 and its variants, municipal market conditions remained favorable throughout 2021. Tax-exempt and taxable interest rates remained near historic low levels. Municipal funds experienced record inflows throughout 2021 buoying demand for municipal bonds and contributing to historically low rates. According to SIFMA, municipalities nationwide issued \$480.4 billion in debt in 2021, \$4.3 billion lower than the historically high of \$484.7 billion that was issued in 2020<sup>1</sup>. This issuance volume included \$319.3 billion in new money issued to finance new capital and \$161 billion issued to refund outstanding debt. Approximately 35% of the issuance was taxable bonds, with the remaining being tax-exempt or tax-exempt AMT bonds.

**a. Bond-Buyer 20-Bond Index - Tax-exempt Interest Rate**

The Bond Buyer AA-rated 20-Bond Index averaged 2.18% in 2021, which represents a decrease of 13 basis points from its 2020 average of 2.31%. The decline was most pronounced from the second to third quarter with modest increases in the fourth quarter and the subsequent decline. Although there were upticks in various months, 2021 tax-exempt rates remained below the MDAC recorded history, ending the year at 2.06%.

2021	Start	End	High	Low	Avg
Bond Buyer AA-rated 20-Bond Index	2.17%	2.06%	2.44%	2.03%	2.18%
Oregon Bond Index A-rated 20	1.69%	1.70%	2.09%	1.55%	1.76%



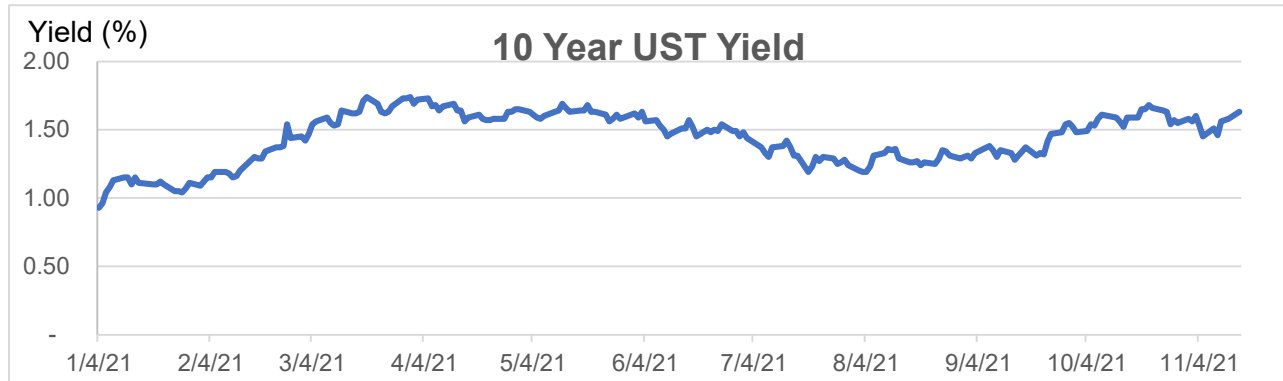
<sup>1</sup> Source: <https://www.sifma.org/resources/research/us-fixed-income-securities-statistics/>





## b. Taxable Bond Index – 10-Year US Treasury Yield

Taxable rates as measured by the 10-year US also remained at or near historic low levels during 2021. The low taxable yields permitted municipal issuers to advance refund higher rate tax-exempt bonds with taxable bonds to generate debt service savings. The 10-year US Treasury rate ranged from 0.93% to 1.74% and averaged 1.44% in 2021<sup>2</sup>. The table below depicts the 10-year US Treasury rates in 2021.



## 5. Oregon Local Government Debt

The following data is generated based on information reported through MDAC forms filed by Issuers and other obligated parties.

### a. Local Government Debt Issuance by County

During elections that occurred in CY 2021, 28 local Oregon bond issues were presented to voters, totaling approximately \$766.9 million in proposed new issuance. Twenty-one bond election measures passed, totaling slightly more than \$509.9 million; it is anticipated these bond authorizations will be issued over the next few years.

In 2021, Oregon local governments and municipalities issued \$6.03 billion of debt, as reflected in the table to the right. Multnomah County issuers topped the list with over \$3.06 billion or 50.80% of the total amount issued by local governments. Issuers in Multnomah, Deschutes and Lane, the three top issuing counties, accounted for 67.65% of all local government issuance in 2021. Multnomah County local issuers led with \$3 billion, followed by issuers in Deschutes County with \$542 million and Lane County with \$474 million. Local government issuers in all other counties accounted for \$1.95 billion in 2021 issuances. Although \$600 million in POBs were issued by the Oregon Education Districts Pool, the issuance was spread across 22 issuers in various counties and is reflected in the total debt issued by each county.

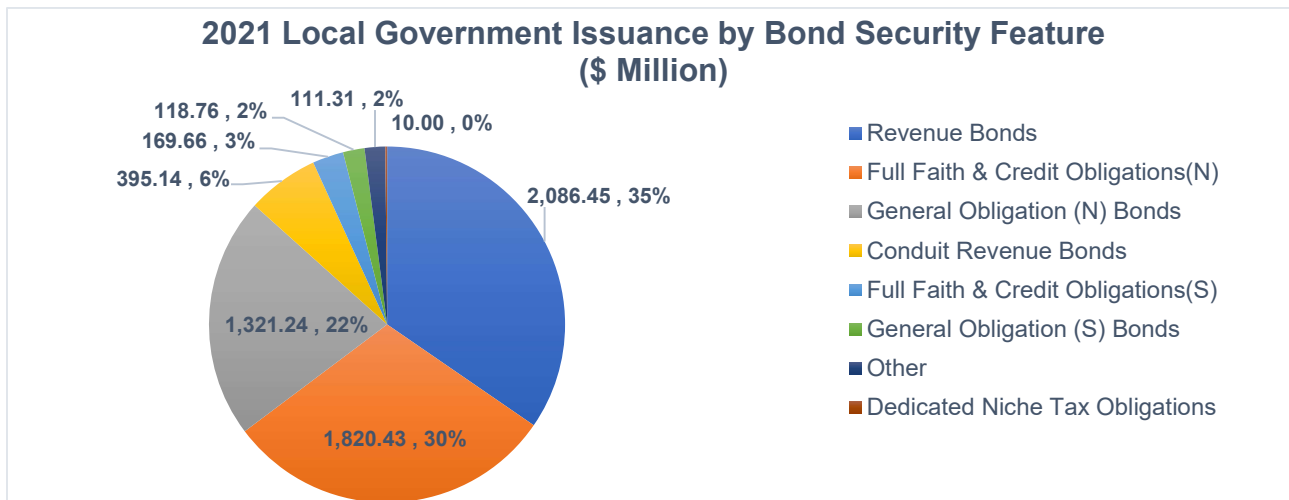
2021 Local Government Issuers By County		
County	Amount	%
Multnomah	3,065,005,000	50.80%
Deschutes	542,048,766	8.98%
Lane	474,628,118	7.87%
Clackamas	335,478,200	5.56%
Yamhill	335,003,978	5.55%
Washington	273,392,026	4.53%
Marion	203,000,000	3.36%
Morrow	142,803,165	2.37%
Clatsop	105,009,397	1.74%
All Others	556,626,961	9.23%
<b>Total</b>	<b>6,032,995,611</b>	<b>100.00%</b>

<sup>2</sup> Source: [https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily\\_treasury\\_yield\\_curve&field=tdr\\_date\\_value=2021](https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field=tdr_date_value=2021)



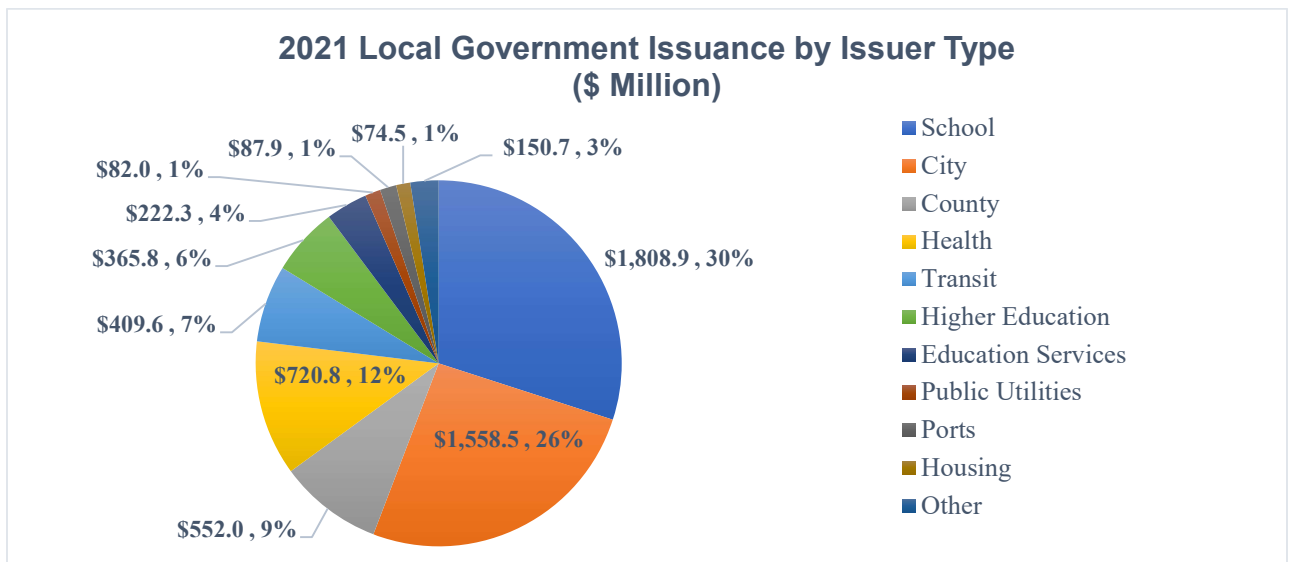
### b. Local Government Debt Issuance by Bond Security

Revenue Bonds were the largest category of debt issued by Oregon local government at \$2.08 billion or 35%. Full Faith and Credit Obligations supported by the general fund of the issuer were the second largest category at \$1.82 billion issued or 30%. Voter approved General Obligation Bonds secured and payable by an annual property tax levy that is outside the limits of sections 11 and 11b, Article XI of the Oregon Constitution and the full faith, credit and taxing authority of the local government comprised \$1.32 billion or 22% of issuance. These three bond security features accounted for 87% of total issuance, as provide in the chart below.



### c. Local Debt Issued by Issuer Type

The chart below shows the wide range of Oregon local governments that issued bonds in 2021. School districts were the leading issuers of new debt obligations with almost \$1.81 billion or 30% in bonds sold, cities were second with almost \$1.55 billion or 26% in new issuance, and the third was OSU and Other Health facilities with \$720.8 million or 12% of issuance.

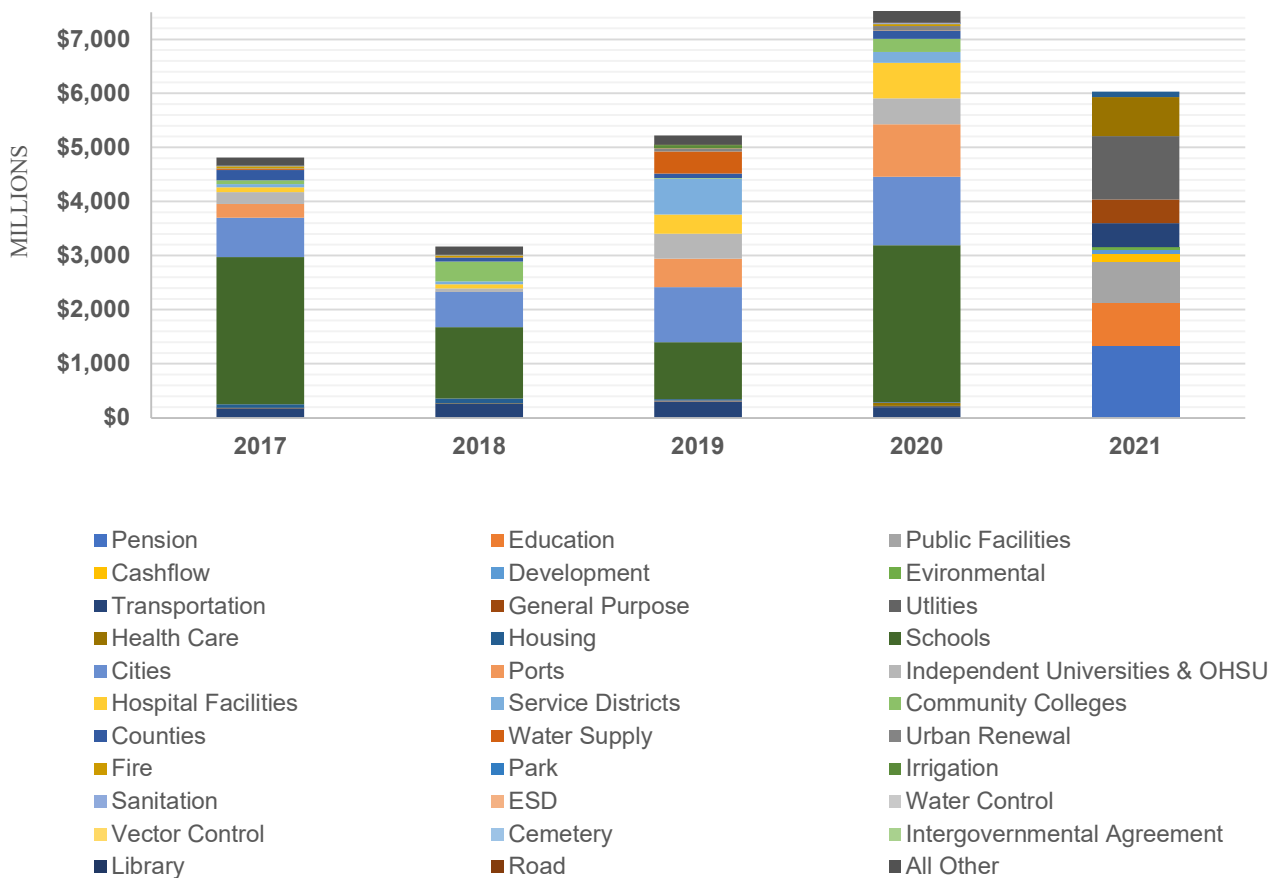




#### d. Historical Trends in Oregon Local Debt Issued by Issuer Type

The following chart illustrates the historical trend in local government issuance by issuer type during the last five years. School Districts were the largest issuers from 2017 through 2020. In 2021, POBs dominated with utilities following. This chart also shows that issuers have adapted their issuance pattern due to 1) changes in legislation such as the Tax Cut and Jobs Act, which eliminated tax-exempt advance refundings, and 2) the impact in escalation of advance refundings between 2019 and 2021 with record low taxable and tax-exempt interest rates, giving rise to significant taxable advance refundings. Finally, with the persistence of record low taxable rates during 2021, local governments issued taxable pension obligation bonds to fund unfunded pension liabilities.

### Trends in Local Government New Debt Issuance

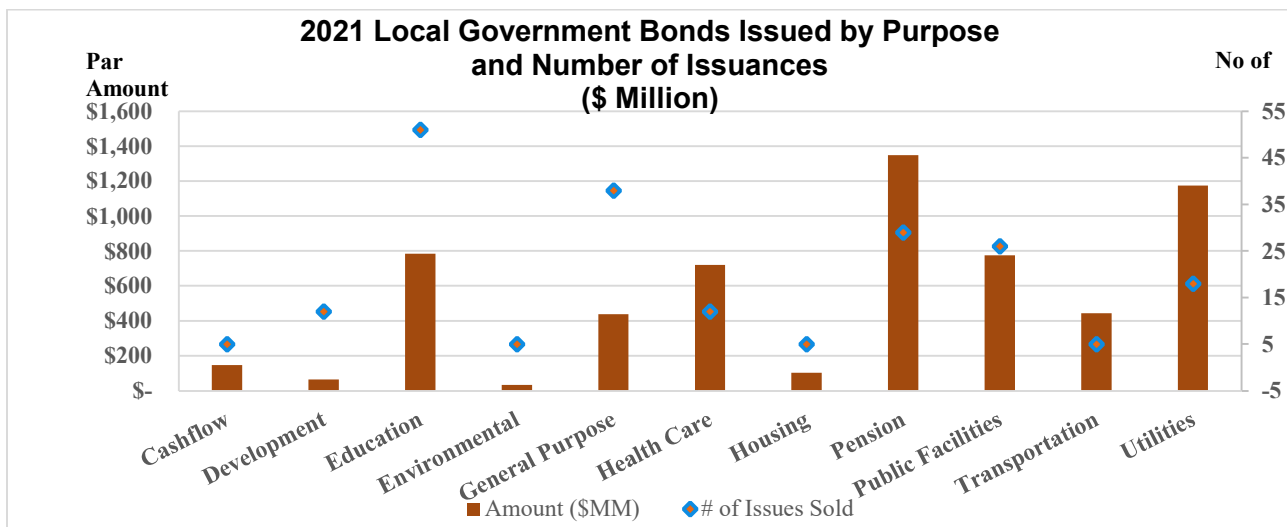




## 6. Local Issuance by Purpose

Historically, Oregon local governments sold pension obligation bonds in the early-to-mid 2000’s to fund local issuers’ unfunded accrued liability in the Oregon Public Employee Retirement System (OPERS). More recently, new and prior issuers of POBs have come to market with new issuance as schools and community colleges address new unfunded accrued liabilities (UAL) by selling taxable bonds at historically low rates.

In 2021, Oregon local governments accessed the markets with 198 bond issues. Pension obligation bonds were the largest dollar amount of issuance at \$1.38 billion in 29 issues and accounted for 22% of the total bonds sold. The second largest issuance category was utilities (comprised of water, wastewater, sewer and WIFIA financings) at \$1.17 billion in 18 issues, followed by education at \$784.4 million in 51 issues, then public facilities at \$774.16 million in 26 issues.



The following table ranks all 2021 local government issuance by purpose. Pension Obligation Bonds were the largest issuance category followed by utilities (water, wastewater, sewer, WIFIA loan) and then education.



2021 Issuance By Purpose		
Purpose	Amount	No of Issues
Cashflow	147,329,000	29
Development	65,091,299	18
Education	784,558,194	51
Environmental	33,602,000	26
General Purpose	438,222,453	12
Health Care	720,765,000	5
Housing	102,149,985	38
Pension	1,348,285,000	5
Public Facilities	774,156,000	5
Transportation	444,170,000	12
Utilities	1,174,666,680	5
<b>Total</b>	<b>6,032,995,611</b>	<b>206</b>

The table below shows the top issuers by purpose. The City of Portland led with \$897 million in utilities, Oregon Health and Sciences University followed with \$441.9 million of bonds for health care purposes. Tri-Met followed with \$409 million in transportation bonds and Multnomah County School District 1J (Portland) with \$339.39 million in POBs. As noted earlier, while Oregon Education District issued \$600 million of POBs, the bonds were allocated to each public body that participated in the pooled financing.

2021 Top Issuers by Purpose		
Purpose	Issuer	Amount Issued
Utilities	City of Portland	\$ 897,675,000
Health Care	Oregon Health Science University	441,925,000
Transportation	Tri-Met	409,640,000
Pension	Multnomah Cty SD 1J (Portland)	399,390,000
Public Facilities	Multnomah County	387,000,000
Education	Yamhill Cty SD 29J (Newberg)	144,447,978
General Purpose	University of Oregon	100,850,000
Cashflow	Multnomah County	89,580,000
Housing	Home Forward (Formally Portland Housing Authority)	38,300,000
Environmental	City of Bend	33,602,000
Development	Hillsboro Urban Renewal Agency	25,286,000



## 7. Advance Refundings

The Tax Cuts and Jobs Act (TCJA), passed in December 2017 eliminated the ability of local governments to issue federally tax-exempt bonds to advance refund outstanding bonds, although tax-exempt current refunding bonds are permissible given the short escrow.

Advance refundings are executed primarily to generate interest rate savings by redeeming outstanding bonds more than 90 days in advance of their call date, with proceeds of refunding bonds issued at lower interest rates. Advance refundings can also be undertaken to effect permanent reorganization of debt by removing restrictive covenants or changing the underlying repayment structure.

Recently, historically low interest rates have made taxable advance refundings a viable way to generate interest savings, as evidenced by the increase in advance refundings executed in 2018.

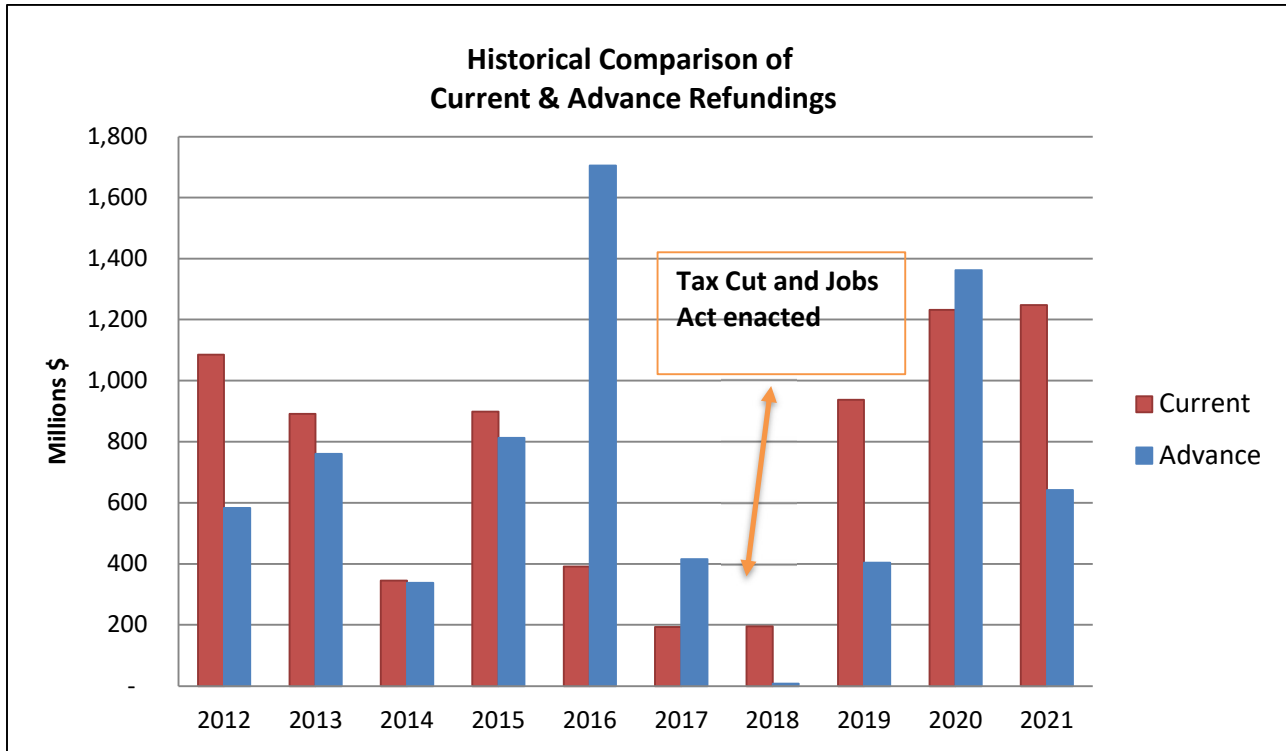
Despite the federal restrictions, the Oregon State Treasurer's Office remains responsible for assessing compliance of proposed advance refunding issues per Oregon Administrative Rule [OAR 170-062-0000](#) and approving those that meet this Rule. There are no limits on the number of current refundings an issuer may complete, nor do they require OST approval.

In 2021, the number of current refunding issues leveled out and advance refunding issues decreased compared to the previous year, producing \$48.1 million of present value savings. The following table shows the 10-year history of advance refunding bonds issued by Oregon local governments. The issued and Net PV Interest Savings are represented in millions.

Year	Current Refunding			Advance Refunding		
	Quantity	Issued	Net PV Interest Savings	Quantity	Issued	Net PV Interest Savings
2012	66	\$1,086	\$69	20	\$583	\$37
2013	52	891	27.7	23	760	40.7
2014	20	345	42.6	9	338	38.2
2015	44	898	112.4	21	813	53.1
2016	49	390	190.4	29	1,705	264.7
2017	33	193	36.3	20	416	41.2
2018	21	195	6.0	1	7	0.2
2019	21	937	103.3	12	404	58.2
2020	45	1,232	118.9	22	1,361	125.1
2021	48	1,248	329.4	14	641	48.1
<b>Total</b>	<b>399</b>	<b>\$ 7,415</b>	<b>\$ 1,036</b>	<b>171</b>	<b>\$ 7,028</b>	<b>\$ 706.8</b>



The following chart shows the historical number of current refunding and advance refundings by Oregon local governments.

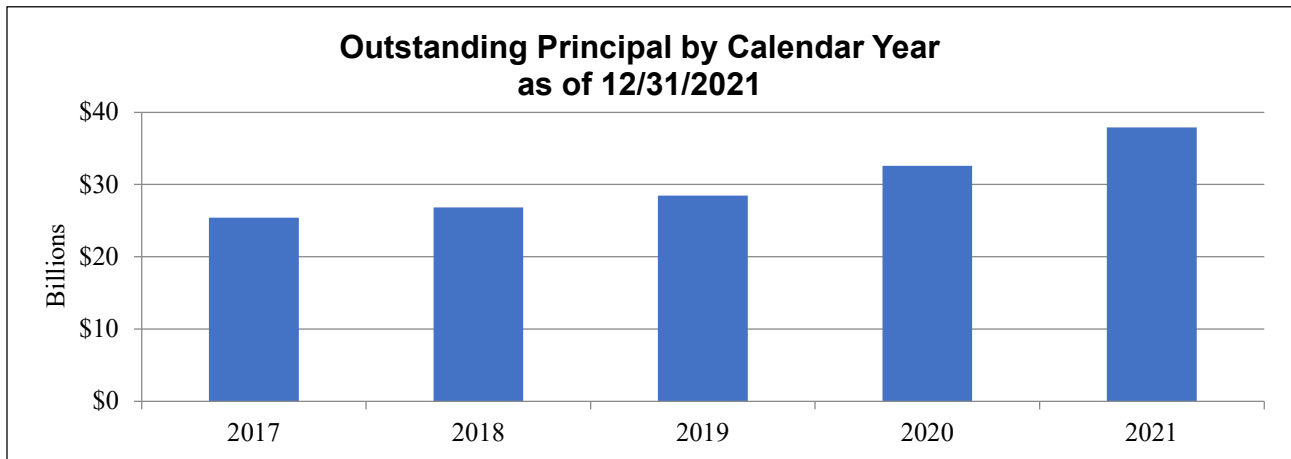


*Arrow represents when the Tax Cuts and Job Act of 2017 effected the overall decrease*



## 8. Local Debt Outstanding

The charts below show how bond issuance by local governments increased from 2017 to 2021 as improved economic conditions allowed communities to address needed improvements in infrastructure and facilities.



The following table illustrates the outstanding amount of local government debt by issuer type for 2021.

<b>Outstanding Amount By Issuer Type As of 12/31/2021</b>	
School	\$ 13,300,812,063
City	7,982,592,816
Port	2,990,473,553
Hospital Facilities Authority	2,265,936,262
Community College	1,616,082,200
County	1,595,144,956
Water Supply	1,360,891,733
OHSU	1,215,869,172
Service	1,195,558,543
Independent University	1,154,660,471
Transit	1,048,874,671
Urban Renewal	418,692,405
Housing	347,963,138
Fire	220,757,486
Health	205,556,859
Library	197,367,390
Sanitary	182,271,425
Park	162,471,534
Public Utility	136,430,241
Educational Service District	124,727,221
Irrigation	60,713,238
Water Control	53,065,166
Other	19,622,112
Vector Control	18,115,000
Road	9,365,307
Law Enforcement	1,218,135
intergovernmental Agreement	902,963
<b>Grand Total</b>	<b>\$ 37,886,136,063</b>



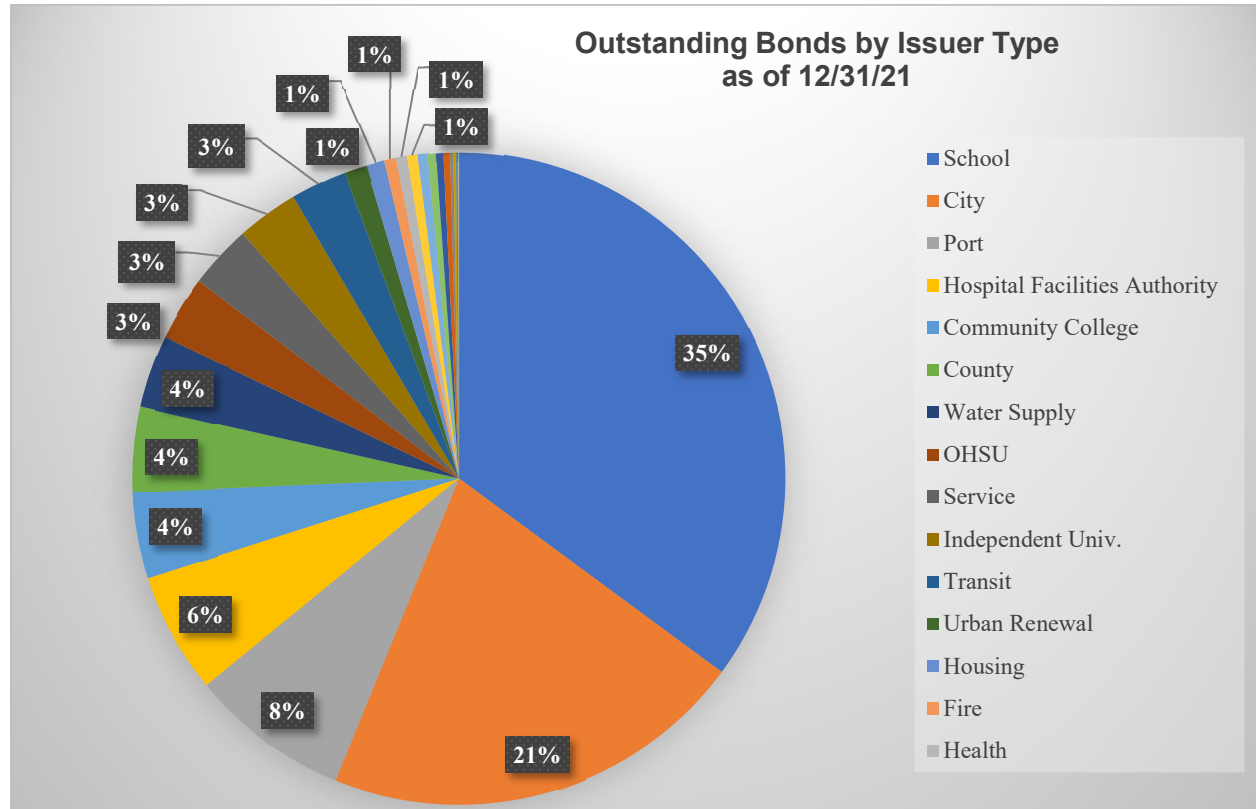


The following table provides a breakdown of outstanding debt by bond security feature, as reflected in the BondTracker system.

<b>Outstanding Local Debt By Bond Security as of 12/31/2021</b>	
General Obligation (N <sup>1</sup> ) Bonds	\$ 13,499,313,746
Revenue Bonds	10,860,861,582
Full Faith & Credit Obligations(N <sup>1</sup> )	7,011,627,963
Conduit Revenue Bonds	4,035,059,855
Full Faith & Credit Obligations(S <sup>2</sup> )	1,730,161,379
Dedicated Niche Tax Obligations	417,921,712
General Obligation (S <sup>2</sup> ) Bonds	193,805,050
Other	121,028,777
Appropriation Credits	16,356,000
<b>Total</b>	<b>\$ 37,886,136,063</b>

<sup>1</sup>N: Non-Self-Supporting GO for Full Faith and Credit debt  
<sup>2</sup>S: Self-Supporting GO or Full Faith and Credit debt

The following graph illustrates the composition of Oregon local government debt by a wide array of issuer type. School Districts have the largest outstanding balance followed by Cities and then Ports.





## 9. OSBG Program and Pension Obligation Bonds with State Fund Diversion Support

### a. Oregon School Bond Guaranty Program

Since its inception in 1999, the Oregon School Bond Guaranty (OSBG) program has grown significantly in size. As of June 30, 2021, the program has guaranteed nearly \$8.6 billion in outstanding GO bonds and over \$13.2 billion resultant debt service of Oregon school districts and community colleges. For FY 2022, this guaranty applies to local school district and community college annual debt service payments of \$848.2 million, which is equivalent to approximately 7.62% of total expected FY 2022 State General Fund revenues and 18.3% of projected FY 2022 State school aid for schools and community colleges.

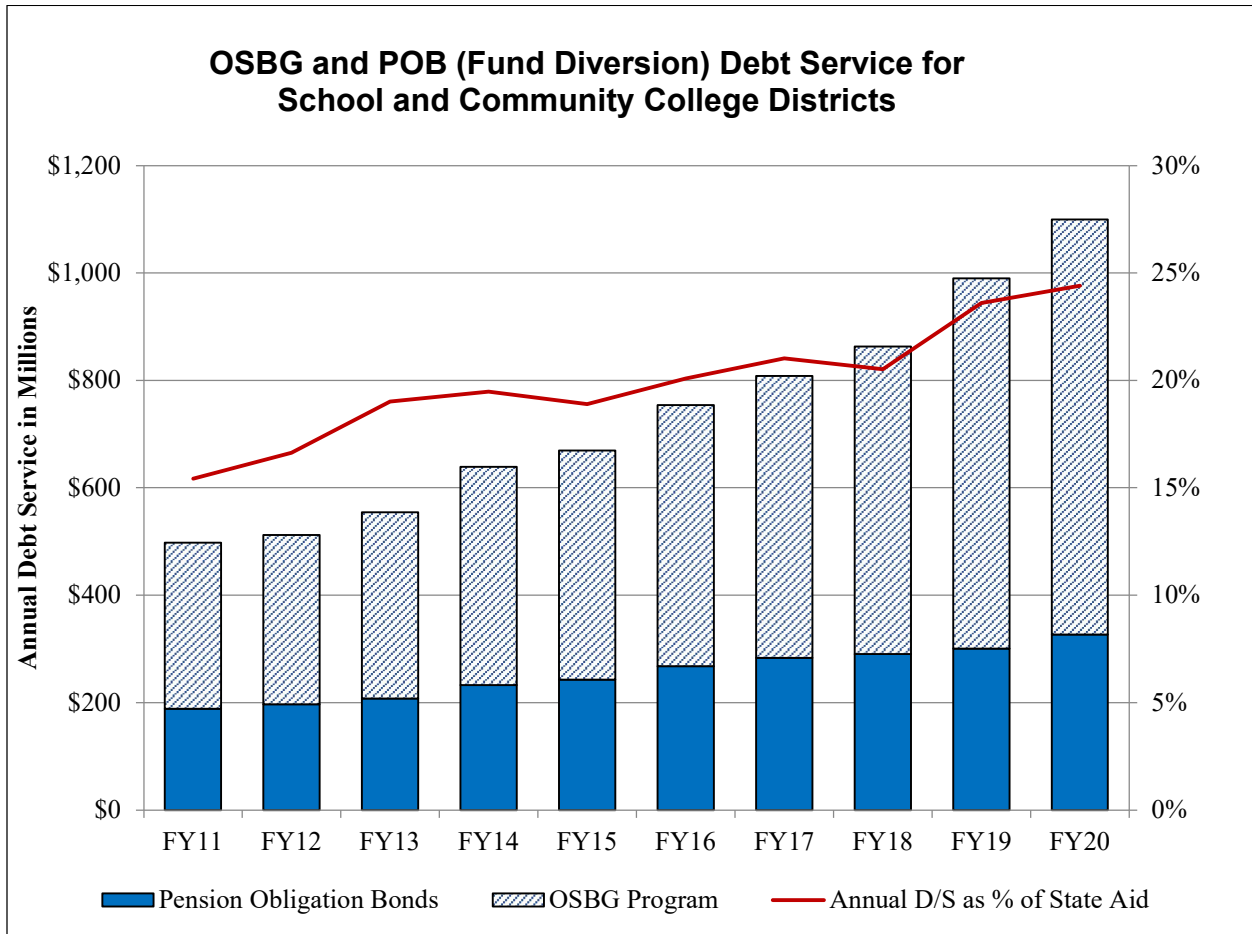
The guaranty is a contingent liability of the State, should a District fail to make bond debt service payment when due. The State's guaranty permits Districts to issue debt based on the State's GO bond ratings and reduce the interest cost of borrowing, particularly for small districts that are not frequent issuers. Although there are no recorded savings amount, assuming a conservative estimate of an average reduction of .25% (25 basis points) in borrowing costs per issue, it is estimated that taxpayers have potentially benefitted with interest cost savings of approximately \$21.9 million per year, or \$437.9 million over a 20-year period.

**b. Pension Obligation Bonds with State Fund Diversion Support.** In 2001, the Legislative Assembly authorized the State Department of Education to enter into Fund Diversion Agreements as a means of improving the creditworthiness of POBs issued by Oregon school districts and community colleges. POBs were initially issued from 2002 to 2007 by many local Oregon jurisdictions with this Fund Diversion provision to prepay their accrued unfunded pension liabilities in the Oregon's Public Employees Retirement System (OPERS). Under these Fund Diversion Agreements, the State Board of Education agrees to make POB debt service payments to the POB bond trustee out of the annual state aid grants made to participating districts. As of June 30, 2021, there was \$2.4 billion in outstanding balance associated with POBs issued prior to enactment of SB 1049 by the 2019 Legislative Assembly. Outstanding debt service on POBs with support from the Fund Diversion Agreement was \$340.7 million in FY 2021.

In response to growing levels of POBs issued by Oregon school districts and local jurisdictions to fund their unfunded pension liability, the 2019 Legislative Assembly enacted SB 1049 codified in ORS 238.697. The statute establishes certain prerequisites for the issuance of POBs and additional post issuance reporting requirements for all POBs issued after June 11, 2019, to assist the State Treasurer in meeting its POB reporting requirements to the State Debt Policy Advisory Commission. ORS 238.697 requires jurisdictions to generate and file a statistically based analysis of the expected earnings on POB proceeds over the life of the POB Bond issue compared to the borrowing cost on these bonds. Once issued, each jurisdiction will provide Oregon Treasury staff with the actual borrowing cost, and annually, the actual earnings on POB proceeds. Treasury staff will track the estimated and actual earnings on these bond proceeds and compare them to the actual borrowing cost of the bonds, with the resulting information incorporated into the annual SDPAC report. Between passage of ORS 238.697 in June 2019 and June 30, 2021, there were no new issuances of POBs by any Oregon jurisdiction.

Since implementation of Oregon Administrative Rules approved by the MDAC in May 2021, 29 public bodies have issued POBs totaling \$1.38 billion from July through December 2021. These POB benefit from the Fund Diversion Agreement which helps improve the creditworthiness of the bonds by ensuring funds go directly to the Bond Trustee for the payment of debt service. The debt service on the new POBs issued since June 30, 2021, are not included in the debt service charts presented herein.

The following chart shows the combined debt service of the OSBG program bonds and Pension Obligation Bonds outstanding from FY 2012 through FY 2021.

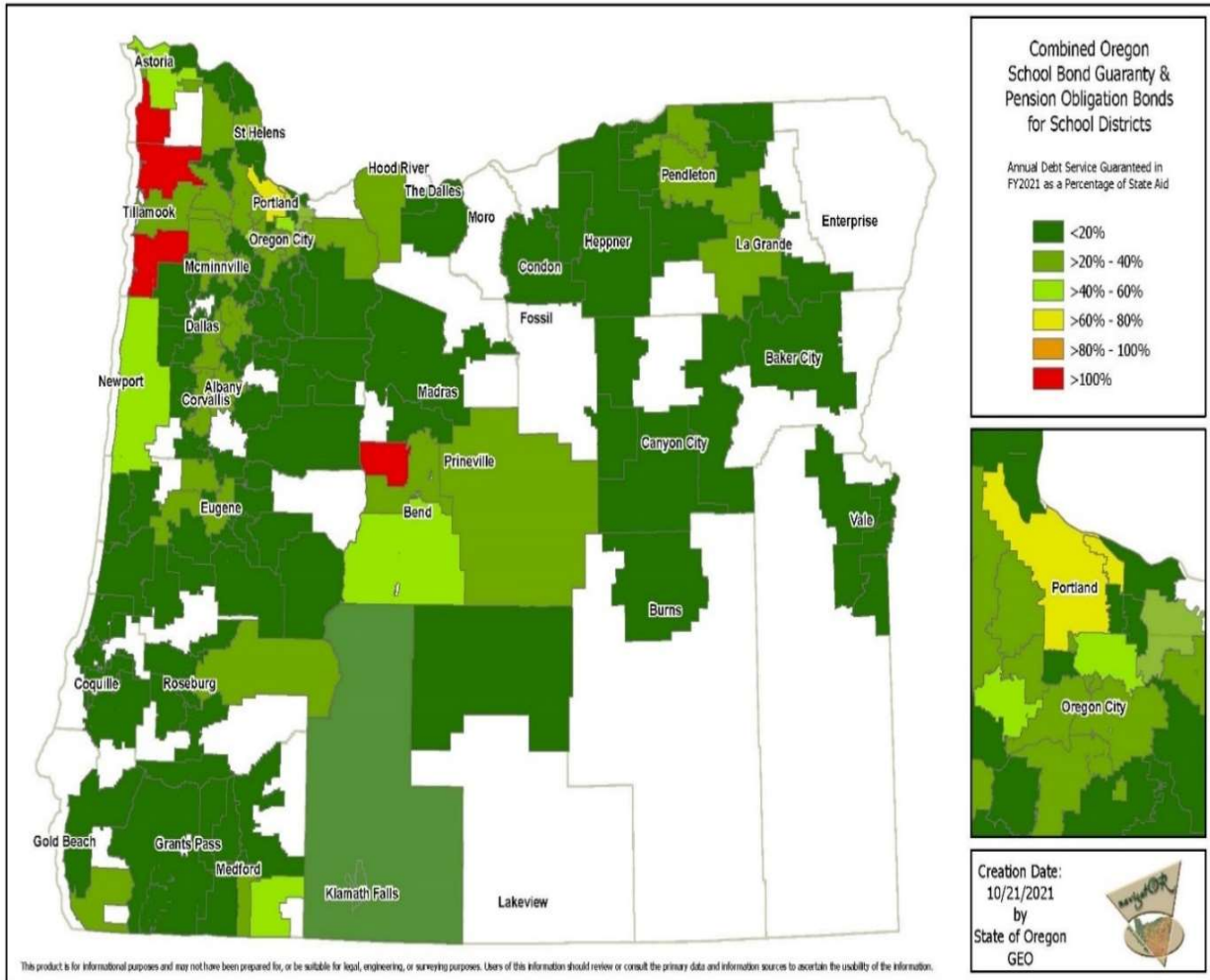


Debt service associated with the OSBG program bonds and the POBs using Fund Diversion based financings have increased substantially as a proportion to the amount of state aid appropriated to schools and community colleges. For FY 2021, debt service on these two programs was 25.8% of overall state aid for these entities.



### b. Graph of OSBG and POBs For K-12 School Districts

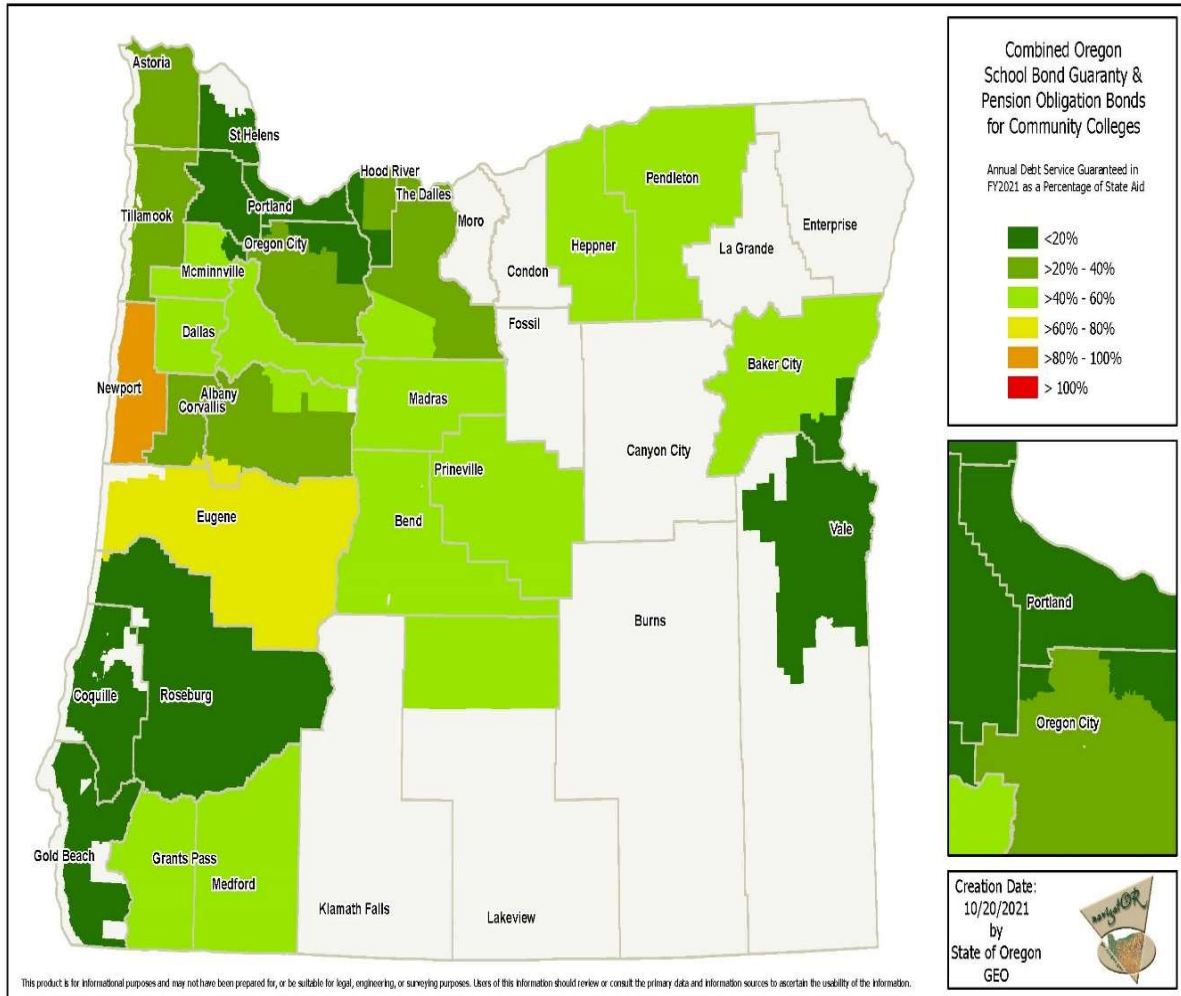
The following map illustrates the statewide distribution of K-12 school districts that have outstanding bonds under the OSBG program and/or pension bonds with the credit support benefit of the Fund Diversion Agreement.





### c. Graph of OSBG and POBs For Community Colleges

The following map illustrates the statewide distribution of Community Colleges that have outstanding bonds under the OSBG program and/or pension bonds credit enhanced with the credit support benefit of credit the Fund Diversion Agreement.





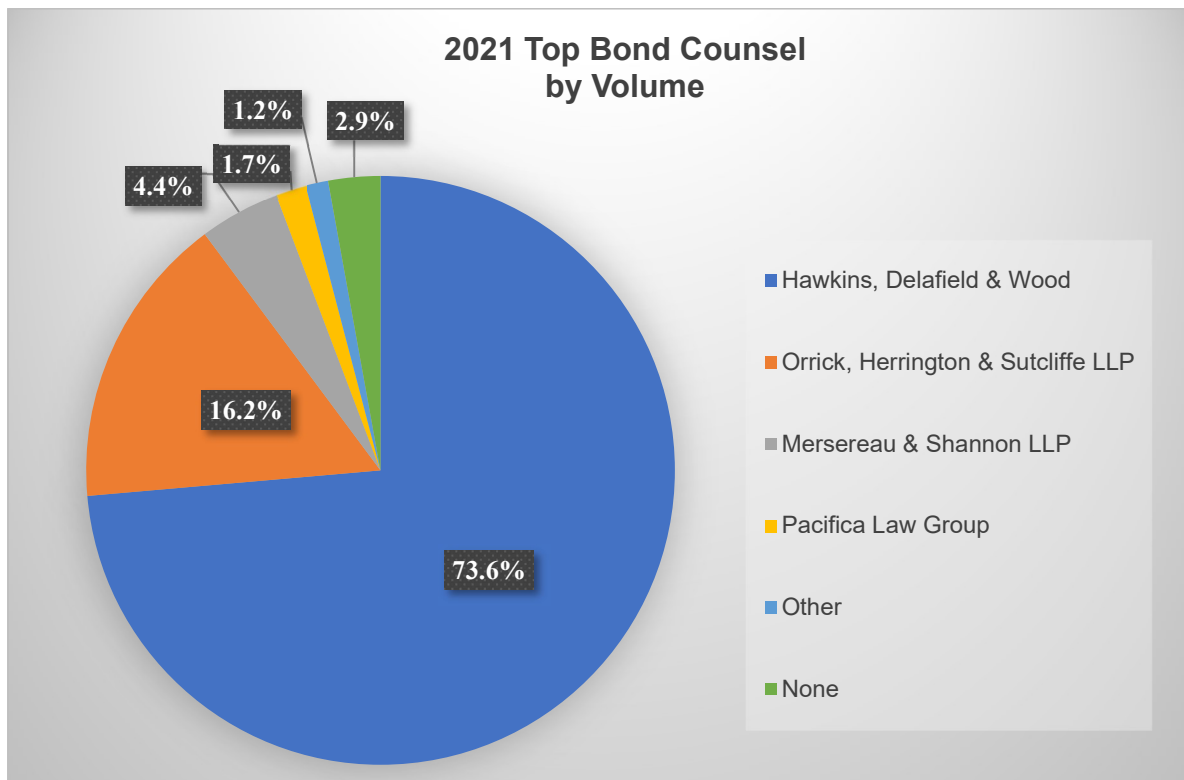
## 10. Bond Professionals Ranking

### a. Bond Counsel Firms

Local governments hire bond counsel firms to advise them regarding the legal and tax aspects of a bond sale. Bond Counsel provides the legal opinion for the bond issue that describes its federal and state tax consequences and opines that the bonds were legally authorized and issued. The law firms of Hawkins, Delafield & Wood; Orrick, Herrington & Sutcliffe LLP and Mersereau & Shannon Bond Counsels, respectively, have maintained the top three spots in Oregon since 2012.

2021 Lead Bond Counsel By Volume		
Name	Volume	No. Series
Hawkins, Delafield & Wood	\$ 4,440,762,997	109
Orrick, Herrington & Sutcliffe LLP	977,737,654	24
Mersereau & Shannon LLP	267,087,988	32
Pacifica Law Group	100,850,000	2
Other	74,063,000	3
None	172,493,972	36
<b>Total</b>	<b>\$ 6,032,995,611</b>	<b>206</b>

The table below summarizes the volume of Oregon debt for which each firm served as lead bond counsel in 2021.







Number of New Issues by the Top 3 Bond Counsel by Volume in 2021			
Issuer Category	Hawkins	Orrick	Mersereau
School	48	1	9
City	27	6	12
Port	4	0	5
County	4	1	1
Urban Renewal	3	0	0
Fire	2	1	1
Community College	8	0	0
Housing	1	1	0
Sanitary	1	0	0
Educational Service Distric	2	0	2
Service	2	0	0
OHSU	0	4	0
Transit	2	0	0
Library	1	0	0
Park	4	0	2
Hospital Facilities Authority	0	8	0
Water Control	0	1	0
Water Supply	0	1	0
<b>Total</b>	<b>109</b>	<b>24</b>	<b>32</b>

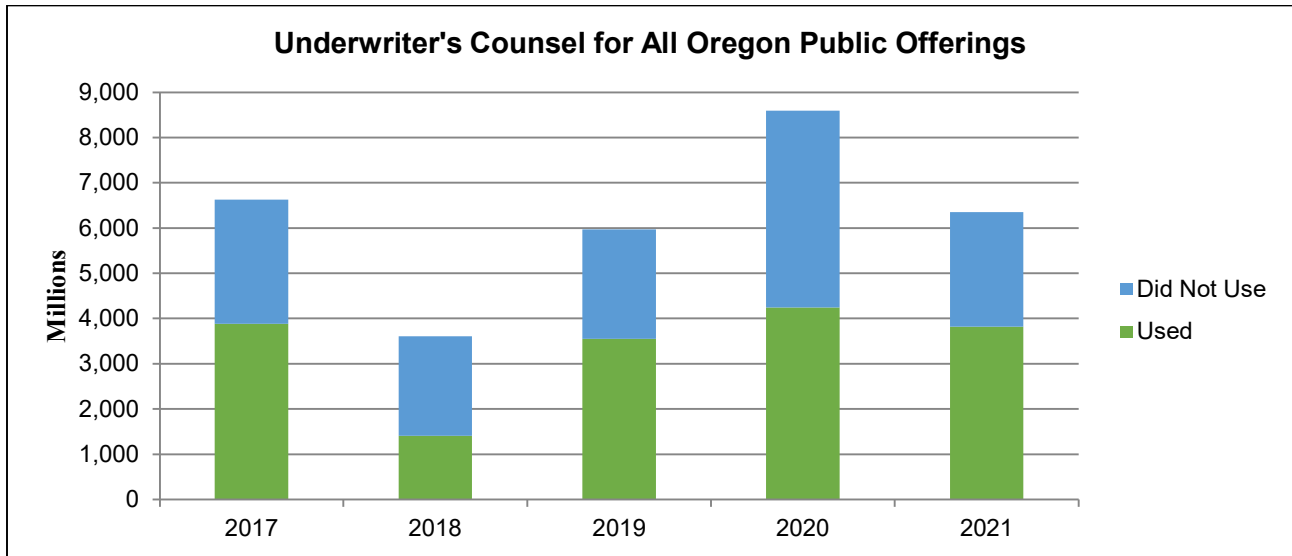
#### b. Underwriter's Counsel

*The data contained in this section relating to Underwriter's Counsel relates to publicly offered debt as provided by Thompson Reuters. It reflects all issuances for all issuers in the State of Oregon including state level issuers, and is aggregated at the issue level, rather than at the series level in prior*

An underwriter's counsel is an attorney or firm selected by and representing underwriters in the purchase of a new issue of municipal securities. Their primary role is to assure appropriate disclosure to investors and to assist in the underwriter's due diligence process.

The actual number of issues and par amount of bonds by volume that involved an underwriter's counsel decreased in 2021 compared to 2020. Of the industry total \$6.3 billion par amount issued, 60.2% of issuers used an underwriter's counsel in 2021 compared to 49.3% in 2020.

2021 Use of Underwriter's Counsel for Oregon Public Offerings			
Underwriter's Counsel Equal to Each Manager (Proportionate)	Par Amount (millions)	Market Share (%)	Number of Issues
Orrick Herrington & Sutcliffe LLP	2,298.9	36.2	16
Hawkins Delafield & Wood LLP	991.5	15.6	11
Chapman and Cutler LLP	278.8	4.4	7
Tiber Hudson LLC	117.0	1.8	8
Quarles & Brady LLP	91.0	1.4	3
Ballard Spahr LLP	44.1	0.7	1
<b>Used Underwriters Counsel</b>	<b>3,821.3</b>	<b>60.2</b>	<b>46</b>
<b>Did Not Use Underwriters Counsel</b>	<b>2,529.7</b>	<b>39.8</b>	<b>73</b>
<b>Industry Total</b>	<b>6,351.0</b>	<b>100.0</b>	<b>119</b>



### c. Municipal Advisors

An Independent Registered Municipal Advisor (IRMA) is a financial consulting firm that represents and advises issuers on matters pertinent to the security, structure, timing, marketing, fairness of pricing, terms, and ratings on a bond issue. Municipal Advisors (MAs) often serve as an agent for the issuer during the pricing of negotiated bonds. The IRMA and its employees must be registered with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) and are subject to fiduciary duties and other regulations. While an issuer is not required to engage a municipal advisor on its offering, many prefer to use these firms since an MA's key duty is to provide advice in the issuer's long-term best interest, as underwriters do not have a fiduciary duty to issuers.

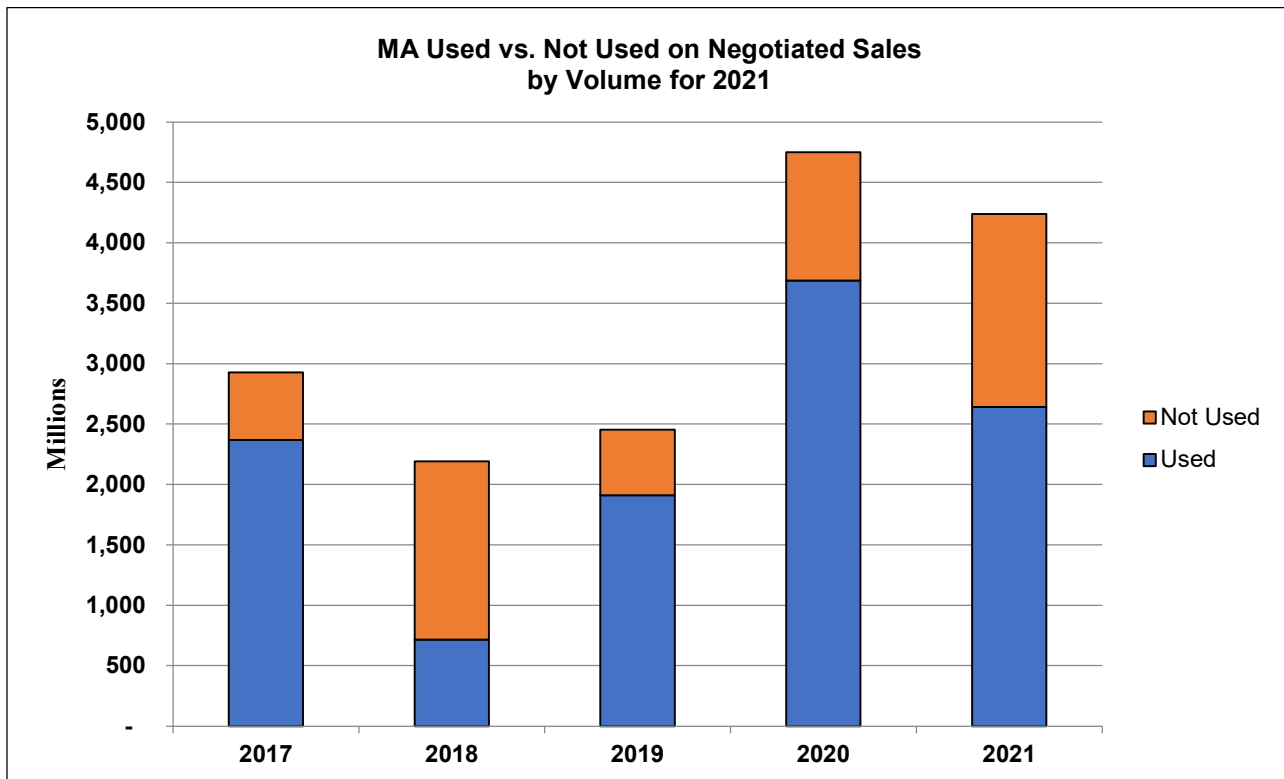
The following table ranks Oregon local government bond issue by municipal advisors. Public Financial Management was the lead MA firm identified by the issuers, followed by Piper and thirdly by SDAO Advisory Services. As shown in the chart, there are a number of issuers that did not identify a MA firm in their transactions.

<b>Municipal Advisors by Volume</b>			
<u>Name</u>	<u>Volume</u>	<u>Number</u>	
None	\$ 1,657,343,947	113	
Public Financial Management	1,323,147,546	20	
Piper Sandler & Co.	1,131,221,000	14	
SDAO Advisory Services LLC	857,715,000	46	
Melio & Company LLC	441,925,000	4	
Ross Financial	409,640,000	2	
D.A. Davidson & Co.	157,253,118	5	
Northwest Municipal Advisors	35,000,000	1	
Lewis Young Robertson & Burningham	19,750,000	1	
<b>Total</b>	<b>\$ 6,032,995,611</b>	<b>206</b>	





2021 Local Government Debt Issued by Sale Type							
Issuer Category	Competitive		Negotiated		Privately Placed		Total
	MA Used	No MA	MA Used	No MA	MA Used	No MA	
School	2		27	21		16	66
City	6		8	12	9	30	65
Port	4		4		1		9
Hospital Facilities Authority				8			8
County	3			1	1	3	8
Urban Renewal					2	1	3
Fire	2		1	1		4	8
Independent University			2				2
Housing				1		2	3
Community College			3	5			8
OHSU			4				4
Sanitary	1						1
Water Supply			1			1	2
Service	1				1		2
Public Utility					1		1
Educational Service Districts			2	1		1	4
Transit			2				2
Park	2		2		1	2	7
Water Control						2	2
Library				1			1
<b>TOTAL</b>	<b>21</b>	<b>0</b>	<b>56</b>	<b>51</b>	<b>16</b>	<b>62</b>	<b>206</b>





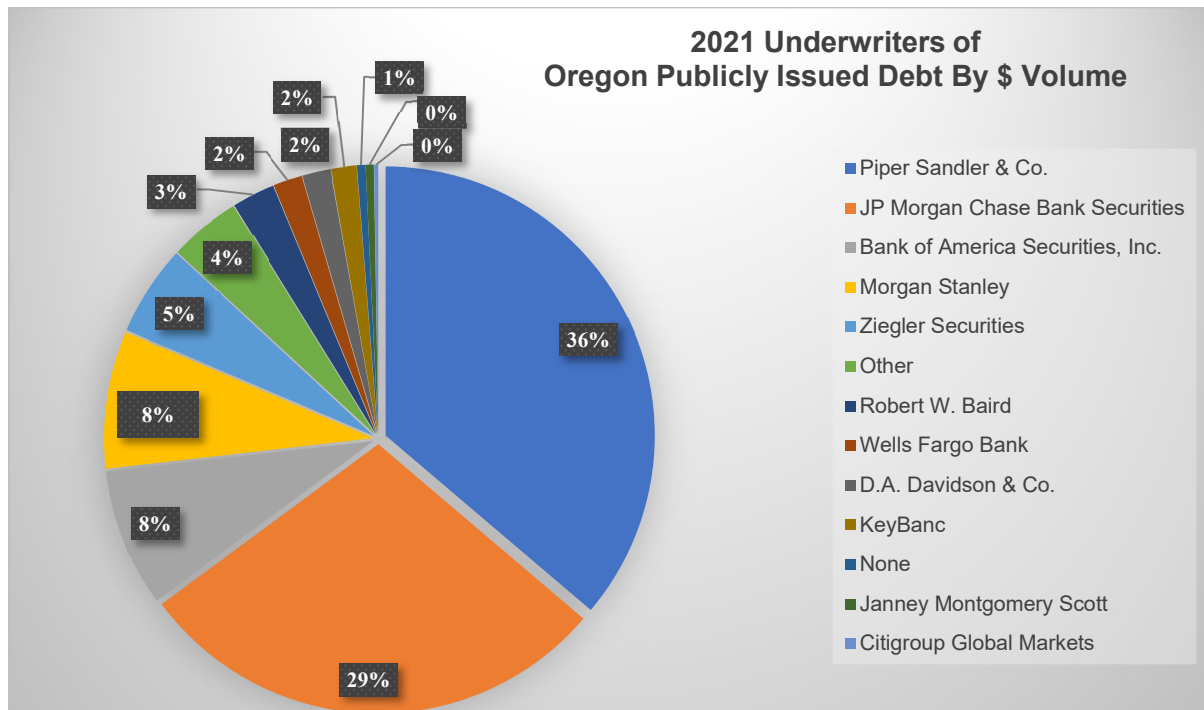
#### d. Lead Underwriters

The Lead Underwriter manages the pricing and sale of an issuer's bonds to various bond investors or, when necessary, take these bonds into inventory for later resale as market conditions permit.

These tables below summarize Oregon municipal long-term financial issuance for CY 2021 sales by Lead Underwriter. *This data below is taken from the BondTracker system and may exclude certain transactions.*

<b>2021 Local Government Lead Underwriters by Volume</b>		
<b>Underwriter Firm</b>	<b>Volume</b>	<b>No.</b>
Piper Sandler & Co.	\$ 1,859,547,815	69
JP Morgan Chase Bank Securities	1,472,110,000	7
Bank of America Securities, Inc.	426,605,000	4
Morgan Stanley	424,125,000	2
Ziegler Securities	278,840,000	8
Other	220,625,000	5
Robert W. Baird	132,425,000	6
Wells Fargo Bank	89,580,000	1
D.A. Davidson & Co.	87,105,000	15
KeyBanc	79,230,000	2
None	26,305,000	9
Janney Montgomery Scott	25,405,000	1
Citigroup Global Markets	13,265,000	1
<b>Total</b>	<b>\$5,135,167,815</b>	<b>130</b>

<b>2021 Underwriters by Sale Type</b>				
<b>Rank by Volume</b>	<b>Competitive</b>	<b>Negotiated</b>	<b>Privately Placed</b>	<b>Total</b>
Bank of America Securities, Inc.	2	2		4
Citigroup Global Markets	1			1
D.A. Davidson & Co.		15		15
Janney Montgomery Scott	1			1
JP Morgan Chase Bank Securities	3	4		7
KeyBanc	1	1		2
Morgan Stanley	2			2
None	8		1	9
Other	2	3		5
Piper Sandler & Co.		69		69
Robert W. Baird	1	5		6
Wells Fargo Bank	1			1
Ziegler Securities		8		8
<b>Total</b>	<b>22</b>	<b>107</b>	<b>1</b>	<b>130</b>



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## 11. Information Requests and Disclaimer

In accordance with the Americans with Disabilities Act, this material is available in alternate format and media upon request.

For more information, contact:

Oregon State Treasury  
Debt Management Division  
867 Hawthorne Ave SE  
Salem, OR 97301-5241  
Tel: 503-378-4930  
[DMDGroup@ost.state.or.us](mailto:DMDGroup@ost.state.or.us)

*Disclaimer: The Office of the State Treasurer makes all efforts to ensure the accuracy of the data, but this report has not been audited and should be read with caution. OST assumes no liability for any inaccuracies. We cannot guarantee full compliance with reporting requirements, so debt issue listings may not be exhaustive.*



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## APPENDICES

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## APPENDIX A: BondTracker Debt Instrument Format

The Bond Tracker System maintains the following debt types:

**Appropriation Credits** are financial obligations where an investor buys a share of the lease revenues of a publicly offered agreement (e.g. Certificate of Participation or Lease Revenue Bonds). Payments on these obligations are subject to annual appropriation. Failure to appropriate monies to pay debt service is a risk associated with these bonds.

**\*Bank Loans/Lines of Credit** are Full Faith and Credit Non-Supporting (N)\*\* or Self-Supporting (S)\*\* agreements or loans by a financial institution to extend credit and are repaid with interest on or before a fixed date.

**\*Capital Leases, Lease/Purchase/Installment Agreements** are Full Faith and Credit (N) or (S) debt documents granting possession and use of equipment or property for a given period with ownership conferred at the end of the term.

**Conduit Revenue Bonds** are "pass through" obligations of private parties that are secured by commitments and paid solely from revenue sources of private entities. The municipality has no obligation to repay these bonds, hence the term "pass through."

**Dedicated Niche Tax Obligations** are obligations secured solely by specific, identified taxes that provide permanent, long-term financing. Example: urban renewal agency tax increment bonds.

**Full Faith & Credit Obligations-Non-Self Supporting (FF&C(N)\*\*)** are obligations that: (i) are secured by the issuer's full faith and credit including their general fund; (ii) are not secured by any power to impose additional taxes outside constitutional limits; (iii) are expected to be paid from sources that include permanent rate property taxes and/or state school support payments; (iv) are not 100% paid by a enterprise revenue source; and (v) are legally binding obligations. Example: school district full faith and credit obligations.

**Full Faith & Credit Obligations-Self Supporting (FF&C(S)\*\*)** are obligations that while secured by the issuer's full faith and credit including their general fund: (i) are not secured by any power to impose additional taxes outside constitutional limits; (ii) are expected to be 100% paid from sources other than property taxes and their general fund; (iii) provide permanent (long term) financing; and (iv) are legally binding obligations. Example: The City of Portland's limited-tax revenue bonds that financed PGE park, paid from hotel/motel taxes. This category may include obligations historically referred to as Limited-Tax Revenue or Full Faith and Credit Obligations.

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\*MDAC supports Government Finance Officers Association (GFOA), the Governmental Accounting Standards Board (GASB), and the Municipal Securities Rulemaking Board (MSRB) recommendations to report these debt categories.

\*\*Non-self-supporting (N) debt is repaid by property tax, other tax, or the general fund. If these sources pay any portion of a debt obligation, the obligation is included in Net and Gross debt calculations of the overlapping debt report. If the debt constructs a revenue-generating enterprise or facility that generates



100% of the repayment revenue, the debt is Self-supporting (S) and is included in the Gross Debt calculation, but not the Net calculation.

Refer to Oregon Bond Education Center—[Types of Debt Instruments](#) and [MDAC Form - Pre-Issuance Information](#) for more information.

**General Obligations-Non-Self Supporting (GO(N)\*\*)** are bonded obligations, approved by voters, that: (i) provide permanent, long-term financing; (ii) are secured by the taxing and borrowing power of the issuing municipality; and (iii) are expected to be paid from property tax levies. Example: school district general obligation bonds.

**General Obligations-Self Supporting (GO(S)\*\*)** are bonded obligations, approved by voters, that: (i) are secured by the taxing and borrowing power of the issuing municipality, but (ii) are expected to be paid 100% from revenues other than property taxes, and (iii) provide permanent, long-term financing. Example: city general obligation sewer bonds.

**Operating Lease Agreements** are agreements granting possession and use of equipment or property for a given period without conferring ownership. The MDAC does not track this obligation.

**Oregon School Board Association (OSBA), Special District Association of Oregon (SDAO) and Oregon Education District (OED)** are pooled debt programs that permit more than one public body to sell bonds in a single offering. A participating public body such as a School District may secure its share of the pooled obligation using its Full Faith and Credit (N) or (S)\*\*.

**Other** is a financial obligation type that does not fit in any of the other categories currently tracked by the MDAC and is rarely used.

**Private Activity Bonds** are tax-exempt bonds or debt issued for certain projects that may have some private use component within the guidelines of the Internal Revenue Code(IRS).

**Revenue Bonds** are obligations that are secured and repaid solely from revenue generated by the project and provide permanent financing. Examples: sewer and water revenue bonds and city and county gas tax revenue bonds.

**Short Term Borrowings** often mature in less than 13 months from date of issue. MDAC requires reporting if the borrowing is for more than 13 months. Examples: TANs, BANs, RANs, TRANs and other short-term borrowings in anticipation of revenues or long-term take-out financing.

**\*State Loans** are generally Full Faith and Credit (N) or (S)\*\* loans or loans secured by a dedicated revenue source to municipalities by state agencies (typically Oregon Business Development Department/Commission, Oregon Department of Energy, Department of Environmental Quality, and Oregon Department of Transportation).

**\*United States Department of Agriculture (USDA) loans** are financial obligations issued under the Rural Development or Rural Utilities program. These obligations are most often categorized as Full Faith and Credit (S) in the Bond Tracker System.

\*MDAC supports Government Finance Officers Association (GFOA), the Governmental Accounting Standards Board (GASB), and the Municipal Securities Rulemaking Board (MSRB) recommendations to report these debt categories.

\*\* Non-self-supporting (N) debt is repaid by property tax, other tax, or the general fund. If these sources pay any portion of a debt obligation, the obligation is included in Net and Gross debt calculations of the overlapping debt report. If the debt constructs a revenue-generating enterprise or facility that generates 100% of the repayment revenue, the debt is Self-supporting (S) and is included in the Gross Debt calculation, but not the Net calculation.

Refer to Oregon Bond Education Center—[Types of Debt Instruments](#) and [MDAC Form - Pre-Issuance Information](#) for more information.