



OREGON
STATE
TREASURY

Oregon State Treasury 2021 Annual Report

Oregon State Treasurer
Tobias Read



A Look Back at 2021: Oregon State Treasurer Tobias Read



My team at Oregon State Treasury stayed busy in 2021, with tireless focus on doing our work consistently and reliably on behalf of all Oregonians. Here are just a few of the successes and milestones we met:

Successful transition of Oregon’s Unclaimed Property Program to Treasury. This was a huge lift by employees from two state agencies. After a seamless transition in July 2021, our team returned more than \$13.3 million to Oregonians by the end of the year.

OregonSaves moves to a new provider. More behind-the-scenes work to improve the experience of employers and employees alike. Further, savers in the program reached a huge milestone—\$100 million saved — in April 2021 and more than \$150 million by the end of year.

Solid returns on our investment portfolios. As we managed public employee retirement funds in a responsible way, earning a 20% return for the year, we also improved information about our portfolio in response to public inquiries about where and how we invest.

Continued support for state and local governments. We continued our efforts to modernize Electronic Funds Transfers and build resiliency behind state banking services. Our largest debt management deal for the year was a \$620 million bond sale plus refinancing that will save the state millions of dollars.

New projects to advance financial education. In 2021, we created new financial empowerment awards. We also awarded our first Diversity in Leadership scholarships through the Oregon College Savings Plan and supported the push to slow the spread of COVID by facilitating \$100,000 in scholarships for young people who got vaccinated.

Read on for details, and thank you for learning about how we did in 2021. We welcome your feedback and questions.

\$121 million Treasury budget 2021-23

200 Number of positions

\$139.1 billion Assets Under Management 12/31/2021

20.1% Oregon Public Employees Retirement Fund 2021 Return

30 million Financial transactions processed in 2021

\$361.6 billion Value of transactions processed

\$1.37 billion New debt issued in 2021

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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

[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 2021, under the leadership of Treasurer Read, Oregon State Treasury:

- Successfully transitioned Oregon’s Unclaimed Property and Escheated Estates programs to Treasury from the Department of State Lands.
- Promoted the use of 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 more and more Oregonians build retirement savings through OregonSaves.
- Supported state vaccination campaign by facilitating \$100,000 scholarships via the Oregon College Savings Plan.
- Made significant progress on construction of a new, resilient building, keeping it on schedule to open in early 2022, that will be home to Treasury’s Salem operations.
- Ended the year up 20.1% for the Oregon Public Employees Retirement Fund, with approximately \$100 billion in assets on behalf of public employees statewide.
- Continued Treasury’s push to hire and support a diverse staff reflective of the Oregonians we serve.



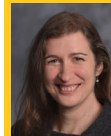
Tobias Read
State Treasurer



Dmitri Palmateer
Chief of Staff



Michael Kaplan
Deputy State Treasurer



Deena Bothello J.D.
Director
Legal and Compliance



Claudia Ciobonu
Director Trust Property



Rex Kim
Chief Investment Officer



Jacqueline Knights
Director Debt Management



Michael Makale
Chief Audit Executive



Cora Parker
Director Finance



Michael Parker
Director Oregon Savings Network



Jackie Steffens
Chief Human Resources Officer



Jerry Walker
Director Information Technology



Byron Williams
Chief Administrative Officer



Rachel Wray
Chief Operating Officer

Working 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 OregonSaves 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 protect and return unclaimed funds that belong to Oregonians.

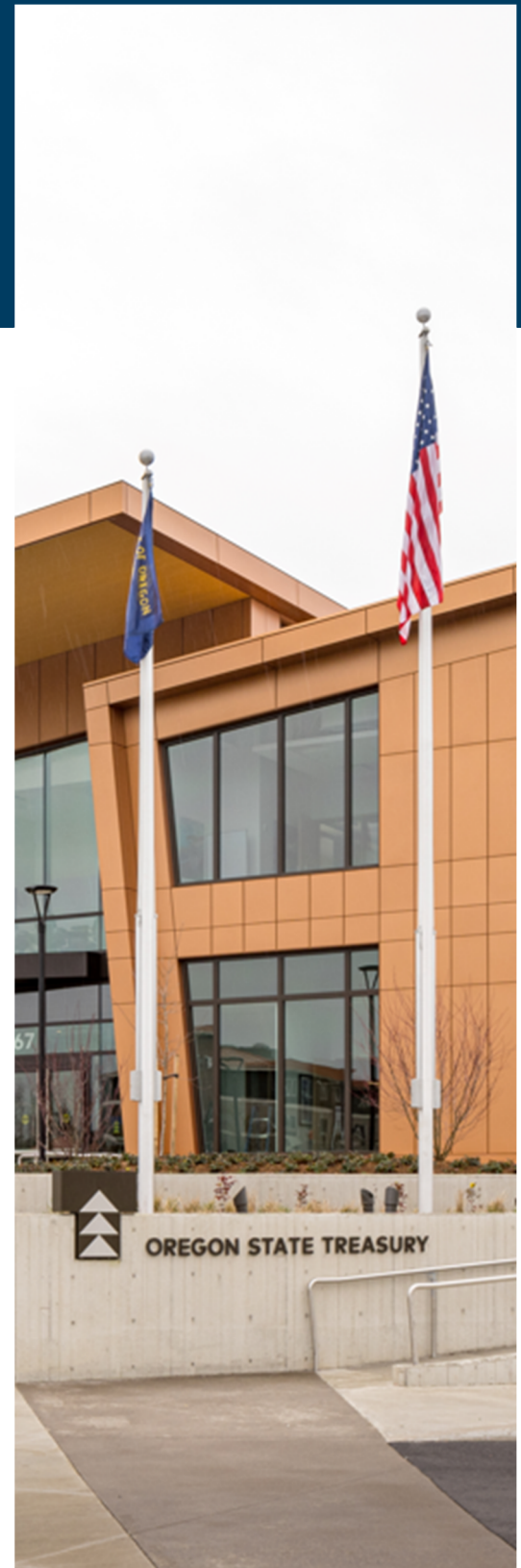
We partner with banks and credit unions to protect public funds deposited by public bodies throughout Oregon.

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

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. Cara Samples, John Russell; Lorraine Arvin; Pia Wilson-Body; 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; Dr. Robin Holmes-Sullivan; Sydney Shook; Missy Olson. 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; Edward Brewington; 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; Eileen Hendricks; Jacqueline Knights, Treasurer's Designee; Brian Nava; Bryce Stadick; Sharon Wojda; Brett Yancey. ORS 287A.630-640

INFRASTRUCTURE FINANCE AUTHORITY

Oversees public infrastructure assistance, and industrial land certification. Members: Christine Bailey; B. Jonas Biery; Kari Duncan; Andrea Klaas; Jacqueline Knights, Treasurer's Appointment; Rep. John Lively. 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: Roy Kim, Chair; Andrea Trenner, Vice Chair; Kathleen Cornett; Sean Hubert; Eric Johansen; Erika Patton; Erick Petersen. 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; Renee Klein; Theresa Deibele. ORS 286A.605-630

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. Lee Beyer; and Tim Duy, public representative. ORS 286A.250

FINANCIAL EMPOWERMENT ADVISORY TEAM

Supports efforts to support financial literacy and wellness statewide. Treasurer Read, Chair; Julia Carlson; Scott Cooper; Margaret Doherty; Carlos Garcia; Bill Ihle; George Katsinis; Guillermo Sandoval; Prem Matthew; Erin Moore; Jennifer Satalino; Bandana Shrestha; Pamela Ranslam.

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.

Safeguarding Oregonians' Money: Oregon's Unclaimed Property and Escheated Estates Programs

Oregon's Unclaimed Property and Estates Administration programs became part of Oregon State Treasury on July 1, 2021. At the time of the transfer, Oregon's Unclaimed Property Program held more than \$773 million in unclaimed assets—funds derived from uncashed checks, forgotten bank accounts, security deposits, and more.

Treasury's management of the program, which includes the personnel who formerly oversaw the program at the Department of State Lands, is all about keeping unclaimed property safe until the rightful owners come forward to claim it. We also invest the funds to earn interest for the Common School Fund, which distributes money to schools across Oregon.

Oregon's Estates Administration Program safeguards personal estates when Oregonians die without a will and known heirs. The Estates team coordinates funeral arrangements; identifies and secures assets; pays creditors and estate taxes; and looks for heirs. All remaining funds are deposited in the Common School Fund, where they also earn interest for Oregon's K-12 education until claimed.

The move was the result of Senate Bill 454, approved by the Oregon Legislature in June 2019, which moved oversight of these two programs to Treasury from Department of State Lands. Planning for the move was done behind the scenes by both agencies to ensure that when the program responsibilities changed in July 2021, the processes and team members who've made the programs successful would be ready to go from day one at Treasury. A total of 16 staff from both programs became Oregon State Treasury employees on July 1.

Following the transfer, most people using the program saw no difference in their experience submitting or following up on a claim, and the main portal for searching for and claiming unclaimed property remained the same: unclaimed.oregon.gov.

Beginning with the 2021 reporting year, businesses, nonprofits, and government agencies that report and remit unclaimed property worked with Treasury to meet the annual reporting deadline for unclaimed funds. The program had its largest remittance receipts ever, with thousands of businesses reporting more than \$80.8 million in unclaimed funds for the calendar year.

Program staff also worked hard on reducing backlogs of claims, adding capacity to the team, and offering and promoting public auctions of unclaimed items from safe deposit boxes.

7/1/21–12/31/21

highlights:

▶ Seamless transition of the trust property program to Oregon State Treasury

▶ Record amount of unclaimed property reported by holders

\$13.3 million

Amount returned to claimants

10,900

Approved claims

66

Number of safety deposit boxes reunited with owners

\$80.8 million

Amount reported by businesses, governments in fall 2021

\$760 million

Total amount of unclaimed funds available to claim

\$39.4 million

Amount distributed to the Common School Fund in 2021

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 2021, the program was made available to homecare workers and personal care attendants, professions that 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. Now, 11 states are in various stages of creating similar programs to respond to the retirement savings crisis, and another 23 states have legislation introduced. 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 \$166 per month); and millions of dollars have been saved by workers who were not saving before.

In 2021, program assets continued to climb. The program is an important resource to 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 are available 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.



2021 highlights:

▶ More than \$150 million saved

▶ Program expanded in April 2021 to homecare workers and personal care attendants

2017

Program launched

\$150 million

Total OregonSaves assets 12/31/21

112,689

Number of funded accounts

\$1,331

Average account balance

\$166

Average contribution amount

17,025

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



2021 highlights:

- ▶ First year for new 529 tax credit
- ▶ Vaccine lottery scholarships

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.

By the end of 2021, participants in the Oregon College Savings Plan had more than \$2.9 billion saved, reflecting 10.9% in annualized asset growth since December 2010. Oregon State Treasury also oversees the Oregon MFS Savings Plan, which, unlike the direct-to-participant OCSP, is sold through financial advisors.

In 2021, filers of 2020 taxes could take advantage of 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.

In September 2021, the program announced the first two recipients of 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. Awardees will receive \$10,000 for their freshman year and \$5,000 for each of the next three years of full-time enrollment, or until completion of degree (whichever comes earlier).

The program also 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.

Last but certainly not least, the Oregon College Savings Plan was a vital part of a campaign to encourage Oregonians to get their covid vaccines. Five \$100,000 college scholarships were awarded through the "Take Your Shot" campaign. Prize dollars were placed in Oregon College Savings Plan accounts for use after the youth recipients complete high school.

\$2.9 billion

Oregon College Savings Plan assets 12/31/21

131,821

Oregon College Savings Plan funded accounts

\$22.2k

Average OCSP account balance

\$298 million

OCSP contributions for 2021

+3.4%

Annualized growth in # of OCSP accounts Dec '10-Dec '21



\$2.1 billion

MFS assets 12/31/21

86,859

MFS accounts

Saving Without Compromise: Oregon ABLE Savings Plan

Oregon ABLE and the ABLE for ALL Savings Plans celebrated five years at the end of 2021. As part of the milestone, Treasury announced that more than 4,500 participants had saved more than \$45 million, including \$18 million contributed to accounts just in 2021. This was yet another jump over the previous year's savings 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 2021, participants in Oregon ABLE had an average account size of more than \$10,000.

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 past years, despite the ongoing pandemic, the program has continued reaching out to people and partner organizations about the savings program and its benefits. In addition to web-based outreach efforts, the program has continued to benefit from its partnership with Oregon BottleDrop, which allows Oregonians to accrue funds for their Oregon ABLE accounts by returning empty beverage containers at redemption centers across the state.

In 2021, the Able for ALL Savings Plan, a national ABLE savings plan administered by Oregon State Treasury, welcomed the state of Hawaii to the ABLE Collaboration.



2021 highlights:

► At five-year anniversary of program, \$45 million saved by more than 4,500 program participants

**\$48.4
million**

Total ABLE Savings Plan assets 12/31/21

4,678

Number of funded accounts 12/31/21

\$10,349

Average ABLE account balance 12/31/21

\$100k

Amount that someone can save without impairing SSI eligibility

+42.3%

Annualized growth in # of ABLE accounts Dec '17-Dec '21

Supporting Financial Empowerment and Education

As part of a new initiative to highlight and improve financial literacy and wellness efforts for Oregonians, Treasurer Read and Oregon State Treasury are working with experts across the state to help Oregon communities and families be more financially secure and plan for a better future.

A diverse panel of experts was convened in early 2021 to develop priorities for the new initiative. After several months of meetings and discussion, in September 2021, the 15-member Financial Education Advisory Team released recommendations for the state. Identified priorities included:

- Augment and amplify financial education efforts inside and outside government;
- Raise the visibility of financial education;
- Recognize inequities and lower barriers to financial education;
- Ensure information is accessible to all; and
- Identify measurable benchmarks.

Members said general equity and racial equity should be considered across all the overlapping priorities.

There was also consensus that while financial education won't solve inequity or systemic problems, nor will it lift a person or their family out of poverty, it can provide a foundation for making confident financial decisions and avoiding predatory practices.

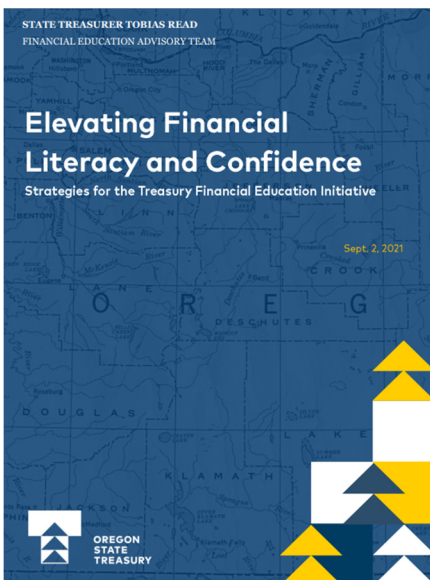


2021 highlights:

► Release of strategies for boosting financial literacy and confidence across Oregon

► Launch of new Financial Empowerment Awards for people making a difference in their communities

► Partnership with 211INFO to help connect people with resources and information



From those recommendations, the group was renamed the Financial Empowerment Advisory Team, and it continues to work to advance the priorities above. Key achievements initiated in 2021 include a new annual award that will recognize standout educators and organizations that help boost financial empowerment in their communities. The awards, announced in November 2021, will begin accepting nominations in 2022.

Public Employees Retirement Fund and Common School Fund Lead 2021 Performance

Oregon State Treasury invests on behalf of public entities and beneficiaries of the state retirement system. With assets under management nearing \$140 billion, this work demands broad understanding of market conditions and a commitment to sustainable returns.

For several years, Treasury has generated excess value for public trust funds by moving some investment management activities in-house. Approximately 37% of assets under management are now managed internally by Treasury staff. This in turn has reduced costs and fees and improved investment performance. For reduced fees alone, the savings have amounted to nearly \$2 million a month. These savings, net of all costs including additional staff, are reinvested.

Treasury staff also continue to better understand the implications of a changing climate on our investments. State law requires that Oregon trust funds are invested for the sole and exclusive benefit of beneficiaries. Still, as a large institutional investor, Treasury has a responsibility to understand factors that influence the long-term profitability of an investment.

In 2021, we initiated work to study our portfolio for climate risk; reported to the Oregon Investment Council on how our private equity team has enhanced manager evaluations to include environmental, social, and governance factors; and provided training to staff on climate threats and in turn what these threats can mean for various asset classes.

Treasury must act as a responsible shareholder, pressing corporations to make decisions that improve long-term value. While participating in thousands of board meetings in 2021 through our proxy voting program, our 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.

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.

2021 investment highlights:

\$139.1 billion Total Assets Under Management 12/31/2021

\$96.5 billion OPERF Regular Fund

20.1% OPERF 1-year return

\$34.2 billion Oregon Short Term Fund

.08% OSTF 1-year return

\$5.0 billion State Accident Insurance Fund

2.03% SAIF 1-year return

\$2.3 billion Common School Fund

16.8% CSF 1-year return

Investment Division Reports Year-End Returns of 20.1% for Oregon Public Employees Retirement Fund

The Oregon Public Employees Retirement Fund—the largest fund overseen by Treasury staff—ended 2021 up more than 20%. Over the past several years, the Oregon Investment Council and staff have implemented strategic changes 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.

In 2019 and 2020, our more complex fund lagged simpler portfolios as shown in our year-end performance numbers. In 2021, our long-term strategy delivered well, with returns of 20.1%.

Even with the strong returns, it's important to note that OPERF, with its broad diversification, is designed to be less risky than the stock market. The level of risk-taking for OPERF is deliberate and consistent with our long-term responsibility to pension beneficiaries.

Treasury staff fielded an increasing number of questions in 2021 about OPERF and how it is invested. With greater scrutiny of investments and deeper interest in responsible investing, Treasury made changes to provide better transparency into the thousands of public equities in which OPERF is invested. The investing team will also be working in the future to provide updates on our ESG-related work, with a new report slated for late 2022.

OPERF

20.1%

OPERF 2021 return

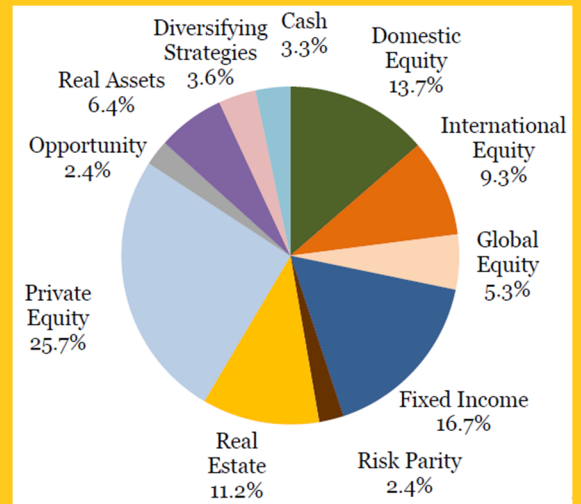
10.2%

OPERF 10-year return

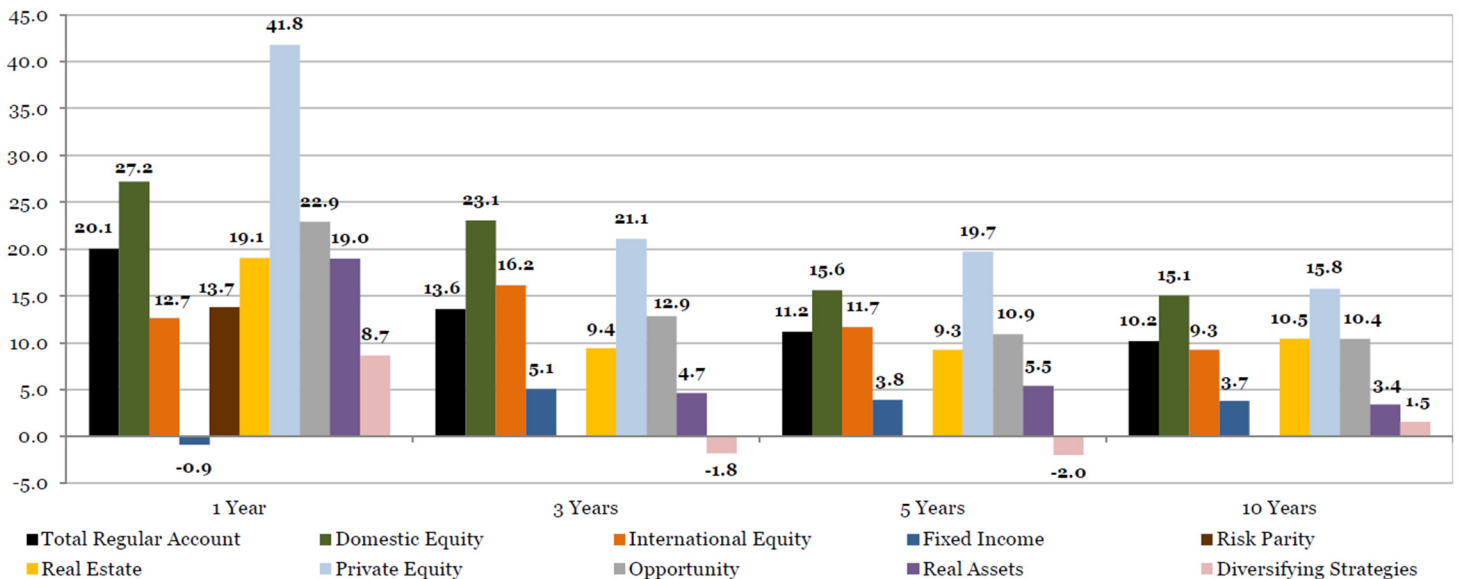
\$96.5 Billion

OPERF regular fund assets
12/31/2021

2021 OPERF Asset Allocation



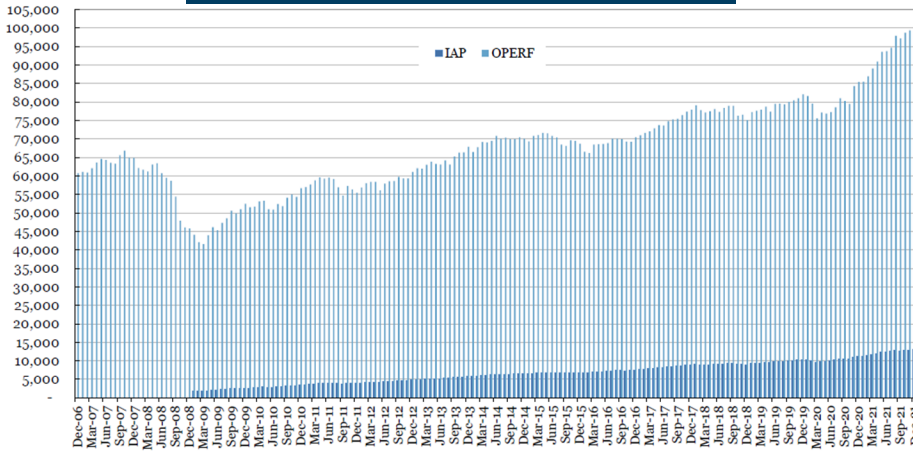
2021 OPERF Performance by Asset Class



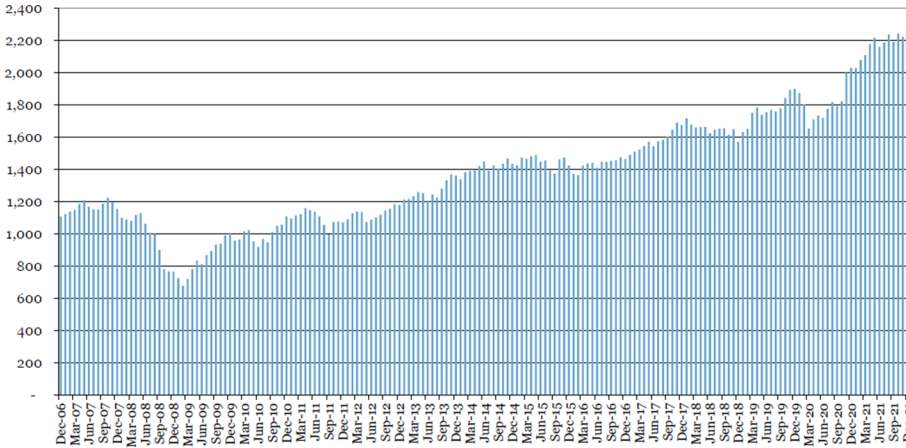
Portfolio

Performance: 2021 and Over Time

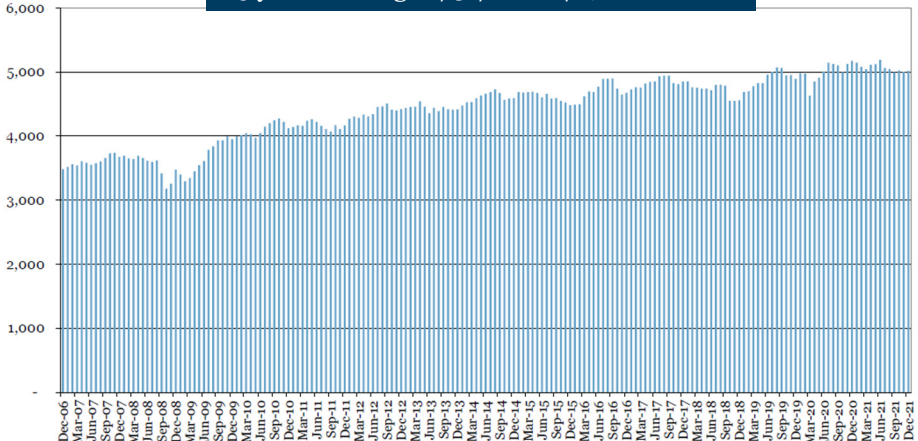
OPERF Net Asset Value
15 years ending 12/31/2021 | \$ in millions



CSF Net Asset Value
15 years ending 12/31/2021 | \$ in millions



SAIF Net Asset Value
15 years ending 12/31/2021 | \$ in millions



Key Fund Performance Over Time

PUBLIC EMPLOYEES RETIREMENT FUND

\$96.5 Billion

Globally diversified financial and real asset portfolio
Doesn't include Variable Fund (\$438 M) or IAP
Target-Date Funds (\$3.4 B)

1-year	3-year	5-year	10-year
20.1%	13.6%	11.2%	10.2%
15.1%	13.8%	11.5%	10.8%

OREGON SHORT TERM FUND

\$34.2 Billion

Includes Local Government Investment Pool

1-year	3-year	5-year	10-year
0.1%	1.6%	1.7%	1.3%
0.0%	1.0%	1.1%	0.6%

STATE ACCIDENT INSURANCE FUND

\$5.0 Billion

Managed on behalf of injured workers and their families

1-year	3-year	5-year	10-year
2.0%	8.2%	6.0%	5.4%
1.2%	7.5%	5.4%	4.7%

COMMON SCHOOL FUND

\$2.3 Billion

Managed in trust for Oregon schoolchildren
Includes unclaimed property

1-year	3-year	5-year	10-year
16.8%	13.5%	10.5%	9.8%
13.5%	13.3%	11.0%	9.9%

Guide:

Portfolio Performance %
Benchmark Performance %

IAP 2021 Performance

Individual Account Program—\$3.4 billion fund

	2021 RETURN	BIRTH YEAR
IAP 2065 Target Date Fund	19.56%	1998-
IAP 2060 Target Date Fund	19.69%	1993-1997
IAP 2055 Target Date Fund	19.66%	1988-1992
IAP 2050 Target Date Fund	19.58%	1983-1987
IAP 2045 Target Date Fund	19.70%	1978-1982
IAP 2040 Target Date Fund	19.67%	1973-1977
IAP 2035 Target Date Fund	19.08%	1968-1972
IAP 2030 Target Date Fund	16.66%	1963-1967
IAP 2025 Target Date Fund	13.31%	1958-1962
Retirement Allocation	9.98%	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 \$1.5 billion or approximately 6.1% of the Fund's private equity portfolio, which totaled \$24.8 billion as of 12/31/2021.

This represents a roughly 14.1% increase over CY2020. Note: these calculations depend on company self-reporting. In 2020, Oregon companies comprised \$1.3 billion or approximately 6.9% of the Fund's then-\$19.2 billion private equity portfolio.

TOP 10 OPERF INVESTMENTS BY MARKET VALUE

	Investment Fund	Value	Weight	Asset Class
1	Government Portfolio	\$7.4 B	7.7%	Fixed Income
2	OST Risk Premia	\$4.6 B	4.7%	Public Equity
3	OST S&P 500 Index	\$3.3 B	3.4%	Public Equity
4	DFA Large Cap Core	\$3.0 B	3.1%	Public Equity
5	OST Int'l Risk Premia	\$1.5 B	1.6%	Public Equity
6	Oak Hill Advisory	\$1.5 B	1.6%	Fixed Income
7	Western Asset Core	\$1.5 B	1.5%	Fixed Income
8	Arrowstreet Int'l Core	\$1.4 B	1.5%	Public Equity
9	Wellington Core	\$1.4 B	1.5%	Fixed Income
10	BlackRock Core	\$1.4 B	1.4%	Fixed Income

Private Partnership Commitments—2021

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

A&M Capital Partners III | \$200M | Buyout | Medium | North America
 Advent Global Technology II | \$95M | Growth | Growth | Global
 Alpine Investors VIII | \$100M | Buyout | Large | North America
 Arsenal Capital Partners VI | \$150M | Buyout | Medium | North America
 Arsenal Capital Partners Growth | \$50M | Growth | Growth | North America
 Clearlake Capital VII | \$250M | Buyout | Large | North America
 Genstar Capital Partners X, L.P. | \$225M | Buyout | Large | North America
 GTCR Strategic Growth | \$65M | Growth | Growth | North America
 Hellman & Friedman Capital Partners X, L.P. | \$350M | Buyout | Large | North America
 KKR North America XIII, SCSp | \$275M | Buyout | Large | North America
 Luminate Capital Partners III, L.P. | \$150M Growth | Growth | North America
 Pathway PE III-Co | \$350M | Buyout | Co-Invest | North America
 Roark Capital Partners VI, L.P. | \$250M | Buyout | Medium | North America
 Sherpa Healthcare II + Sidecar | \$100M | Venture Capital | Multi-Stage | Asia and Pacific
 TA XIV, L.P. | \$100M | Growth | Growth | North America
 Thoma Bravo XV | \$250M | Buyout | Large | North America
 TSG Consumer Partners 9 | \$250M | Buyout | Medium | North America

REAL ESTATE—(in millions)

AEW Core Property Trust: \$110M
 AEW Essential Housing Fund: \$250M
 Ascentris-OR Cherry Creek West, LLC: \$350M
 LBA Logistics Value Fund VI: \$200M
 LBA Oregon Core Industrial SMA: \$350M
 Nuveen US Cities Industrial Fund: \$200M

DIVERSIFYING STRATEGIES—(in millions)

Brevan Howard Master Fund Ltd.: \$250M
 MAN AHL Alpha 1.5XL Ltd. & MAN AHL Core 1.5X Ltd.: \$250M

REAL ASSETS—(in millions)

Cube Infrastructure Fund III & Co-Invest Sidecar: \$250M
 GIP Aquarius Fund SCSP: \$50M
 NGP Royalty Partners Co-Invest Sidecar: \$50M
 Sprott Private Resource Streaming and Royal Fund & Co-Invest Sidecar: \$150M
 Stonepeak Global Renewables Fund: \$150M

OPPORTUNITY PORTFOLIO

Arctos Sports Partners Fund I: \$150M
 Blue Torch Credit Opportunities Fund II: \$100M
 Pathlite Capital Fund II: \$100M
 Whitehorse Liquidity Partners IV: \$200M

TOTAL Commitments 2021: \$6.4 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 2021, the Division issued more than \$1.37 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 2021 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

\$1.37 billion New state debt issued in 2021

\$41.9 million Savings generated by bond refundings

\$11.1 billion Total outstanding state debt

\$8.8 billion Net state tax-supported debt FY2021

\$2,062 NTSD per capita

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

Local Debt

\$6.0 billion Local debt issued in 2021

\$37.9 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 2021 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](#) | [MDAC Annual Report](#)

School Bond Guaranty Issuances—2021

Issuer	Issued Amt.	Principal + Interest	Maturity Date
Deschutes Cty SD 2J (Redmond)	\$27,500,000	\$39,437,600	6/15/2041
Lane Cty SD 52 (Bethel)	\$50,238,118	\$94,510,191	6/15/2051
Lane Cty SD 52 (Bethel)	\$49,060,000	\$72,134,000	6/15/2040
Lane Cty SD 52 (Bethel)	\$8,250,000	\$8,191,189	6/15/2028
Wallowa Cty SD 21 (Enterprise)	\$4,000,000	\$4,120,422	6/15/2035
Polk Cty SD 21 (Perrydale)	\$3,035,000	\$3,972,150	6/15/2040
Yamhill Cty SD 29J (Newberg)	\$43,547,978	\$87,374,785	6/15/2051
Yamhill Cty SD 29J (Newberg)	\$97,450,000	\$143,346,200	6/15/2042
Wasco Cty SD 1 (South)	\$4,000,000	\$5,143,650	6/15/2038
Umatilla Cty SD 2 (Pilot Rock)	\$3,783,554	\$7,301,461	6/15/2046
Umatilla Cty SD 2 (Pilot Rock)	\$4,215,000	\$5,532,450	6/15/2036
Benton Cty SD 7J (Aelsea)	\$2,100,000	\$3,051,950	6/15/2045
Multnomah Cty SD 39 (Corbett)	\$4,000,000	\$4,040,976	6/15/2031
Coos Cty SD 54 (Bandon)	\$4,000,000	\$4,071,233	6/15/2031
Yamhill Cty SD 40 (McMinnville)	\$1,000,000	\$957,400	6/15/2028
Yamhill Cty SD 40 (McMinnville)	\$25,850,000	\$26,565,426	6/15/2028
Klamath Cty SD	\$24,910,000	\$26,912,204	6/15/2033
Baker Cty SD 5J (Baker)	\$4,000,000	\$3,340,096	6/15/2026
Columbia Cty SD 6J (Clatskanie)	\$10,000,000	\$13,557,400	6/15/2038
Wallowa Cty SD 12 (Wallowa)	\$7,000,000	\$10,911,150	6/15/2046
Morrow Cty SD 2 (Ione)	\$13,395,000	\$18,175,650	6/15/2040
Morrow Cty SD 2 (Ione)	\$5,103,165	\$9,307,457	6/15/2047
Deschutes Cty SD 6 (Sisters)	\$33,800,000	\$44,910,450	6/15/2041
Lane Cty SD 28J (Fern Ridge)	\$22,080,000	\$26,080,057	6/15/2036
Lane Cty SD 19 (Springfield)	\$23,525,000	\$26,399,229	6/15/2031
Klamath Cty SD 1 (Klamath Falls)	\$22,205,000	\$25,305,059	6/15/2035
Deschutes Cty SD 1 (Bend-Lapine)	\$80,795,000	\$87,796,365	6/15/2033
Marion Cty SD 103 (Woodburn)	\$52,745,000	\$58,785,431	6/15/2035
Central Oregon Community College	\$25,420,000	\$26,802,800	6/15/2030
	\$657,007,815	\$888,034,432	

State Debt Issued in 2021



A \$620 million bond sale completed by Treasury in April 2021 included funding for facility improvements at the Oregon Youth Authority's Rogue Valley Youth Correctional Facility.

State Debt Issuances—2021			
Issuer	Bond Type	Issued Amount	Description
Oregon Business Development Department	Revenue Bonds	\$ 26,260,000	Economic Development - Bond Bank
Oregon Business Development Department	Revenue Bonds	\$ 4,365,000	Economic Development - Bond Bank
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 298,090,000	State Real or Personal Property
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 20,910,000	State Real or Personal Property
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 152,520,000	State Real or Personal Property
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 90,140,000	School District Capital Costs
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 12,565,000	Seismic Rehab - Emergency Service Bldgs.
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 35,930,000	Seismic Rehab - Public Education Bldgs
Oregon Department Of Administrative Services	Revenue Bonds	\$ 14,190,000	Lottery Bond Program(s)
Oregon Department Of Administrative Services	Revenue Bonds	\$ 109,915,000	Lottery Bond Program(s)
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 17,735,000	Community College
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 49,580,000	Community College
Oregon Department Of Administrative Services	General Obligation (S) Bonds	\$ 33,055,000	Higher Education XI-F
Oregon Department Of Administrative Services	General Obligation (S) Bonds	\$ 104,210,000	Higher Education XI-F
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 39,020,000	Higher Education XI-G
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 80,080,000	Higher Education XI-G
Oregon Department Of Environmental Quality	General Obligation (S) Bonds	\$ 10,000,000	Pollution Control
Oregon Housing & Community Services Department	Revenue Bonds	\$ 99,000,000	Housing: Single & Multi-Family Programs
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 63,930,000	State Real or Personal Property
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 60,335,000	State Real or Personal Property
Oregon Department Of Administrative Services	General Obligation (N) Bonds	\$ 5,030,000	State Real or Personal Property
Oregon Department of Veterans' Affairs	General Obligation (S) Bonds	\$ 7,500,000	Veterans' Welfare
Oregon Department of Veterans' Affairs	General Obligation (S) Bonds	\$ 38,675,000	Veterans' Welfare
Total:		\$ 1,373,035,000	

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. In 2021, our abilities to deliver accurate, fast, no-fail banking services were further deepened as we continued to make progress on a long-term banking modernization project.

The steps we've taken over the last few years to transition to enhanced services for public bodies have allowed us to continue providing depository, check redemption, and electronic payment services such as wire transfers, merchant card acceptance, and other services.

This past year saw us moving forward Phase 2 of the EFT Business Systems Renewal project to transition received wire and ACH services to a new provider. The goal with this and related 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.

Throughout 2021, many Treasury staff continued to work from home. Despite some members of the finance team working in-office and others at home, the work they jointly delivered was seamless. While the number of transactions they oversaw had a slight dip in 2021 compared to 2020, the value of those transactions rocketed from \$317 billion to more than \$361 billion.

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

30 million Number of transactions processed in 2021

\$361.6 billion Value of transactions processed

Transactions processed on behalf of:

75 state agencies
10 public universities
1,036 local govts

Public Funds Collateralization Program

\$3.9 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 .45% rate at the end of 2021. The fund has beaten its policy benchmark, 91-day U.S. Treasury Bills, every year for the past decade.

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.

Treasury staff who oversee the fund make themselves available to participants from agencies and local governments to field questions and comments. Treasury also reaches out monthly to state agencies and local governments through newsletters and other regular communications about finance, cybersecurity, and the economy.

A snapshot of the Oregon Short Term Fund overall is below.

Oregon Short Term Fund

\$34.2 billion OSTF balance as of 12/31/2021

\$21.7 billion Agency/university funds in OSTF

\$12.8 billion Local government funds in OSTF

.45% Rate paid on deposits 12/31/21

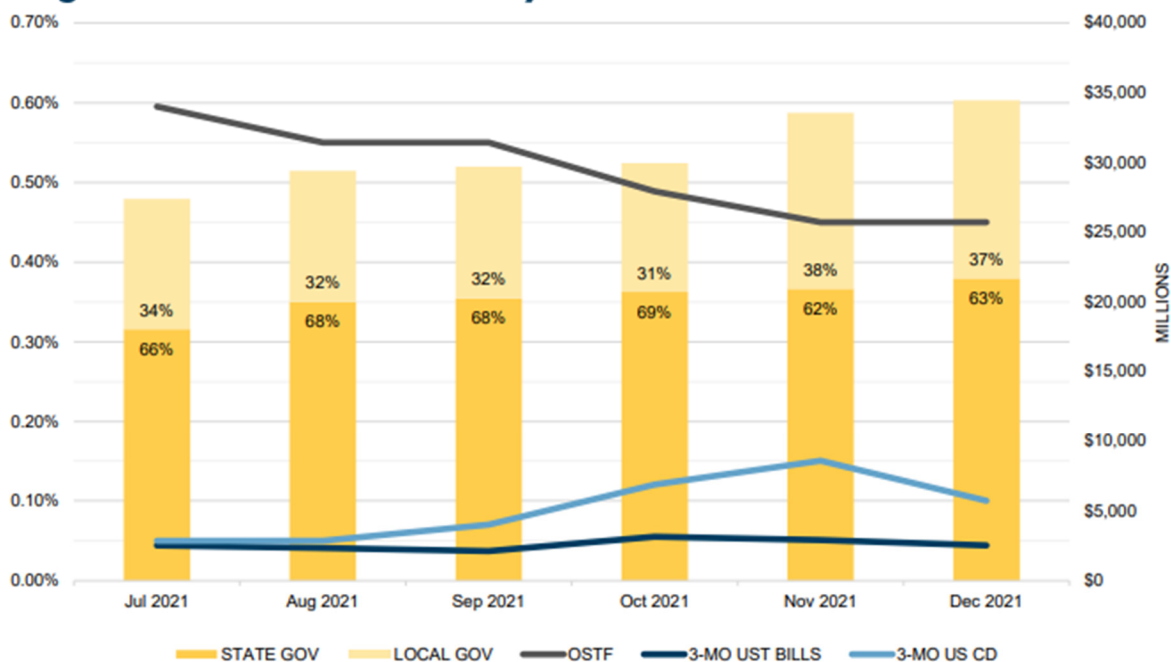
OREGON SHORT TERM FUND PERFORMANCE

\$34.2 Billion as of 12/31/21

Includes Local Government Investment Pool

1-year	3-year	5-year	10-year
0.1%	1.6%	1.7%	1.3%
0.0%	1.0%	1.1%	0.6%

Oregon Short Term Fund Analysis



Other Key Treasury Achievements in 2021



RESILIENCY BUILDING

Throughout 2021, construction moved forward on the new Treasury Resiliency Building at Mill Creek in Salem. The building was developed to withstand a Cascadia Subduction Zone earthquake and other natural disasters and disruptions.

The new building will allow us to continue meeting the state's financial needs even after a major catastrophe. While much of Treasury's work happens behind the scenes, it's necessary to support the more visible responsibilities of state government. We process hundreds of billions of dollars in banking transactions each year on behalf of state agencies. We move money that gets distributed as retirement checks or SNAP benefits. We oversee investments and bonds for governments across Oregon. The former helps maximize earnings on money that goes on to pay public employees' salaries or fix a landslide. The latter helps finance large capital projects – like building a bridge or school, or repairing infrastructure after a catastrophic event. We also receive and distribute federal funds, which Oregon would definitely need as part of any recovery effort.

Ensuring that money still flows through state government in the event of a major emergency is what we call no-fail work – it's our responsibility to make sure it gets done, no matter what.

The result is a building unlike any others in Oregon; even across the U.S., earthquake-resilient buildings like this are rare. In January 2021, the building received a platinum rating from the U.S. Resiliency Council. Features include:

- Seismic base isolation and other structural features to help make the building usable immediately after a 9.0 earthquake
- On-site solar energy production with back-up emergency power
- Emergency water and septic systems and water conservation features
- Energy conservation and efficiency measures to reduce overall electric load
- Advanced ventilation and air filtration features
- Data and telecommunications redundancies to support connectivity after a catastrophic event



Treasury has negotiated and signed a long-term lease that will contain costs over time. Strategies that reduce electricity and water use will make the building less expensive to run day-to-day and less demanding during an emergency response. Other features, such as improved indoor air quality and natural light, are also good for employee and visitor health.

Care was taken outside the building as well, with an emphasis on drought-resistant landscaping including native plants. Indeed, staff explored ways to reflect and honor the physical location of the building. To help advance that idea, staff reached out to the Tribal Historical Preservation Officer of the Confederated Tribes of the Grand Ronde. Over wide-ranging conversations, they started to focus on a plant native to the region: *camassia quamash*, known as the common camas in English and *antiip* in Kalapuya. A member of the lily family, camas were an important part of the diets of many Native American tribes across Oregon, Washington, Idaho, and Montana. For generations of Native Americans, camas bulbs were managed, harvested, and then cooked, ground into meal, and eaten. Archeological research has found that tribes built ovens along the Willamette River, where the camas bulbs were baked into rounds and used for trading.

Key Treasury Achievements in 2021—Continued



The perennial flower flourishes in wet prairie, meadow, and stream-adjacent environments. In other words, areas similar to the new building’s spot along Mill Creek. The project team identified a large 43'X28' planter framing the front of the building as the perfect spot for showcasing this historically and culturally significant plant. Further, the Grand Ronde is donating photographs of camas from a tribal artist for display in the building. Another artist is sculpting a bronze cupin for display; a cupin is the digging tool used to harvest camas bulbs for consumption. The entire area will be named Antiip Plaza.

The camas planting, especially in full bloom, will be a daily reminder of the rich history of where we work, and the countless generations who've called the area home long before Treasury was established. It's also a nice bridge to what we want the new building to be: a place that supports Oregon in the present and well into the future, that lasts for generations, and that has a strong connection to the people we serve and the place we are lucky to live.

The Treasury Resiliency Building allows us to take the next, necessary step to make sure we can meet our responsibilities in good times and bad. Along with the building project and in support of the same resilience objectives, Treasury continues to prioritize emergency planning, risk identification and mitigation, and continuity of operations planning.

TAKE YOUR SHOT VACCINE CAMPAIGN

To help encourage Oregonians to get their COVID-19 vaccine, Treasury joined with the Governor’s Office, the Oregon Health Authority, and Oregon Lottery to offer five \$100,000 Oregon College Savings Plan scholarships. All Oregonians who received at least one dose of the vaccine by the drawing date were eligible to win.

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.

For more information about OFA, please visit: <https://oregonfacilities.org/>.