Oregon Municipal Debt Advisory Commission

2022 Annual Report

June 15, 2023

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June 15, 2023

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 2022. 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.

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1. Executive Summary

In 2022, supported by continued favorable issuance environment, Oregon local governments, referred to herein as “public bodies”, sold over $3.34 billion in new debt across a wide range of issuers and purposes. Issuers in Multnomah County topped the list with almost $1.2 billion or 35.04% of total issuances for a variety of purposes including pension, healthcare, transportation, public facilities, and education.

CY 2022 issuances lagged that of CY 2021’s $6.03 billion issuance by over $2.51 billion. This was due in large part to decreases in key issuance categories including: 1) $629.8 million decline in advance refunding activity from $641 million in CY 2021 to $11.2 million in CY 2022; 2) $869 million reduction in local government issuance of Pension Obligation Bonds (“POBs”) from $1.4 billion to $531 million; and 3) $818 million reduction in current refundings from $1.248 billion in CY 2021 to or approximately $430 million in CY 2022.

The decline in POB issuance, advance and current refunding volume was attributable in part to the Federal Reserve Board aggressive interest rate hikes that were employed to curb inflation, which reached 40-year historic high levels in 2022.

The MDAC, together with Oregon State Treasury Debt Management Division, revised Oregon Administrative Rule (“OAR”) 170-061-0000 to reflect the provisions of ORS 238.697 and to provide guidance on the issuance of pension obligation bonds by public bodies after June 11, 2019. The OAR amendments went into effect in July 2021. Since then, 35 Oregon public bodies have sold $1.88 billion in Pension Obligation Bonds.

Overall, outstanding indebtedness of Oregon Local Governments continues to grow, with CY 2022 aggregate outstanding debt at $38.8 billion, over $1.1 billion above CY 2021 total. 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. Debt service guaranteed or supported with the state aid intercept was approximately $1.17 billion in the state’s fiscal year ending June 30, 2022, and this amount will increase in 2023 and in the near term as newly issued OSBG and pension bond debt service are 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 MDAC 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 bond 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 BondTracker System, which is a database of debt issuance and debt outstanding for all Oregon municipal bond issuers. To ensure that information contained in the BondTracker 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 require verification of outstanding debt. Local Government debt information in the BondTracker System was updated and verified in Spring 2022 for local indebtedness outstanding as of 06/30/2021. The next biennial verification will occur in early 2024 for data as of 06/30/2023.

This MDAC annual report is based on calendar year-end data, with the exception of Oregon School Bond Guaranty and Pension Obligation Bonds discussed in Section 9 of this report, where the data is as of fiscal year end.

3. Amendments to OARs Affecting Local Government Issuers

To address concerns over the growing amount 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 here.

4. Market Environment and Statewide Economic Factors

In the aftermath of the pandemic, record amounts of Federal fiscal stimulus monies to stem the effects of the global pandemic, disruptions in supply chains, energy price shocks and geopolitical risks combined to drive inflation to levels unseen since the mid-1980's. The Federal Reserve Board ("FRB") commenced an aggressive "tight" monetary policy, raising interest rates with the goal of reducing inflation to the pre-pandemic levels. Between March and December 2022, the FRB increased rates in each of its Federal Open Market Committee (FOMC) meetings, sending the Federal Funds ("Fed Funds") target rate from 0.25% to the current levels of 4.50% in calendar year 2022, with the continued rate hikes expected through 2023. While the FRBs rate hikes are targeted to the Fed Funds rate, long term benchmark rates such as US Treasury rates have also risen to reflect the impact of inflation on long term debt.

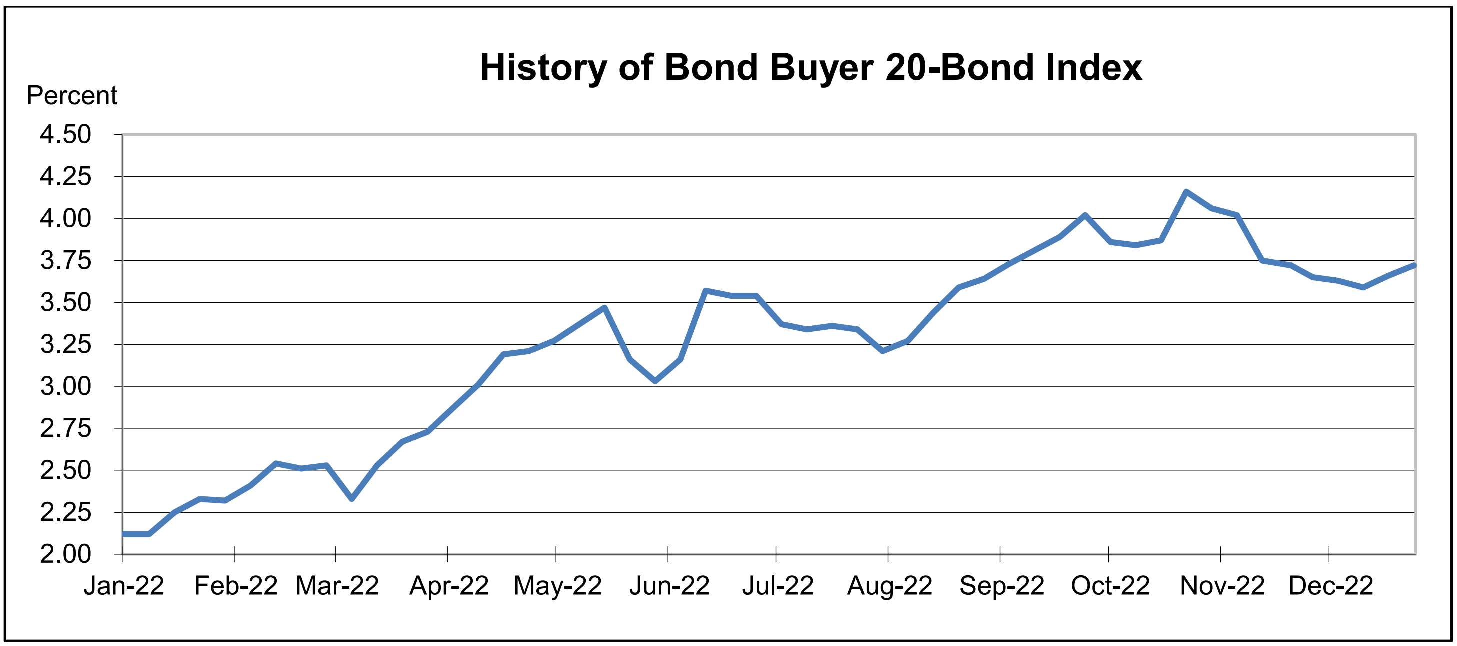
With persistent inflation, geopolitical risks and market volatility, investors are demanding higher yields and credit spreads to take on the additional risks of owning long term bonds. Higher interest rates are targeted at dampening consumer demand and could lead to a recession, potentially having adverse broad based financial impacts locally as well as nationally.

With a hawkish Federal reserve monetary policy of raising rates and geopolitical concerns, municipal issuance contracted in 2022 relative to 2021. Municipal bond funds also experienced record outflows of funds exceeding $116 billion during CY 2022. According to SIFMA, municipalities nationwide issued $391 billion of debt in 2022, which is $92 billion or 19% below the $483 billion issued in 2021[1]. This issuance volume included $310 billion in bonds issued to finance new capital relative to $322 billion issued for the same purpose in 2021, and $81 billion issued to refund outstanding debt relative to the $162 billion of refunding bonds issued in 2021. Taxable bond issuance was also down significantly and represented 13% of the total publicly offered municipal bonds in 2022 with the remaining being tax-exempt or tax-exempt AMT bonds. The reduction in overall issuance and outflows from municipal bond funds are attributable in part to higher interest rate.

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

The Bond Buyer AA-rated 20-Bond Index averaged 3.26% in 2022, which represents an increase of 108 basis points from its 2021 average of 2.18%. The increase was most pronounced from the second to third quarter with modest declines and increases in the fourth quarter before leveling out by the end of 2022. Volatility in rates during the year is evidenced by the index reaching a high of 4.16% and then retreated to end the year at 3.72%, 160 basis points higher than the level at the beginning of the year.

2022	Start	End	High	Low	Avg
Bond Buyer AA-rated 20-Bond Index	2.12%	3.72%	4.16%	2.12%	3.26%
Oregon Bond Index A-rated 20	1.80%	3.97%	4.56%	1.80%	3.43%



[1] Source: https://www.sifma.org/resources/research/fixed-income-chart/

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

Taxable rates as measured by the 10-year US Treasury yield also increased during 2022. The 10-year US Treasury rate ranged from 1.63% to 4.25% and averaged 2.95% in 2022[2] and finally ended the year at 3.80%. The table below depicts the 10-year US Treasury yield rates in 2022.

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 2022, 19 local Oregon Bond issues were presented to voters, totaling approximately $2.14 billion in proposed new issuance. Nine Bond election measures passed, authorizing slightly more than $1.67 billion of new issuance. It is anticipated these Bond authorizations will result in issuances over the next few years.

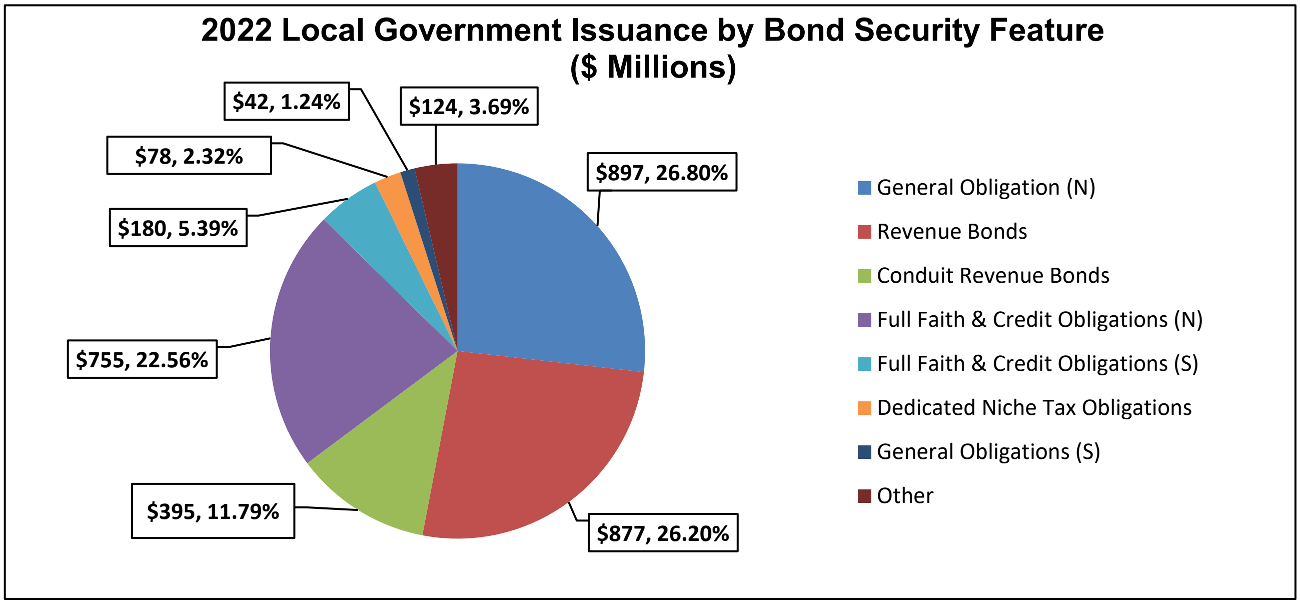
In 2022, Oregon local governments and municipalities issued $3.35 billion of debt, as reflected in the table to the right. Multnomah County issuers topped the list with over $1.17 billion or 35.04% of the total amount issued by local governments. Issuers in Multnomah, Washington, and Lane, the three top issuing counties, accounted for 66.79% of all Local Government issuance in 2022. Multnomah County local issuers led with $1.17 billion, followed by issuers in Washington County with $543 million and Lane County with $519.7 million. Local Government issuers in all other counties accounted for $1.11 billion in 2022 issuances.

2022 Local Government Debt Issued by County		
County	**Debt Issued ($)**	**%**
Multnomah	1,172,767,262	35.04
Washington	542,977,153	16.22
Lane	519,697,400	15.53
Clackamas	285,990,854	8.54
Deschutes	210,309,100	6.28
Jackson	113,357,992	3.39
Marion	106,305,000	3.18
Umatilla	65,233,955	1.95
Union	55,075,000	1.65
All Other Counties	275,231,068	8.22
Total	**3,346,944,784**	**100.00**

[2] Source: https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart

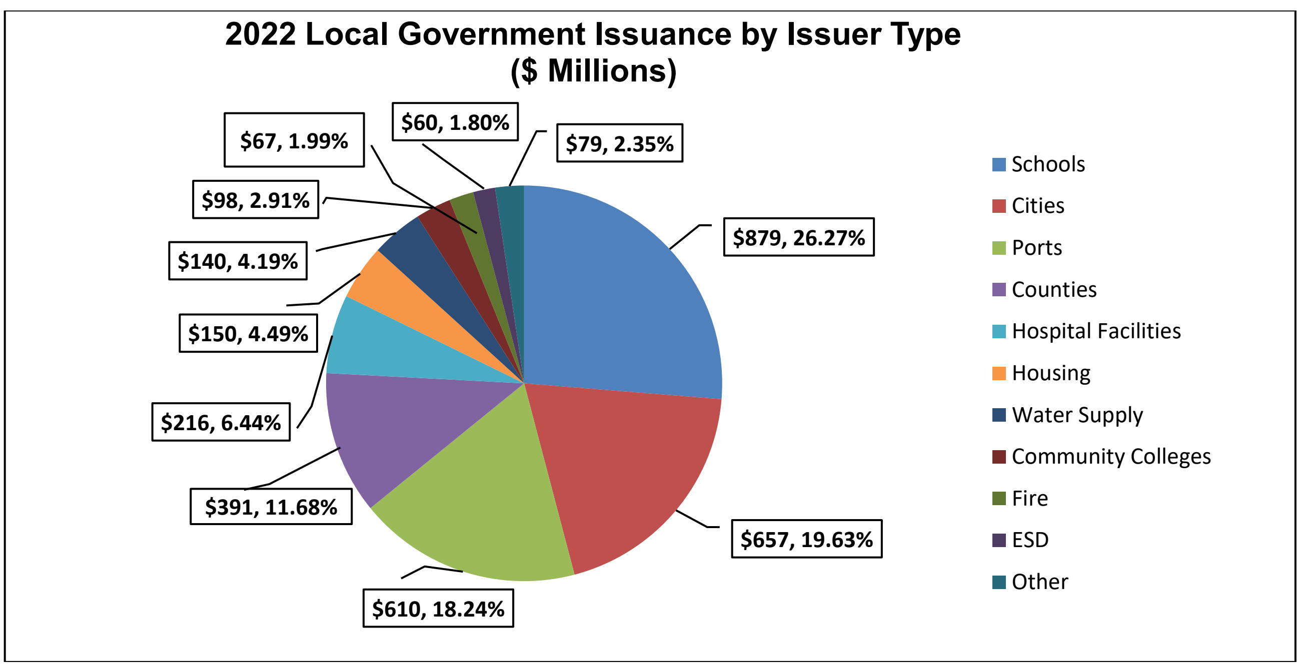
b. Local Government Debt Issuance by Bond Security

When aggregated by bond security feature, General Obligations Bonds was the largest category at $897 million issued or 26.80%. Revenue Bonds came in second overall with $877 million issued or 26.20%, followed by Full Faith & Credit Obligations (N) with $755 million issued or 22.56%. These three Bond Security features accounted for 64.80% of total issuance, as provided in the chart[2] below.



c. Local Debt Issued by Issuer Type

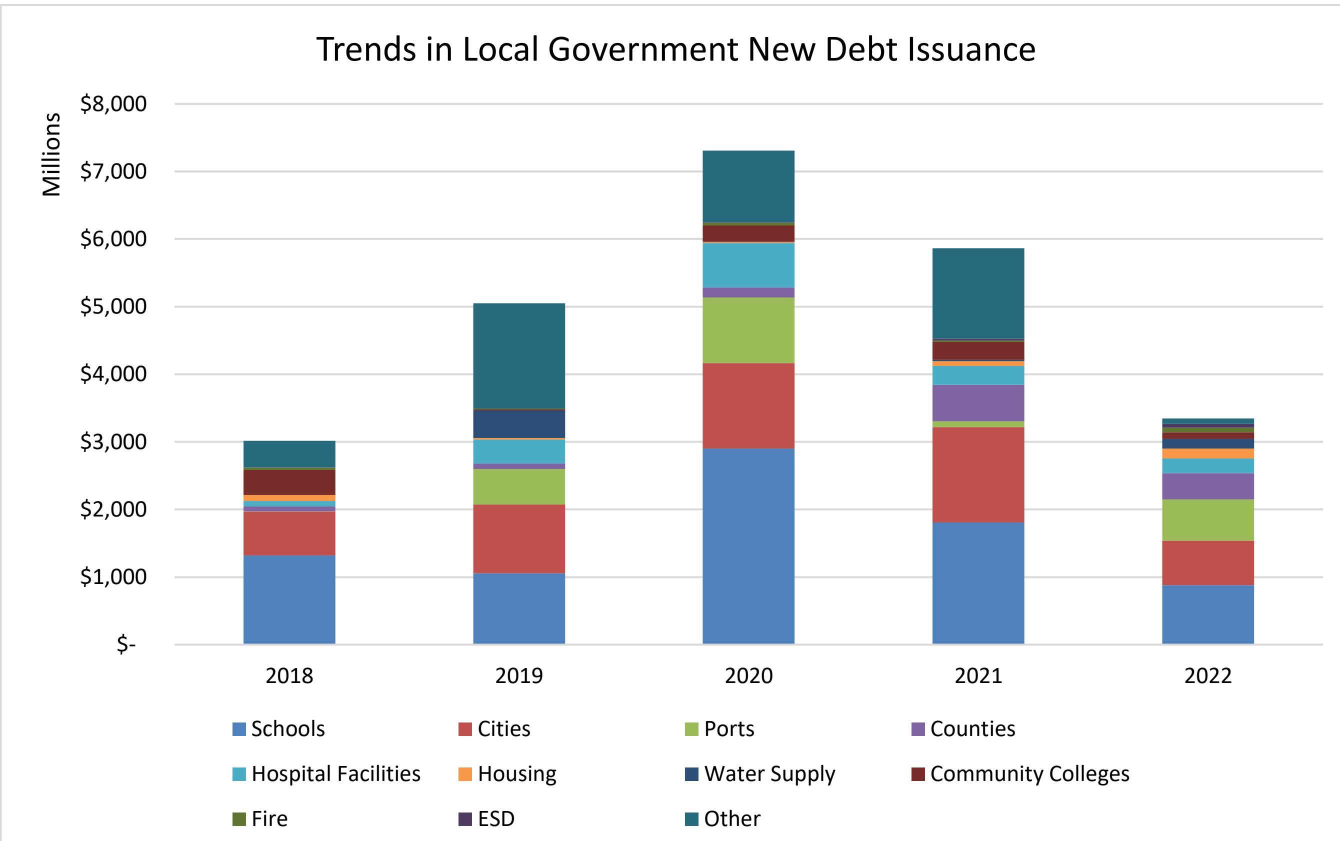
The chart below shows the wide range of Oregon Local Government issuers of bonds in 2022. School Districts were the leading issuers of new debt obligations with almost $879 million or 26.27% in bonds sold. Cities were second with almost $657 million or 19.63% in new issuance, followed by Ports with $610 million or 18.24% of 2022 bonds issued.



[2] N: Non-Self-Supporting GO or Full Faith and Credit debt. S: Self-Supporting GO or Full Faith and Credit debt. Further details in Appendix A.

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

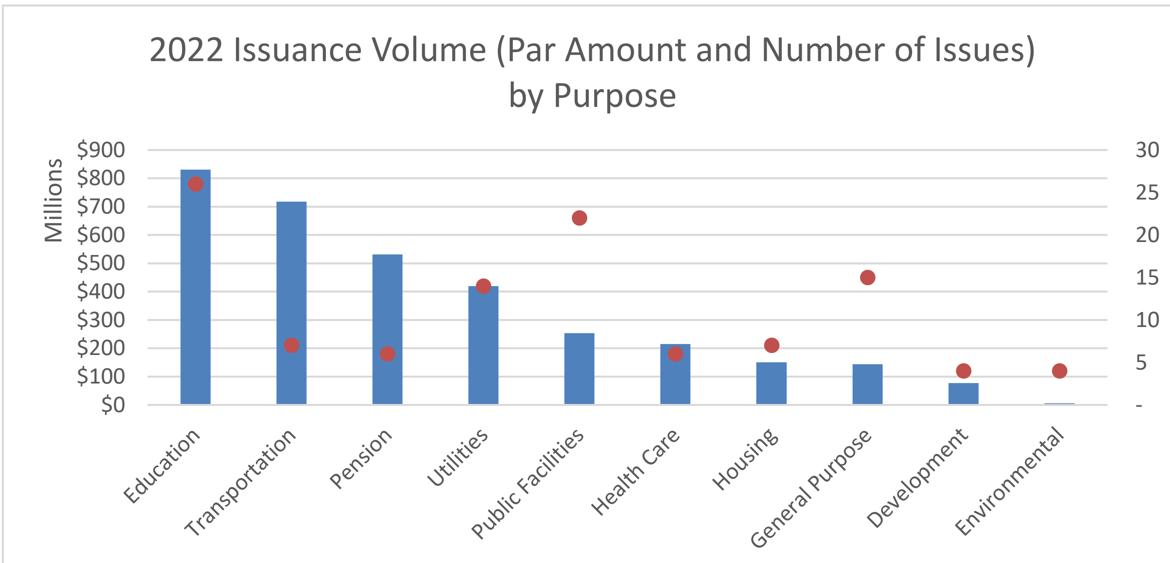
The following chart illustrates the historical trend in local government issuance by issuer type during the last five years. School Districts were the largest issuers from 2018 through 2022. Cities were the second largest Issuer Type during this period. This chart also shows that issuers have adapted 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 POBs to fund unfunded pension liabilities. In 2022, Federal Reserve interest rate hikes resulted in significant decline in overall issuance, which results were more pronounced in the reduced issuance by Schools, Cities and Counties.



6. Local Issuance by Purpose

Historically, Oregon local governments sold Pension Obligation Bonds (POBs) 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 School and Community College Districts address new unfunded accrued liabilities (UAL).

In 2022, Oregon Local Governments accessed the markets with 111 Bond issues. Education Bonds were the largest dollar amount of issuance at $830.9 million in 26 issues, The second largest amount of issuance category was Transportation at $717.4 million in 7 issues, followed by Pension at $531.7 million in 6 issues, then Utilities at $419.9 million in 14 issues.



The following table ranks all 2022 Local Government issuance by purpose. Education Bonds were the largest issuance category, followed by Public Facilities and then General Purpose.

2022 Issuance by Purpose		
Purpose	**Par Amount ($)**	**Number of Issues**
Education	830,894,353	26
Transportation	717,432,302	7
Pension	531,743,870	6
Utilities	419,896,663	14
Housing	150,265,000	7
Public Facilities	253,358,245	22
Health Care	215,570,000	6
General Purpose	144,224,584	15
Development	77,529,767	4
Environmental	6,030,000	4
Grand Total	**3,346,944,784**	**111**

The table below shows the top issuers by Purpose. The Port of Portland led with $578.6 million in Transportation Bonds, Beaverton 48J School District in Washington County followed with $319.4 million of Bonds for Education purposes. Lane County followed with $286.6 million in Pension Bonds and Lake Oswego 7J in Clackamas County with $167.2 million for Education purposes.

2022 Top Issuers by Purpose		
Purpose	**Issuer**	**Issued ($)**
Transportation	Port Of Portland	$578,625,000
Education	Washington Cty SD 48J (Beaverton)	319,412,153
Pension	Lane County	286,638,289
Education	Clackamas Cty SD 7J (Lake Oswego)	167,240,000
Utilities	City Of Portland	152,645,000
Education	Lane Cty SD 4J (Eugene)	120,000,000
Utilities	Medford Water Commission	96,788,310
Housing	Washington County Housing Authority	93,175,000
Health Care	HFA Deschutes County	75,260,000
Pension	Lane Community College	69,290,000

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.

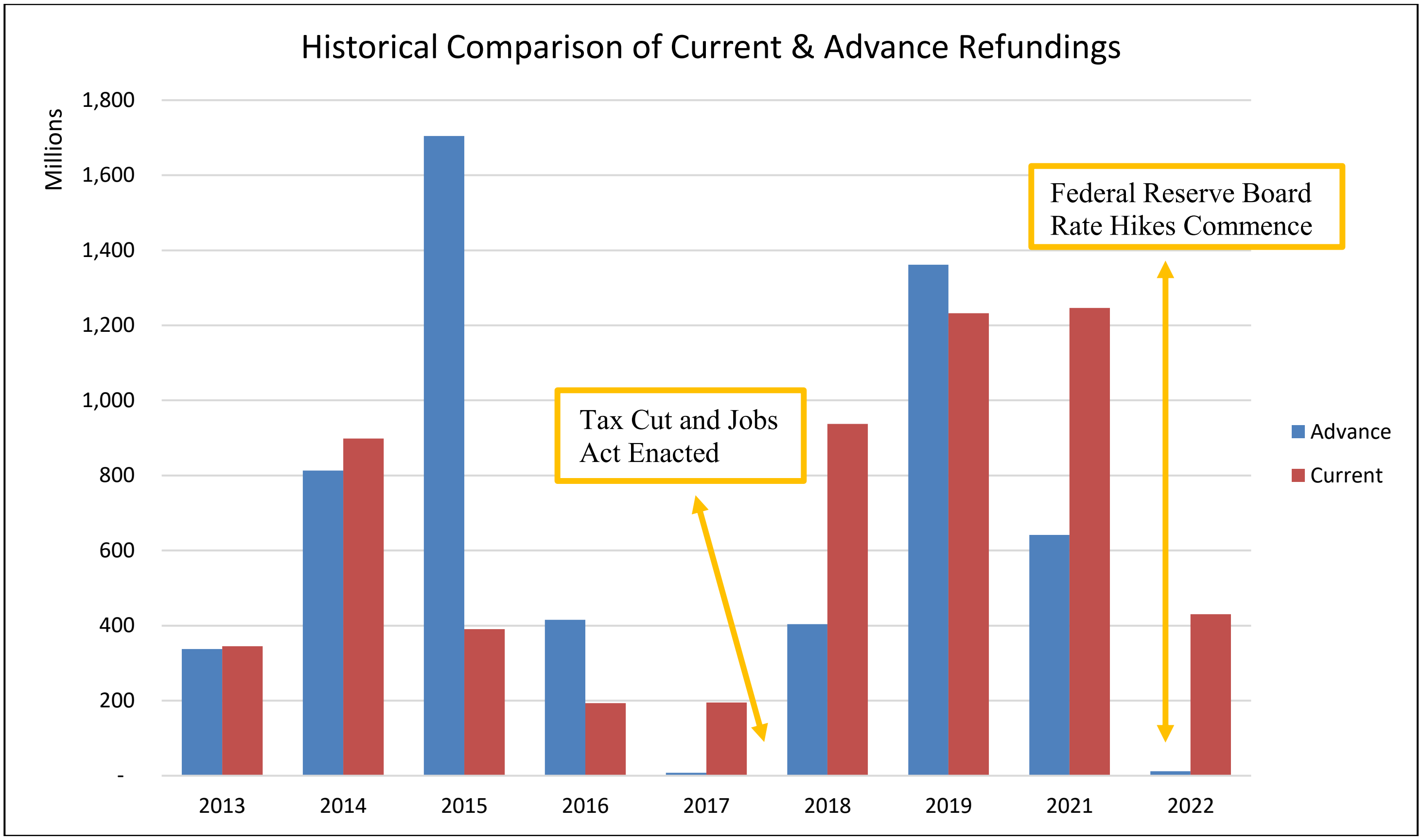
From 2019 through 2021, historically low interest rates have made taxable advance refundings a viable way to generate interest savings, as evidenced by the high volume of taxable advance refundings transactions executed after 2018.

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

In 2022, the number of Current and Advance Refunding issues drastically decreased to 21 transactions with total par of $442 million from 62 transactions in 2021 with total par of $1.89 billion. Correspondingly, net -present value savings from refundings totaled $42.5 million in 2022 versus $377.5 million in 2021. The following table shows the 10-year history of Advance Refunding Bonds issued by Oregon Local Governments.

	Current Refunding			Advance Refunding		
Year	**Quantity**	**Issued ($Millions)**	**Net PV Savings ($Millions)**	**Quantity**	**Issued ($Millions)**	**Net PV Savings ($Millions)**
2013	52	891.0	27.7	23	760.0	40.7
2014	20	345.0	42.6	9	338.0	38.2
2015	44	898.0	112.4	21	813.0	53.1
2016	49	390.0	190.4	29	1,705.0	264.7
2017	33	193.0	36.3	20	416.0	41.2
2018	21	195.3	6.0	1	7.4	0.2
2019	21	937.0	103.3	12	404.0	58.2
2020	45	1,232.0	118.9	22	1,361.0	125.1
2021	48	1,248.0	329.4	14	641.0	48.1
2022	19	430.2	40.5	2	12.0	2.0
Total	**352**	**6,759.5**	**1,007.5**	**153**	**6,457.4**	**671.5**

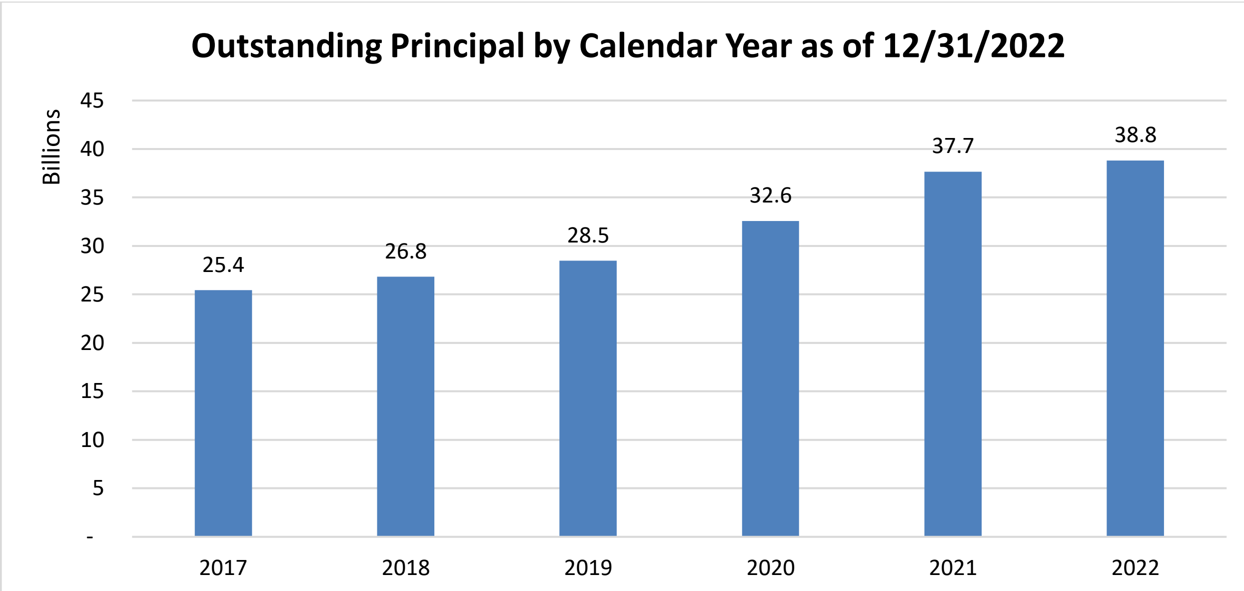
The following chart shows the historical number of current refunding and advance refundings by Oregon Local Governments.



Note: Significant Federal or monetary policy affecting the municipal market including the Tax Cuts and Job Act of 2017 and Federal Reserve Board monetary actions to reduce inflation are indicated by the arrows.

8. Local Debt Outstanding

The chart below shows that outstanding bonds of local governments increased modestly from $37.7 billion in 2021 to $38.8 billion in 2022. This suggests that increase in overall indebtedness of local governments was lower than the par amount of new bond issues sold by local governments during 2022.



The following table illustrates the outstanding amount of local government debt by issuer type for 2022

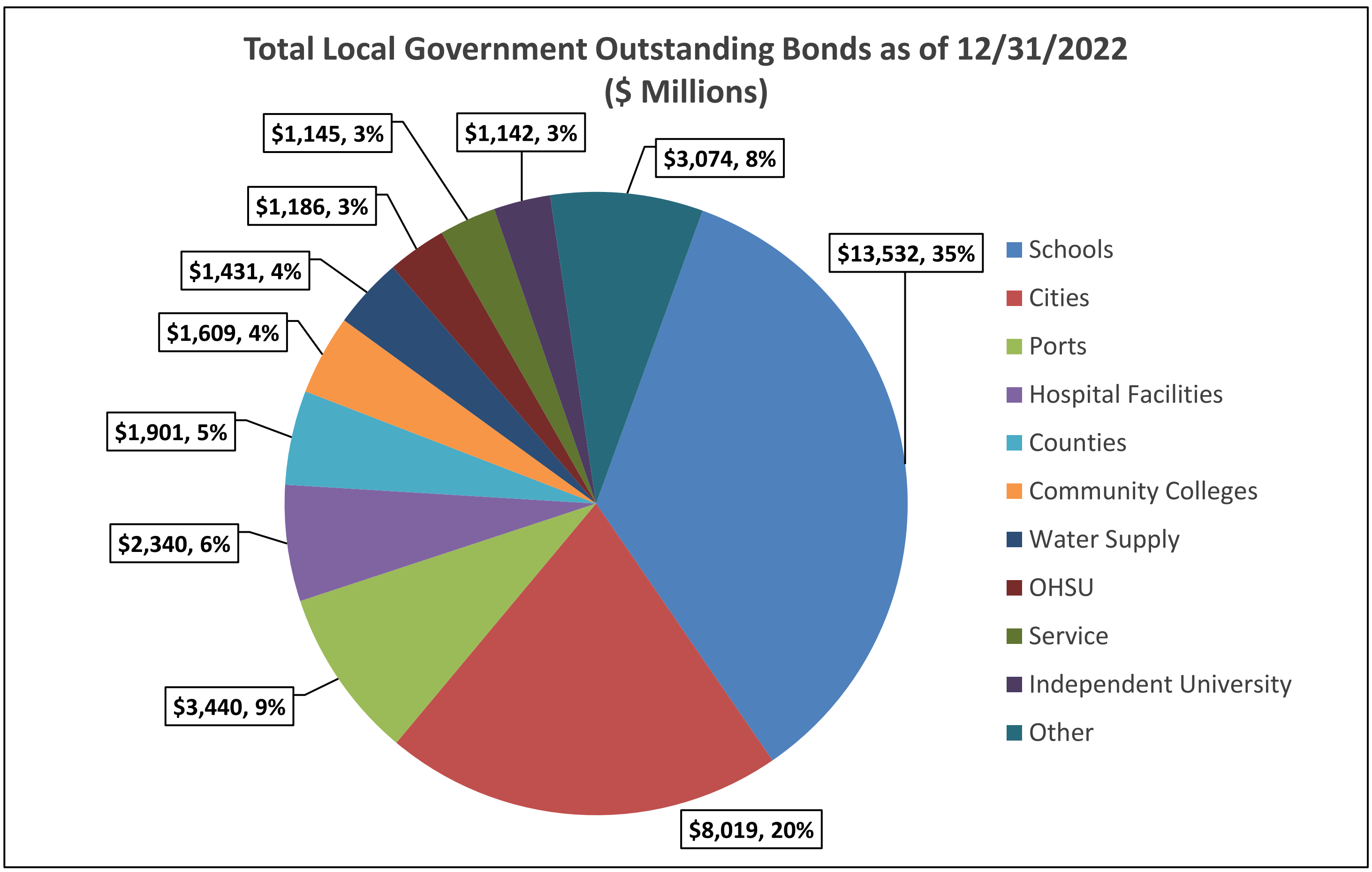
Outstanding Amount by Issuer Type 12/31/2022	
Issuer Type	**Amount Outstanding**
School	$13,532,296,543
City	$8,019,127,036
Port	$3,439,549,470
Hospital Facilities Authority	$2,339,691,379
Community College	$1,608,970,509
County	$1,901,187,264
Water Supply	$1,430,680,489
OHSU	$1,185,857,495
Service	$1,144,964,279
Independent Univ.	$1,141,508,722
Transit	$1,023,428,839
Housing	$458,907,495
Urban Renewal	$327,714,517
Fire	$265,813,863
Health	$198,071,860
Library	$197,274,948
Sanitary	$167,820,762
Park	$151,654,743
Public Utility	$125,114,812
Irrigation	$58,674,333
Water Control	$48,736,184
Vector Control	$17,745,000
Other	$22,475,924
Intergovernmental Agreement	$9,010,352
Road	$1,172,635
Law Enforcement	$700,759
Grand Total	**$38,818,150,214**

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

Outstanding Local Debt by Bond Security as of 12/31/2022	
Bond Security	**Amount Outstanding ($)**
General Obligation (N)[1] Bonds	13,732,900,854
Revenue Bonds	11,200,828,052
Full Faith & Credit Obligations(N)[1]	7,312,844,008
Conduit Revenue Bonds	4,148,718,901
Full Faith & Credit Obligations(S)[2]	1,645,080,573
Dedicated Niche Tax Obligations	375,542,348
Other	245,380,474
General Obligation (S)[2] Bonds	155,795,004
Appropriation Credits	1,060,000
Total	**38,818,150,214**

[1]N: Non-Self-Supporting GO or Full Faith and Credit debt
[2]S: Self-Supporting GO or Full Faith and Credit debt (Further details in Appendix A)

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 Program has grown significantly in size and scope. As of June 30, 2022, the program guaranteed $9.4 billion of outstanding GO bonds with $14.2 billion in principal and interest guaranteed debt service, issued by Oregon School and Community Colleges Districts. FY 2022 guaranteed debt service on local School and Community College Districts OSBG Program debt was $848 million, which is equivalent to approximately 5.68% of total FY 2022 State General Fund Revenues and 18.93% of FY 2022 State school aid for School and Community College Districts. The guaranty is a contingent liability of the State, which is triggered when a District fails 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 suggests debt service savings of roughly $15.67 million per year, or $313.3 million over a 20-year period.

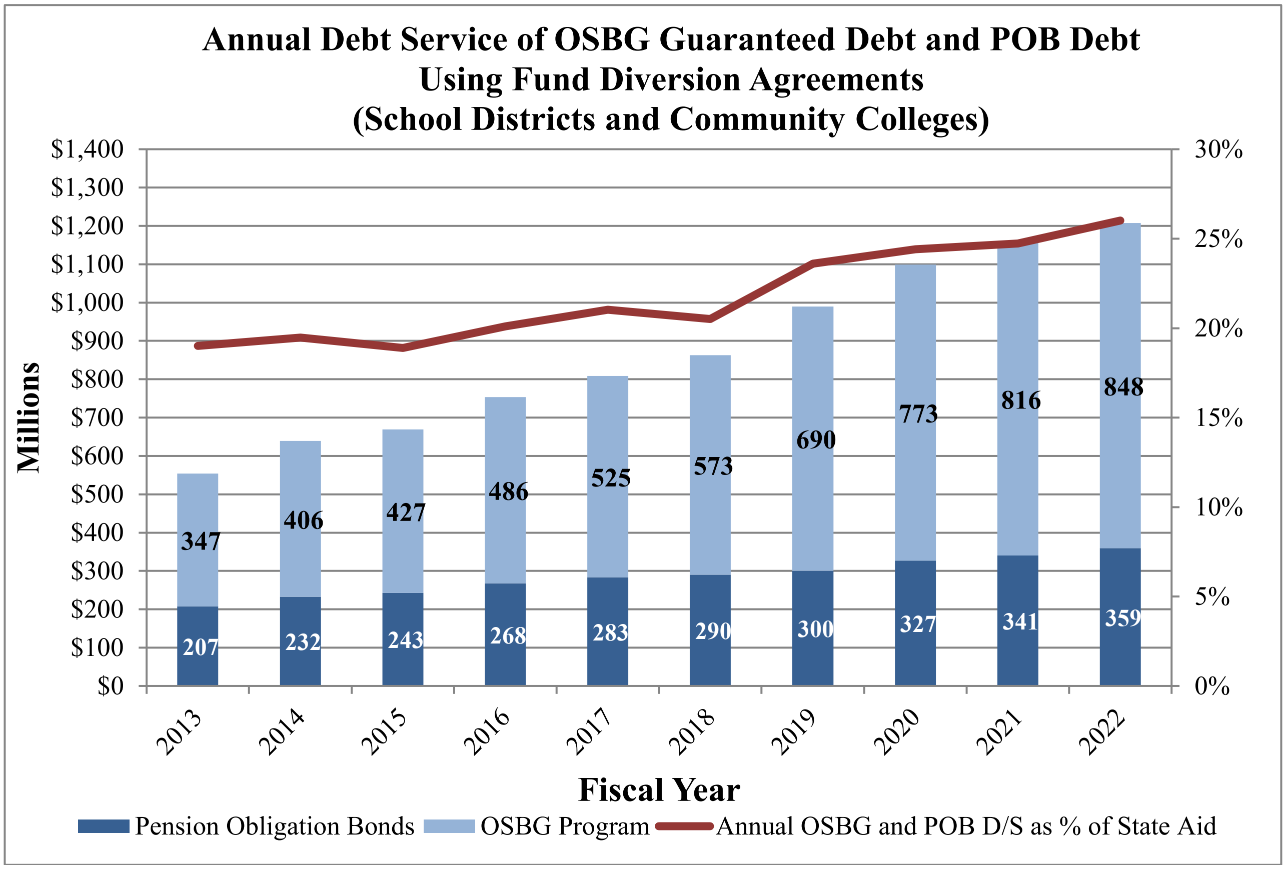
b. Pension Obligation Bonds with State Fund Diversion Support

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.

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.

Since implementation of Oregon Administrative Rules approved by the MDAC in May 2021, 35 public bodies have issued POBs totaling $1.88 billion. Together with pre-2019 issuances of POBs, the aggregate amount of POBs outstanding as of June 30, 2022, for local governments totaled $3.51 billion. 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.

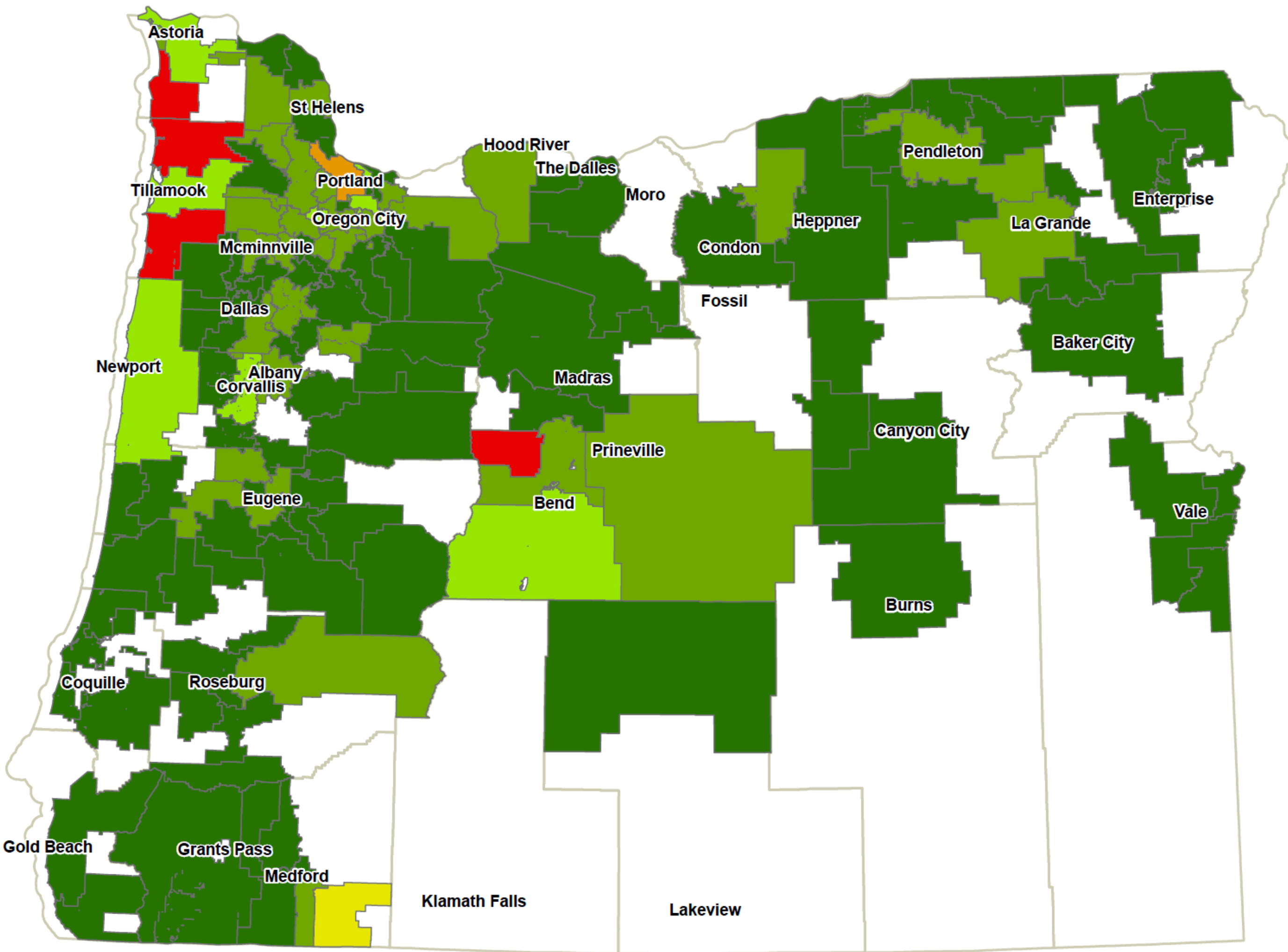
The following chart shows the combined debt service of the OSBG Program Bonds and POBs outstanding from FY 2013 through FY 2022.



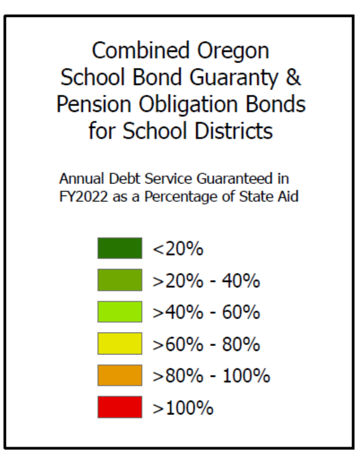
Debt service associated with the OSBG Program Bonds and the POBs using Fund Diversion based financings have increased substantially as a proportion to the amount of state aid appropriated to School and Community College Districts. FY 2022 debt service on these two programs was 26% of overall state aid for these entities.

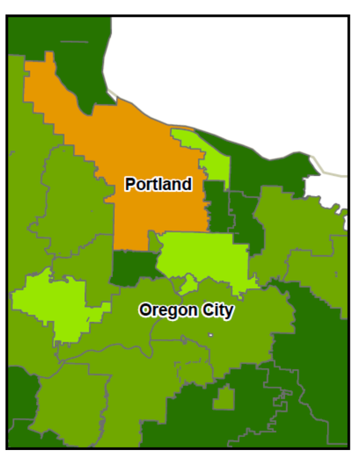
c. Graph of OSBG and POBs For K-12 School Districts

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.



This product is for informational purposes, and may not be suitable for legal, engineering, or surveying purposes. This information or data is provided with the understanding that conclusions drawn from such information are the responsibility of the user.





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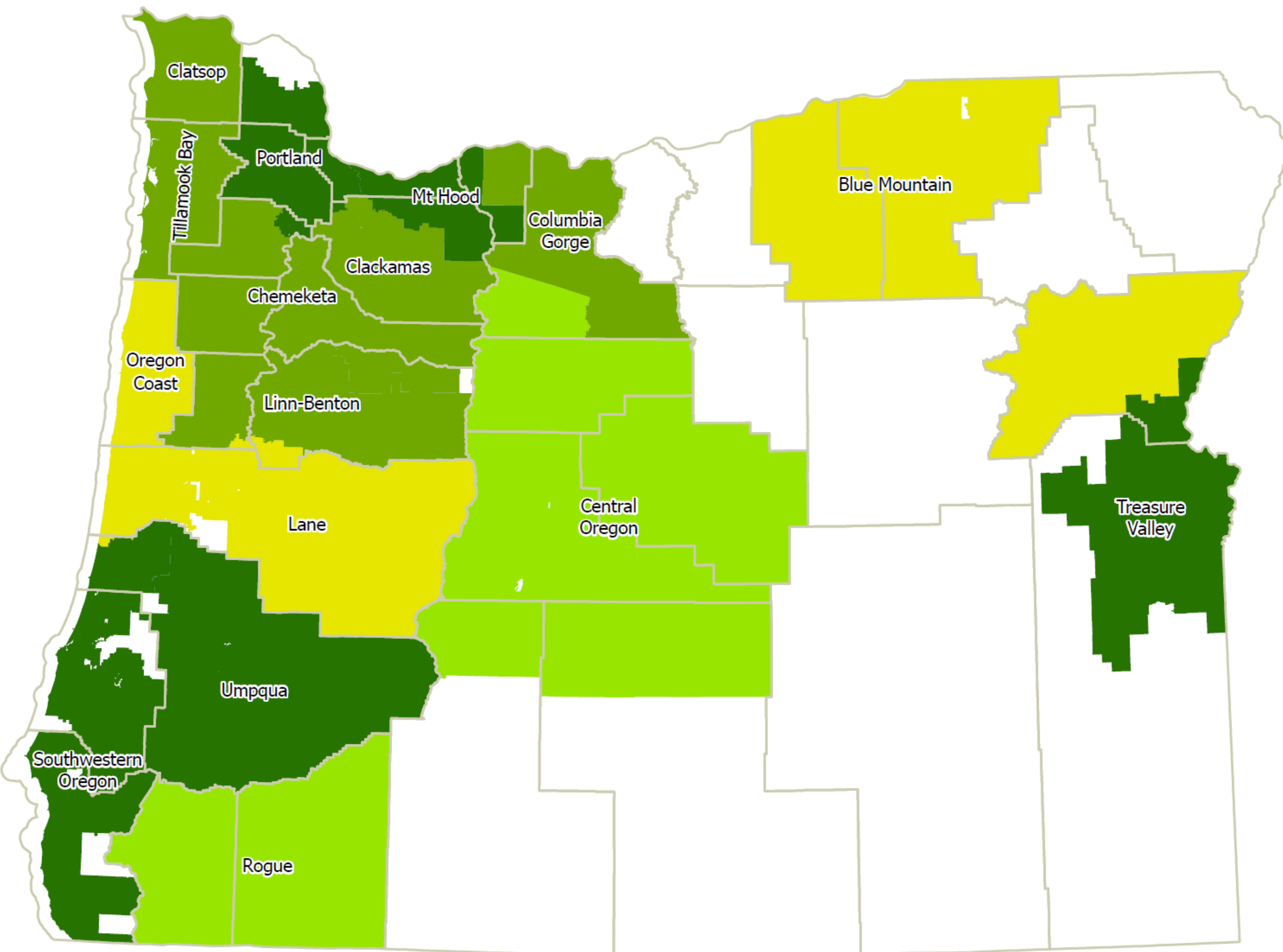
d. Graph of OSBG and POBs for Community Colleges

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



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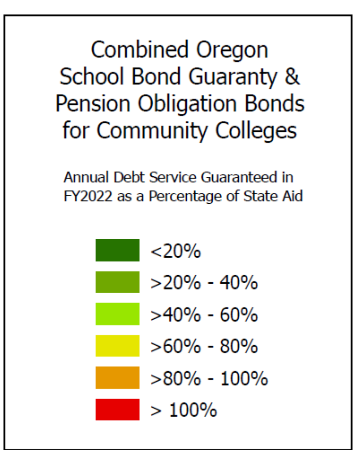

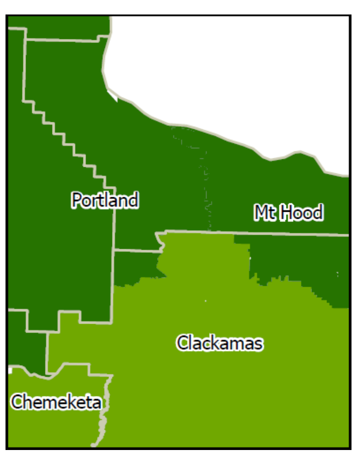

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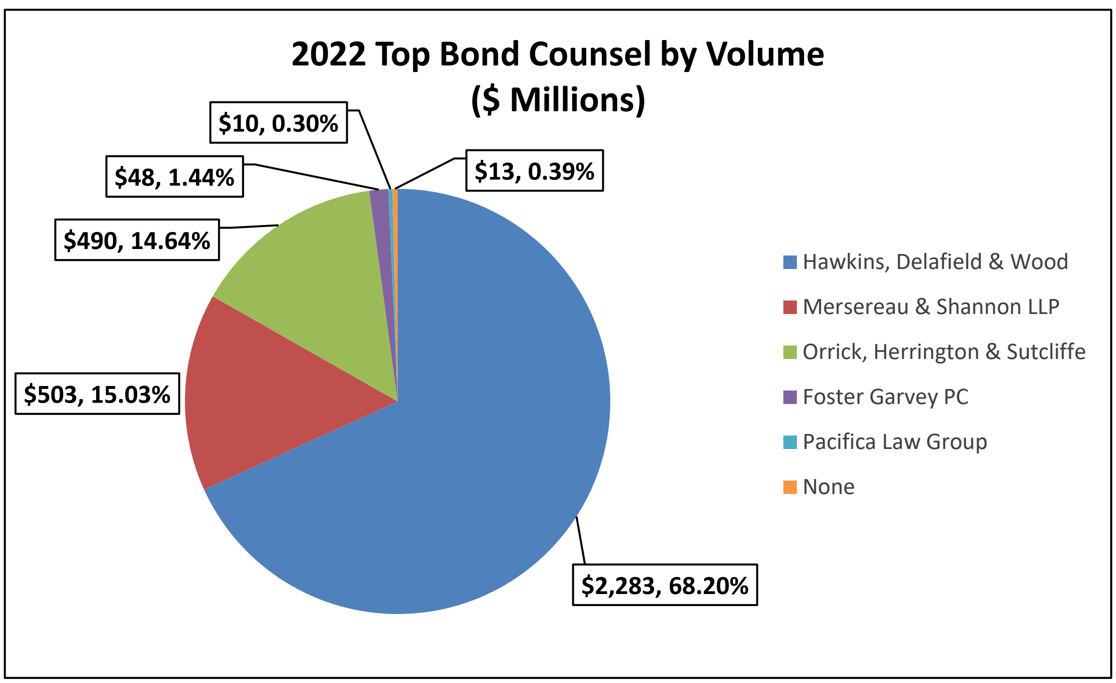
10. Bond Professionals Ranking

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 LLP, Mersereau & Shannon LLP and Orrick, Herrington & Sutcliffe LLP Bond Counsels have maintained the top three spots in Oregon since 2012.

2022 Lead Bond Counsel by ($) Volume		
Name	**Volume ($)**	**No. Series**
Hawkins, Delafield & Wood	2,282,580,271	55
Mersereau & Shannon LLP	503,057,096	27
Orrick, Herrington & Sutcliffe	489,879,935	20
Foster Garvey PC	48,290,000	2
Pacifica Law Group	10,018,382	2
None	13,119,100	5
Total	**3,346,944,784**	**111**

The table below summarizes the volume of Oregon debt for which each firm served as Bond Counsel in 2022.



Number of New Issues by the Top 3 by Volume in 2022			
Issuer Category	**Hawkins**	**Mersereau**	**Orrick**
City	20	10	5
School	11	10	0
County	6	0	0
Community College	5	0	0
Urban Renewal	3	0	0
Fire	2	5	1
Water Supply	2	1	1
Port	2	1	0
Educational Service District	1	0	0
Public Utility	1	0	0
Irrigation	1	0	0
Other	1	0	0
Park	0	0	1
Hospital Facilities Authority	0	0	6
Housing	0	0	5
Service	0	0	1
Independent Univ.	0	0	0
Total	**55**	**27**	**20**

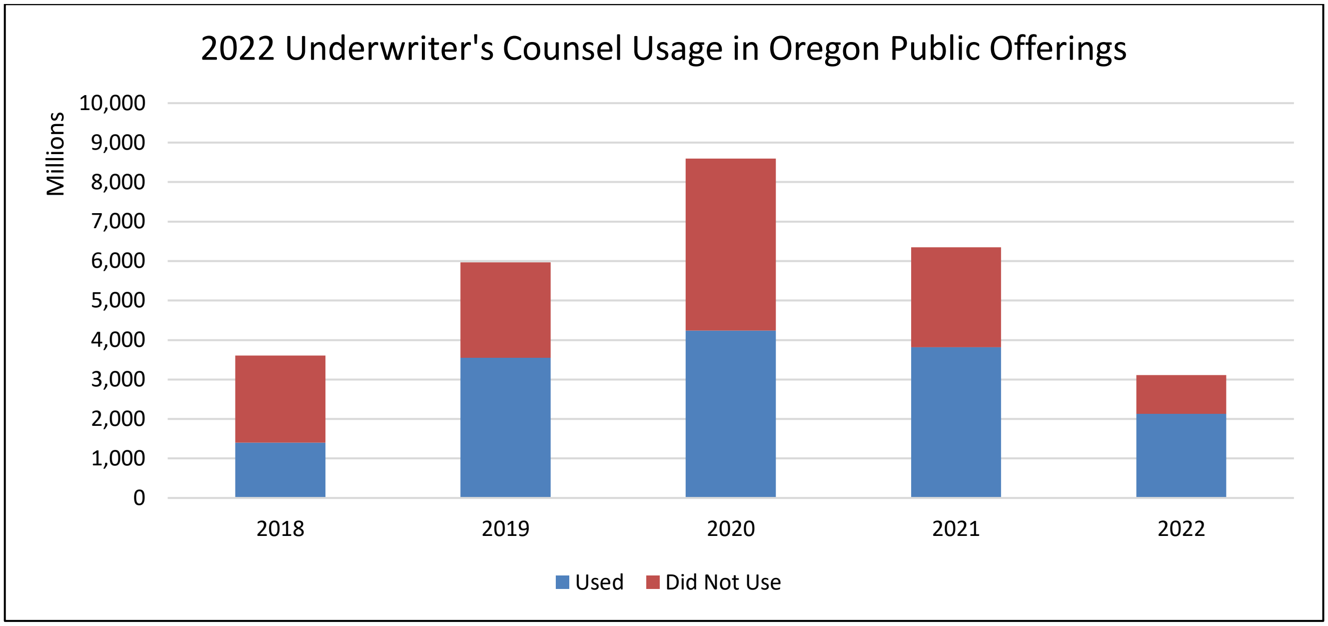
b. Underwriter's Counsel

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 years.

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 increased in 2022 compared to 2021. Of the industry total $3.11 billion par amount issued, 68.4% of issuers used an Underwriter's Counsel in 2022 compared to 60.2% in 2021.

2022 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	$722.6	23.2%	7
Hawkins Delafield & Wood LLP	709.3	22.8	6
Chapman and Cutler LLP	371.0	11.9	4
Tiber Hudson LLC	237.7	7.6	2
Quarles & Brady LLP	58.4	1.9	1
Ballard Spahr LLP	30.2	1.0	3
Used Underwriters Counsel	**2,129.2**	**68.4**	**23**
Did Not Use Underwriters Counsel	**985.7**	**31.6**	**27**
Industry Total	**$3,114.9**	**100.0%**	**50**



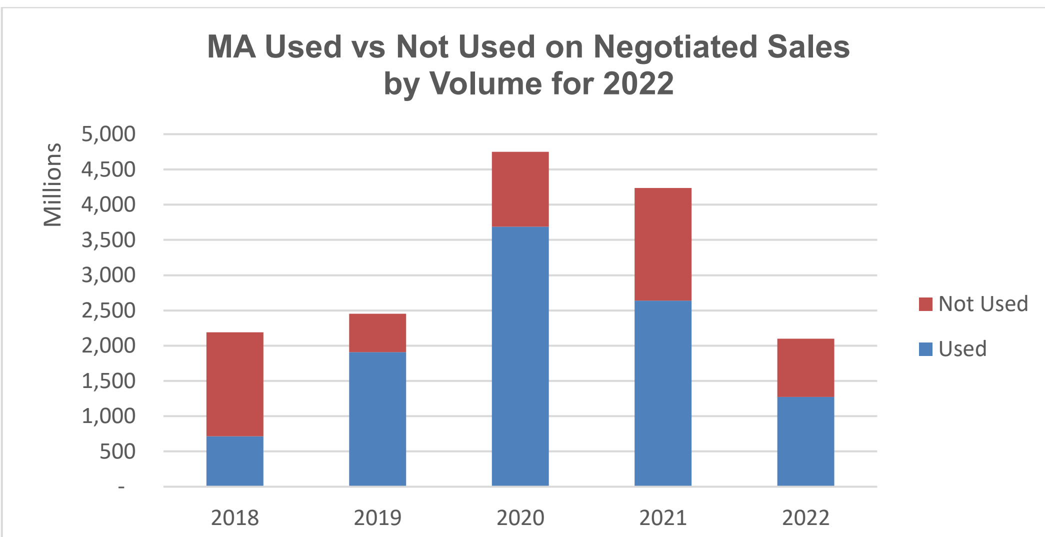
c. Municipal Advisors

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 Sandler & Co and thirdly by SDAO Advisory Services. As shown in the chart, over half of the number of issuers did not identify using an MA firm in their transactions.

2022 Municipal Advisors by Volume		
Municipal Advisor	**Volume ($)**	**No.**
Public Financial Management	1,131,620,090	18
Piper Sandler & Co.	602,147,162	10
SDAO Advisory Services LLC	461,397,693	14
D.A. Davidson & Co.	156,876,722	6
Melio & Company LLC	125,260,000	3
Northwest Municipal Advisors	23,800,000	1
Kaufman Hall & Associates	20,910,000	1
None	824,933,117	58
Total	**3,346,944,784**	**111**

2022 Local Government Debt Issued by Sale Type							
	Competitive		Negotiated		Privately Placed		
Issuer Category	MA Used	No MA	MA Used	No MA	MA Used	No MA	Total
Urban Renewal	-	-	1	-	1	1	3
School	1	-	6	6	1	8	22
Community College	-	-	-	1	1	3	5
City	6	-	6	4	8	12	36
County	2	-	-	1	2	1	6
Fire	3	-	2	-	-	5	10
Water Supply	-	-	-	1	3	1	5
Port	1	-	2	-	-	-	3
Educational Service District	-	-	-	-	-	1	1
Public Utility	-	-	-	-	1	-	1
Park	1	-	-	-	-	-	1
Hospital Facilities Authority	-	-	1	1	3	1	6
Housing	-	-	-	-	-	7	7
Service	-	-	-	-	-	1	1
Irrigation	-	-	-	-	-	1	1
Other	-	-	-	-	1	-	1
Independent Univ.	-	-	-	-	-	2	2
TOTAL	**14**	**-**	**18**	**14**	**21**	**44**	**111**



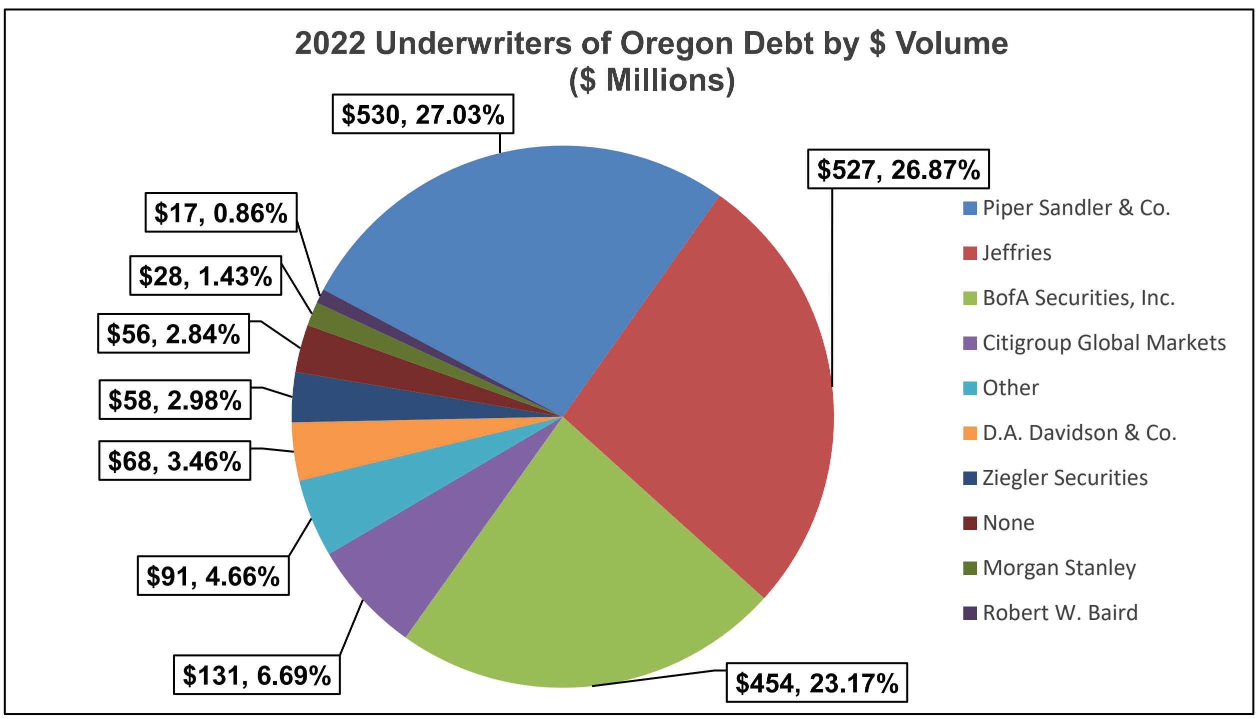
d. Lead Underwriters

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 2022 sales by Lead Underwriter. *This data below is taken from the BondTracker system and may exclude certain transactions.*

Local Government Lead Underwriters by Volume in 2022		
Underwriter	**Volume ($)**	**No.**
Piper Sandler & Co.	530,268,749	17
Jeffries	527,005,000	1
BofA Securities, Inc.	454,495,000	7
Citigroup Global Markets	131,220,000	3
Other	91,460,000	2
D.A. Davidson & Co.	67,963,310	2
Ziegler Securities	58,400,000	1
None	55,645,000	10
Morgan Stanley	28,075,000	1
Robert W. Baird	16,920,000	2
Total	**1,961,452,059**	**46**

2022 Underwriters by Sale Type				
Rank by Volume	**Competitive**	**Negotiated**	**Privately Placed**	**Total**
Piper Sandler & Co.	0	17	0	17
Jeffries	0	1	0	1
BofA Securities, Inc.	2	5	0	7
Citigroup Global Markets	3	0	0	3
Other	2	0	0	2
D.A. Davidson & Co.	0	2	0	2
Ziegler Securities	0	1	0	1
None	4	6	0	10
Morgan Stanley	1	0	0	1
Robert W. Baird	2	0	0	2
Total	**14**	**32**	**0**	**46**



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

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.

APPENDICES

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APPENDIX A: BondTracker Definitions

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[1] are Full Faith and Credit Non-Supporting (N)[2] or Self-Supporting (S)[2] 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[1] 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))[2,3] 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))[2,3] 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. 100% of the repayment revenue, the debt is Self-supporting (S) and is included in the Gross Debt calculation, but not the Net calculation.

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[1] 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.

[2] 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.

General Obligations-Non-Self Supporting (GO(N))[2,3] 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))[2,3] 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)[2]. **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[1] are generally Full Faith and Credit (N) or (S)[2] 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[1] 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.

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[1] 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.

[2] 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.