

TOBIAS READ
STATE TREASURER

JACQUELINE KNIGHTS
TREASURER'S DESIGNEE

CHRISTINE REYNOLDS
CHAIR



**MUNICIPAL DEBT
ADVISORY COMMISSION**
867 HAWTHORNE AVE SE
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PUBLIC MEETING NOTICE AND AGENDA

MUNICIPAL DEBT ADVISORY COMMISSION MEETING

HYBRID VIRTUAL MEETING ON

Thursday May 18, 2023

1:00pm – 2:30pm¹

AUDIO AND VIDEO PARTICIPATION:

[Click here to join the meeting](#)

AUDIO PARTICIPATION ONLY:

Dial-In Access 971-279-6217

Dial-In Toll Free 833-213-7399

Conference ID # 248 962 759#

IN-PERSON PARTICIPATION:

867 HAWTHORNE AVE SE – SALEM

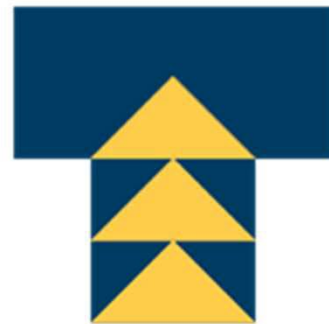
AGENDA

	<u>BEGIN</u>	<u>END</u> ¹
1. Call to Order and Roll Call	1:00 PM	1:05 PM
2. Message from the Chair	1:05 PM	1:15 PM
3. Summary Report Presentation	1:15 PM	1:40 PM
4. Changing Landscape for Municipal Disclosure <ul style="list-style-type: none">• Chair Reynolds	1:40 PM	1:55 PM
5. Report Review and Approval	1:55 PM	2:25 PM
6. Public Comment and Other Business	2:25 PM	2:30 PM
7. Adjournment		

¹ Approximate end time, subject to change

Municipal Debt Advisory Commission

Summary of 2022 Draft Annual Report



**OREGON
STATE
TREASURY**

May 18, 2023

Contents

- 2022 Issuance Summary
- POB Issuance Summary
- OSBG Program Considerations

2022 Issuance Summary



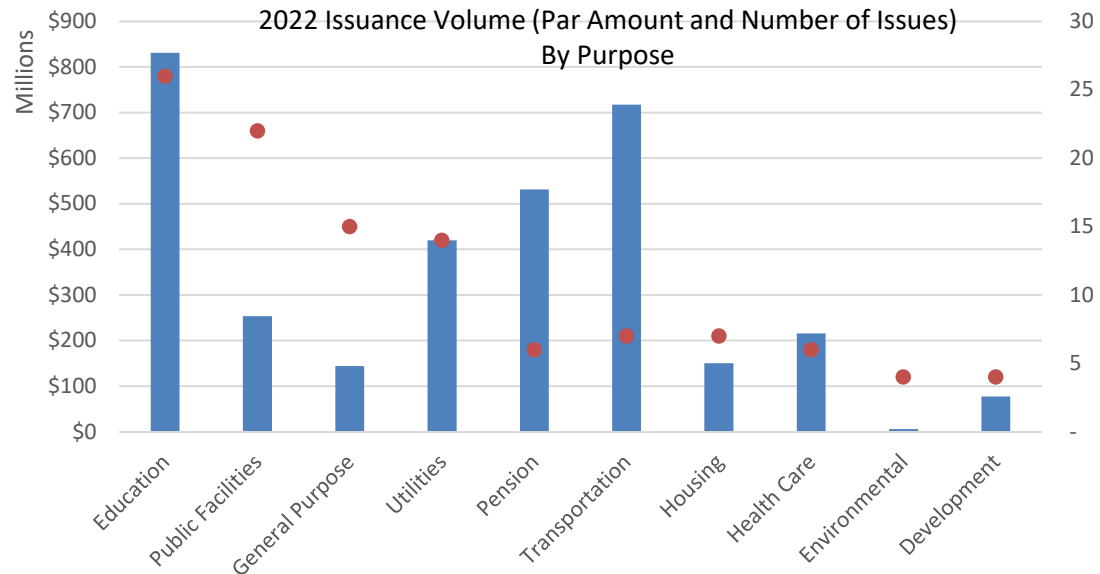
Oregon Local Government 2022 Issuance Summary

- Overall municipal debt issuance nationally, according to SIFMA, was down 19% in 2022 from 2021, with refundings and taxable issuance of debt experiencing the largest decline
- In 2022, Oregon Local Issuers placed or sold almost \$3.35 billion in debt, which is a \$2.51 billion (41.6%) decline from the \$6.03 billion issued in 2021, the decline can be attributed in part to the following:
 - \$1.45 billion (57.8%) combined decline in current and advance refunding bonds
 - \$869 million (34.6%) decline in issuance of taxable pension obligation bonds
- As of December 31, 2022, outstanding indebtedness of Oregon Local Issuers was \$39 billion, which is a \$1.3 billion (3.44%) increase over the \$37.7 billion outstanding at calendar year end 2021:
 - This increase in outstanding debt is lower than the amount of new issuance by \$2.05 billion, which means that Local issuers repaid or amortized more debt in 2022 than they incurred

2022 Local Issuance

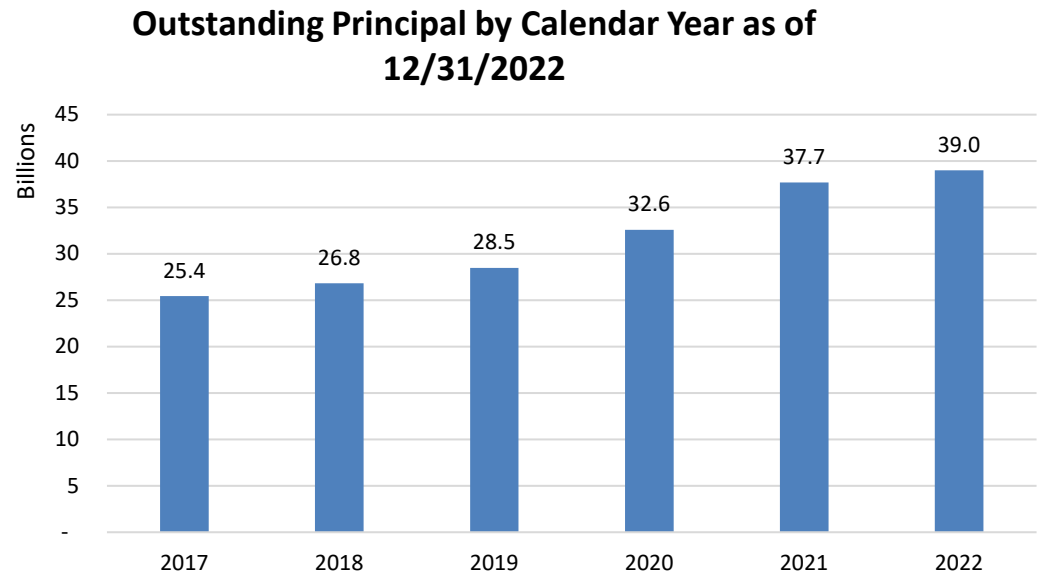
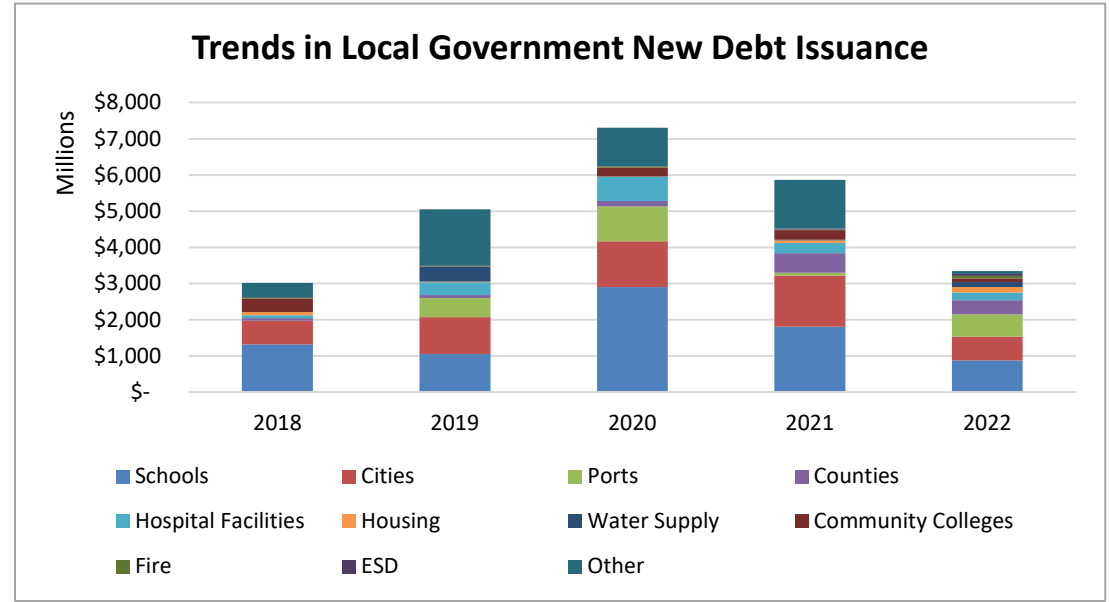
2022 Local Government Debt Issued by County		
County	Debt Issued (\$)	%
Multnomah	1,172,767,262	35.04
Washington	542,977,153	16.22
Lane	519,697,400	15.53
Clackamas	285,990,854	8.54
Deschutes	210,309,100	6.28
Jackson	113,357,992	3.39
Marion	106,305,000	3.18
Umatilla	65,233,955	1.95
Union	55,075,000	1.65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

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



Trends in Local Government Indebtedness

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



POB Issuance Summary



POB Issuance Summary

- POB issuance guidelines to reflect SB 1049 (ORS 238.697) were fully implemented in July 2021, after which Local Issuers sold \$1.88 billion of POBs to fund their PERS Unfunded Accrued Liability
 - These issuances benefited from historically low rates in 2021 and favorable rates in early 2022
 - As of June 30, 2022, Local Issuers had \$3.51 billion outstanding in POBs
 - These POBs generally use the Fund Diversion Agreement to redirect state aid to the bond trustee to make payments on the POBs, which enhances the credit of the POBs

POBs Issued Under SB 1049 (ORS 238.697)

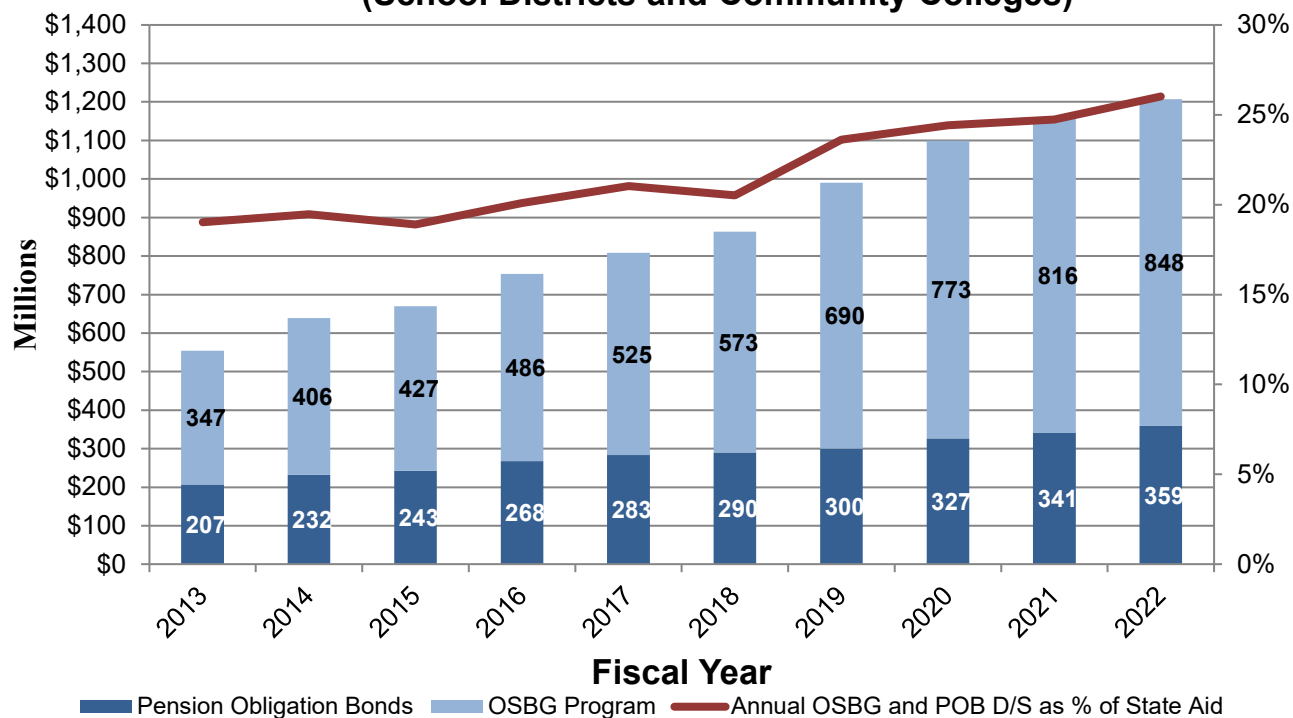
PUBLIC BODY	DATE OF ISSUE	AMOUNT ISSUED	BOND TIC (a)
Multnomah Cty SD 1J (Portland)	7/15/2021	\$399,390,000.00	2.18%
Baker Cty SD 5J (Baker)	8/19/2021	\$19,600,000.00	1.62%
Lane Cty SD 52 (Bethel)	8/19/2021	\$68,905,000.00	2.45%
Polk Cty SD 2 (Dallas)	8/19/2021	\$39,575,000.00	2.45%
Umatilla Cty SD 5R (Echo)	8/19/2021	\$3,340,000.00	2.52%
Marion Cty SD 1 (Gervais)	8/19/2021	\$3,985,000.00	2.51%
InterMountain ESD	8/19/2021	\$13,875,000.00	2.47%
Jefferson ESD	8/19/2021	\$2,380,000.00	2.54%
Jefferson Cty SD 509J (Madras)	8/19/2021	\$31,905,000.00	2.46%
Lake Cty SD 7 (Lakeview)	8/19/2021	\$10,750,000.00	2.48%
Umatilla Cty USD 7 (Milton-Freewater)	8/19/2021	\$8,210,000.00	2.48%
Morrow Cty SD 1	8/19/2021	\$18,300,000.00	2.46%
Marion Cty SD 15 (North Marion)	8/19/2021	\$15,390,000.00	2.47%
Marion Cty SD 29J (North Santiam)	8/19/2021	\$14,755,000.00	2.47%
Lane Cty SD 76 (Oakridge)	8/19/2021	\$6,985,000.00	2.49%
Deschutes Cty SD 2J (Redmond)	8/19/2021	\$71,800,000.00	2.45%
Douglas Cty SD 4 (Roseburg)	8/19/2021	\$32,535,000.00	2.46%
Marion Cty SD 4J (Silver Falls)	8/19/2021	\$35,425,000.00	2.46%
Lane Cty SD 19 (Springfield)	8/19/2021	\$106,955,000.00	2.45%
Tillamook Cty SD 9 (Tillamook)	8/19/2021	\$13,195,000.00	2.47%
Umatilla Cty SD 6 (Umatilla)	8/19/2021	\$10,705,000.00	2.48%
Union Cty SD 1 (La Grande)	8/19/2021	\$19,435,000.00	2.46%
Clackamas Cty SD 3J (W.Linn-Wilsonville)	8/19/2021	\$112,440,000.00	2.45%
Umpqua Community College	8/31/2021	\$17,805,000.00	2.50%
Mt Hood Community College	8/31/2021	\$58,895,000.00	2.48%
Clackamas Community College	8/31/2021	\$49,740,000.00	2.49%
Rogue Community College	8/31/2021	\$31,545,000.00	2.49%
Chemeketa Community College	8/31/2021	\$55,965,000.00	2.48%
Clackamas Cty SD 62 (Oregon City)	9/29/2021	\$74,500,000.00	2.44%
Lane Cty SD 45J3 (South Lane)	6/22/2022	\$26,691,611.00	4.50%
Multnomah Cty SD 3 (Parkrose)	6/22/2022	\$27,156,599.00	4.50%
Multnomah ESD	6/22/2022	\$60,233,416.00	4.45%
Umatilla Cty SD 8 (Hermiston)	6/22/2022	\$61,733,955.00	4.45%
Lane County	6/28/2022	\$286,638,289.00	4.30%
Lane Community College	6/30/2022	\$69,290,000.00	4.20%
Total		\$1,880,028,870.00	

OSBG Program Considerations

OSBG Program Considerations

- As of June 30, 2022, the Oregon School Bond Guaranty (OSBG) Program guaranteed \$9.4 billion or roughly 24% of all outstanding debt of all Oregon Local Issuers and 62% of all outstanding debt of school and community college districts
 - FY 2022 debt service on OSBG guaranteed bonds was \$848 million or 5.68% of State Net General Fund Revenues and 18.93% of FY 2022 State Aid for school and community college districts
 - Combined OSBG guaranteed debt service and POB debt service supported by Fund Diversion Agreements totaled \$1.17 billion in FY 2022 and in the aggregate is roughly 26% of State Aid for school and community college districts in FY 2022

**Annual Debt Service of OSBG Guaranteed Debt and POB Debt
Using Fund Diversion Agreements
(School Districts and Community Colleges)**



Updates to the Bond Tracker System in 2022

- In 2022, the Debt Management Division implemented several updated improvements to the system:
 - Overlapping Debt Report – Since 2021, all the Overlapping Debt Reports are pulled from BondTracker by region and saved on a shared drive for future use before the annual upload of updated tax information overrides the prior years data in the system. This allows Local Governments to access ODR well after the cut off date and ensures record retention rules are being followed appropriately
 - Pension Obligation Bond – In 2021, the process of tracking POBs drastically changed to include an adaptation within BondTracker to form accessible POB data that can be used, along with an already utilized POB tracking spreadsheet and guideline for each issuance to allow DMD to accurately and efficiently report POB information to outside entities in a timely manner. This also allows DMD to closely monitor the POB activities
 - Debt Limit Verification – Every other year, Local Governments go through a process to verify their debt with DMD. Starting in 2024, the verification process will be done almost exclusively using electronic resources such as email, electronic scanning and drive sharing
 - Issuer Table Update - In late 2022, DMD worked with IT to implement a table change with the Issuer main area. This will allow staff to input more than one contact information for an Issuer.
 - Purposes, Bond Types & Definitions – DMD is currently working on writing out a comprehensive list of Purposes, Bond Types and Definitions that are reflected in BondTracker for the use by Bond Counsel, Underwriter Counsel, Municipal Advisors and Underwriters to ensure accurate data is being used in the system moving forward and give everyone a uniformed understanding of how to use these sections in the system
 - Bond Calendar – In mid-2022, the Bond Calendar was moved to the new BondLink webpage accessible at www.buyoregonbonds.com to provide cohesiveness to outside investors looking to invest in Oregon opportunities.

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The Financial Data Transparency Act

December.27.2022

The Financial Data Transparency Act of 2022 (Act) will change the way issuers and obligors of municipal securities report required disclosure information on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (EMMA). In short, the Act requires the Securities and Exchange Commission (SEC)^[1] to create organizational standards for information reported by issuers and obligors on EMMA. The goal of the Act is to provide users with an easier way to view, access, and explore the contextual information of the underlying data.

Here's what you need to know:

What Happened?

The Act was passed into law on December 23, 2022. The Act directs certain regulatory agencies (including the SEC) to jointly issue proposed rules for public comment that establish new data reporting standards within 18 months of enactment of the Act. These new SEC rules will impact entities that post on EMMA. Proponents of the Act believe it will make the information collected and made publicly available by regulatory agencies easier to access, analyze and compare by requiring data to be posted in a machine-readable format, similar to the requirements for the information posted to the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) by publicly traded companies, mutual funds and other regulated entities. The Act only changes how information is submitted; it does not contain any new disclosure requirements.

What Will the Law Change for Affected Issuers and Obligors?

The Act will require that information posted on EMMA be structured so that it is fully searchable and consistently identifiable by machine-readable technologies through the use of identifier codes or tags (i.e., structured data). Structured data allows the reader to access more granular information about the data presented, such as the accounting codifications and guidance associated with the information.^[2] Additionally, the Act requires information to be made available in an open data format that allows for digital access and bulk downloads with no restrictions.

It is anticipated that the SEC will require data collection in a structured format such as the extendible business reporting language (or XBRL) format, with each piece of data being tagged/barcoded to enable simpler comparisons between sets of data. XBRL is an open standard, commercially available software language that is nonproprietary and royalty free. Benefits of XBRL are that it can identify what is and is not reported and any data quality errors.^[3] XBRL can also compare results across data sets and generate time series charting and benchmarking.^[4] The SEC first implemented structured data requirements in 2009, and currently, both the SEC and the Federal Energy Regulatory Commission require information reported by their regulated entities to be in the Inline XBRL format, which allows readers to download information directly into spreadsheets for comparison and analysis purposes.

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To implement the structured data standard, the SEC must develop taxonomies or classifications to create standard tags for the reporting of information. Each reporting entity must translate data from its accounting system into a format consistent with the classifications developed by the SEC. Once the initial translation is complete, if an entity's financial statements include unique line items, it may create an "extension" to a standard tag to modify the nomenclature so that it corresponds to its existing unique line items.^[5] For example, if an entity refers to "net revenues" as "operating revenues," it may extend the "net revenues" tag to refer instead to "operating revenues."^[6] Although extensions provide entity-specific information that may facilitate meaningful analysis, extensions diminish the comparability of data across entities, which is one of the main purposes of structured data.

Who Does the Law Most Affect?

The Act, once implemented after the rules are finalized, may significantly alter the way issuers and obligors format the information posted to EMMA. Specifically, the translation of financial information into a format consistent with the classifications developed by the SEC may be different from the format currently required by the Government Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) and Generally Accounting Standards Board (GAAP). The National League of Cities^[7] and the Government Finance Officers Association^[8] (GFOA) recently raised concerns about the new reporting requirements, including cost concerns and concerns that information unique to a specific type of issuer such as a state, city, public utility provider or hospital will be lost in the standardization of information.

Inherent with the new standards will be the increased costs of preparing, reviewing and validating that the information presented in the new form is an accurate representation of the underlying data. The GFOA predicted that the transition to standardized reporting categories will be costly, and the "unfunded mandate [will] require extensive staff time along with the need for consulting resources and potentially risky updates to governmental financial systems."^[9] In 2017, the CFA Institute conducted a study of companies required to report in a structured data format and found that although implementation of structured data was initially costly, over time larger companies reduced the number of outsourcing services used to create their XBRL filings as they became more confident in preparing and reviewing their reports in-house.^[10] However, smaller companies found the costs of the structured data reporting requirement as a consistent burden given their limited resources.^[11]

To minimize the burden of implementation of the structured data standards, the Act directs the SEC to consult with market participants, scale the data standards in order to reduce any unjustified burden on smaller entities and minimize disruptive changes to the affected entities. These requirements were added to the final version of the Act to address concerns from municipal market participants about the increased costs of implementing the structured data format, including increased capital costs for the purchase of software, increased operating expenses for entities that contract with a third-party vendor to perform data tagging services and increased personnel costs for the preparation and review of the data. In the municipal securities market, the Act applies only to issuers and obligors that are required to file continuing disclosure reports on EMMA. As such, it remains to be seen whether the increased costs associated with implementing the new rules will create a barrier to entry in the municipal market for smaller governmental issuers and nonprofit organizations who may choose to avoid the new requirements by opting for private placement offerings that are exempt from such continuing disclosure obligations.

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What Happens Next?

The SEC will work with the other regulating entities named in the Act to draft rules for public comment within the next 18 months. The Act does not mandate a specific time period for public comments to be received and reviewed by the regulated entities. Once the public comment period ends and the final rules are issued, issuers and obligors that are required to post on EMMA will have two years before they must comply. This means that the earliest possible date for when affected entities will need to transform their EMMA filings is over 3 ½ years away (and likely much longer given that time will be needed for public comments and the release of the final rules). It remains to be seen what consequences might apply to municipal issuers and obligors that fail to report in the new machine-readable, structured data format when required, although it is expected that the new rules will likely explain the effect of non-compliance with the reporting requirements. In the corporate world, for public companies already subject to structured data requirements, non-compliance means the subject company is non-compliant with statutory reporting requirements and is deemed to not have adequate public information available for purposes of Rule 144 of the Securities Act of 1933.

Affected entities should get involved in the design of the data standards by participating in the public comment process with the SEC. To minimize implementation costs, aligning the new standards with current reporting requirements under GASB, FASB or GAAP is crucial. Additionally, as the national data standards are promulgated, local issuers should contact state agencies to work towards synchronizing any state reporting requirements with the new national reporting requirements. Issuers and obligors of municipal securities may also consider earmarking resources to implement the requirements of the Act as the implementation date approaches.

[1] The Act as first passed by the House of Representative originally provided for the MSRB to set and implement the new rules. However, municipal bond issuers expressed their concerns about expanding the MSRB's current authority over state and local governments as bond issuers in contravention of the Tower Amendment. Under the Act as passed, the SEC, which is subject to congressional oversight, will design and implement the new rules for the municipal market.

[2] Caroline A. Crenshaw, Commissioner, U.S. Sec. and Exch. Comm'n, [The Lessons of Structured Data](#), November 10, 2021, located at <https://www.sec.gov/news/speech/crenshaw-lessons-structured-data-111021>.

[3] *Id.*

[4] *Id.*

[5] U.S. Sec. and Exch. Comm'n, [Interactive Data for Financial Reporting](#), <https://www.sec.gov/corpfin/infosmallbussecginteractivedata-secg> (last visited Dec. 16, 2022).

[6] *Id.*

[7] Michael Gleeson, [Proposed Legislation Includes Costly Unfunded Mandates for Local Governments](#), National League of Cities, <https://www.nlc.org/article/2022/12/15/what-you-need-to-know-about-the-financial-data-transparency-act/>, (last updated Dec. 15, 2022).

[8] [New Financial Reporting Requirements for Governments Proposed in U.S. Senate: A Costly and Burdensome Unfunded Mandate](#), Government Finance Officers Association, <https://www.gfoa.org/new-financial-reporting-requirements-proposed> (last visited Dec. 19, 2022).

[9] *Id.*

[10] Mohini Singh, ACA, [The Cost of Structured Data: Myth vs. Reality](#), CFA Institute, <https://us.aicpa.org/content/dam/aicpa>

[/interestareas/frc/accountingfinancialreporting/xbrl/downloadabledocuments/cfa-institute-the-cost-of-structured-data.pdf](#), (last visited Dec. 16, 2022).

[11] *Id.*

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