



Protect Central Oregon's public services!

AT A GLANCE: Sunriver is a quasi-municipality that provides a number of public services (including police and fire) to its residents as well as surrounding communities. Due to its unique situation in statute however, the State Treasury is not currently able to allow Sunriver access to the Local Government Investment Pool, which is ordinarily used by local governments for these services. **SB 751 allows the State Treasurer to extend access to Sunriver at the State Treasurer's discretion.**

Background

Sunriver is a Planned Community of a little over 4,100 residential units, about 100 miles of paved roads and trails, and a number of shared facilities and services. The Sunriver Owners Association manages the community similar to a City Council, and is tasked with maintaining community infrastructure as well as providing critical support to Sunriver's Fire and Police Departments on a variety of levels. The tax-exempt organization is funded almost entirely by its property owners' maintenance fees. The annual operating budget is about \$11 million.

Need for Legislation

SROA has the challenge of not only administering an \$11 million annual operating budget, but also providing for its capital reserve fund expenditures nearing \$3 million per year as well. It is therefore critical that SROA invest its reserve funds wisely.

At present, SROA has nearly \$16 million of reserve funds invested in laddered CDs, money market accounts and Treasury Bills. Under the current planned community statutes, SROA finds itself restricted to fairly conservative investment vehicles. Not only do these vehicles provide meager returns, but SROA is not able to employ fund investing, which by its nature would provide the much-needed liquidity of funds. Instead, SROA is forced by current statute to invest in laddered, FDIC limited amounts that has created a complex management of its overall investment portfolio. This places SROA in a critical condition, requiring precise timing of the maturity of its investments to align with Sunriver's many major public works projects that are in some stage of planning or actual construction as well as backstopping the needs of its first responders.

Much like Sunriver, this bill is unique and was carefully crafted to address a specific set of critical circumstances. As written, Sunriver would currently be the only planned community capable of meeting the qualifying criteria for participating in the LGIP investment fund.

Vote YES on SB 751

Frequently Asked Questions

Q: If the police and fire are actually run by an overlapping special district with LGIP access, why is this needed?

A: Although the day-to-day operations of certified police officers and firefighters are overseen by the Sunriver Service District, many functions, staff, and other financial responsibilities are supported by the SROA itself. This includes administrative, accounting and HR services, from CJIS certified IT staff support, to SROA's fire and ambulance certified mechanics shop (that also serves the La Pine Rural Fire Department), in addition to debt service on facilities. SROA hires personnel certified to work for the service district as well as retain employees and maintain on-call staffing schedules that it would not have to if not for its responsibility to provide priority services to the district.

Q: Will this just open up the LGIP to all sorts of depositors, including private and for-profit entities?

A: No. Since Sunriver is already a "creature of statute" by Oregon's Planned Community laws (ORS 94), the financial responsibilities outlined above already place its finances under the state's regulatory statutes; it simply does not have an allowance for LGIP participation. The objective of the legislation is to bring more efficiency and certainty to the financial mechanisms that Oregonians rely on for public services like police, fire, and other necessities. As such, the legislation requires that participants manage these services.

Q: Would this set a precedent that the LGIP could be used for entities that are not local governments?

A: That is already the case! In 2013, the State Treasury introduced and passed SB 351, which allowed LGIP participation by Tribal Governments, without opposition.

Q: Will this increase LGIP costs?

A: LGIP administration is paid for by depositors, based on the amount deposited. So, these funds would pay for their own administration. Additionally, the bill creates a statutory floor amount to ensure that the earnings on the fund are sufficient.

Q: Is there a problem with allowing non-public dollars to be invested alongside public dollars?

A: Most of the State Treasury's funds are co-invested alongside private dollars. Additionally, as a non-taxpaying entity, the SROA's investment profile is very similar to that of a local government.

Q: Is this a mandate on the State Treasury?

A: Not at all; the measure gives the State Treasurer wide discretion to enact additional sideboards and rules above and beyond what is described in the bill. Additionally, the measure is intended to be discretionary on the part of the State Treasurer. (Note: Legislative Counsel advised against leaving a completely open-ended measure and suggested a deadline of 2026, but we would have concerns about moving forward if the Treasury was unable to promulgate rules by that time.)