

ANALYSIS

Department of Administrative Services Article XI-Q, Article XI-G and Lottery Revenue Bond Refunding

Analyst: Walt Campbell

Request: Acknowledge receipt of a report on the state's Article XI-Q and Article XI-G general obligation bond and lottery revenue bond debt service savings as a result of refinancing.

Analysis: ORS 286A.160(3) requires the Department of Administrative Services (DAS) to report the amount of incurred expenses and General Fund or Lottery Funds debt service savings resulting from the issuance of refunding bonds to the Joint Committee on Ways and Means or the Emergency Board. On April 29, 2025, DAS and the State Treasurer completed the sale of Article XI-Q 2025 Series A refunding bonds. On May 6, 2025, DAS and the State Treasurer completed the sale of Lottery Revenue Bonds 2025 Series A refunding bonds. On May 7, 2025, DAS and the State Treasurer completed the sale of Article XI-G 2025 Series G refunding bonds. Proceeds from the sales were used to refinance qualifying outstanding bonds.

DAS and the State Treasurer evaluated the refunding plan on a maturity-by-maturity basis, considering multiple factors, including net present value savings and escrow efficiency. Refundings on general obligation bonds incurred costs of issuance totaling \$598,020 and resulted in statewide General Fund debt service savings of \$2.7 million in the 2025-27 biennium and total savings of \$13.5 million over the life of the bonds. Refundings on lottery bonds incurred costs of issuance totaling \$762,555 and resulted in statewide Lottery Funds debt service savings of \$21.7 million in the 2025-27 biennium and total savings of \$47.1 million over the life of the bonds. Current biennium debt service savings are utilized as part of the development of the 2025-27 legislatively adopted budget.

Recommendation: The Legislative Fiscal Office recommends that the Joint Committee on Ways and Means acknowledge receipt of the report.

Department of Administrative Services Klein

Request: Report on recent refinancing of Article XI-Q, Article XI-G, and Lottery Revenue Bond refunding as required by ORS 286A.160 by the Department of Administrative Services.

Recommendation: Acknowledge receipt of the report.

Discussion: The Capital Finance and Planning section within the Department of Administrative Services (DAS) is responsible for the administration of various statewide financing programs, including the issuance of Article XI-Q, Article XI-G, and Lottery Revenue Bonds. Between April 29, 2025, and May 7, 2025, DAS and the Oregon State Treasury completed three bond issuances that included refunding bonds for the purpose of refinancing qualifying outstanding debts amongst the three bonding programs. This refinancing reduced debt service for the 2025-27 biennium by \$24.4 million total funds. Over the life of the bonds, debt service costs will be reduced by \$60.5 million total funds. The letter submitted by DAS includes a complete breakdown of savings by agency, below is a list of impacted agencies:

- Legislative Administration Committee
- Oregon Judicial Department
- Oregon Health Authority
- Higher Education Coordinating Commission
- Oregon Department of Forestry
- Oregon Department of Transportation
- Department of Administrative Services
- Oregon Business Development Department
- Water Resources Department
- Oregon Housing and Community Services



Oregon

Tina Kotek, Governor

Department of Administrative Services

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May 30, 2025

The Honorable Fred Girod, Co-Chair
The Honorable Representative Rob Nosse, Co-Chair
Joint Committee on Ways and Means Subcommittee on Capital Construction
900 Court Street
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs:

Nature of Request

Report on the State's debt service savings results from a recent refinancing of the Article XI-Q and Article XI-G General Obligation bonds and Lottery Revenue bonds.

Agency Action

ORS 286A.160(3) requires the Department of Administrative Services (DAS) to report the amount of incurred expenses, General Fund debt service savings and Lottery Funds debt service savings resulting from the issuance of refunding bonds to the Joint Committee on Ways and Means. During the Spring of 2025, DAS and the State Treasury completed three issuances that included refunding bonds. On April 29, 2025, we issued Article XI-Q 2025 Series A refunding bonds. On May 6, 2025, we issued Lottery Revenue Bonds 2025 Series A refunding bonds. On May 7, 2025, we issued Article XI-G 2025 Series G refunding bonds. Proceeds from the issuance were used to refinance qualifying outstanding bonds. Expenditure limitations will be administratively established to record the transaction.

The three tables below present General Fund and Lottery Funds debt service savings for Article XI-Q bonds, Article XI-G Higher Education bonds, and Lottery Revenue bonds by agency.

XI-Q 2025A Bonds

Agency	2025-27 Debt Service Savings	FY 2028-2039 Debt Service Savings	Total Debt Service Savings	Costs of Issuance
LAC	\$ (2)	\$ 182,250	\$ 182,248	\$ 9,343
OJD	\$ 267,904	\$ 1,238,750	\$ 1,506,654	\$ 38,493
OHA	\$ 156,383	\$ 9,000	\$ 165,383	\$ 25,355
HECC	\$ 1,077,380	\$ 5,758,500	\$ 6,835,880	\$ 252,281
ODF	\$ 64,313	\$ 274,750	\$ 339,063	\$ 8,531
ODOT	\$ 82,687	\$ -	\$ 82,687	\$ 11,476
Total	\$ 1,648,665	\$ 7,463,250	\$ 9,111,915	\$ 345,479

XI-G 2025G Higher Education Bonds

Agency	2025-27 Debt Service Savings	FY 2028-2039 Debt Service Savings	Total Debt Service Savings	Costs of Issuance
HECC	\$ 1,010,220	\$ 3,350,516	\$ 4,360,736	\$ 252,541

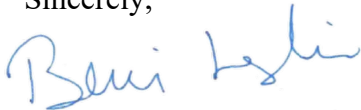
Lottery Revenue 2025A Bonds

Agency	2025-27 Debt Service Savings	FY 2028-2035 Debt Service Savings	Total Debt Service Savings	Costs of Issuance
DAS	\$ 1,993,803	\$ 2,961,685	\$ 4,955,488	\$ 95,674
OBDD	\$ 364,604	\$ 453,708	\$ 818,312	\$ 16,893
HECC	\$ 2,449,541	\$ 2,412,515	\$ 4,862,056	\$ 93,155
ODF	\$ 571,206	\$ 573,311	\$ 1,144,517	\$ 10,283
WRD	\$ 284,201	\$ 740,096	\$ 1,024,297	\$ 29,216
ODOT	\$ 15,418,248	\$ 17,529,127	\$ 32,947,375	\$ 500,678
OHCS	\$ 636,838	\$ 666,807	\$ 1,303,645	\$ 16,656
Total	\$ 21,718,441	\$ 25,337,249	\$ 47,055,690	\$ 762,555

Legislation Affected

None.

Sincerely,



Berri Leslie
Chief Operating Officer/DAS Director