



December 10, 2020

Governor Brown and Members of the Oregon Legislature:

The COVID-19 pandemic has been devastating for Oregon families. In addition to the human costs, the pandemic has dramatically affected our economy, leading to financial uncertainty and commensurate challenges to the State's budget in both the current and upcoming biennia. This makes long-term funding plans more difficult for important State and local government capital projects.

Recent forecasts from the Office of Economic Analysis (OEA) show improvements to the economic outlook. There is cause for optimism, but we still face a difficult winter with this disease and associated economic impacts and uncertainty. Further, it's unclear if additional—and absolutely necessary—federal aid is on the way. For these reasons, we continue to advise caution and patience when planning for capital projects.

The State Debt Policy Advisory Commission (SDPAC) will convene for our annual meeting in January, and our annual report will be distributed shortly thereafter. We hope to have more information related to the economic outlook at that time. The annual report will include projections for remaining capacity in the current biennium, in addition to projecting capacity over the coming decade.

Oregon maintains a strong credit rating of AA+/AA+/Aa1 and has a stable outlook for General Obligation bonds according to recent analysis from Standard & Poor's, Fitch Ratings, and Moody's Investors Service. These credit ratings and current low interest rates may provide opportunities to expand our bonding capacity over previous projections. As we move into the early months of 2021, the Debt Management team at Treasury stands ready to assist you in maximizing the use of our bonding capacity to develop vital infrastructure.

While we remain cautious, we also see opportunities at this critical time to use our bonding capacity to spur economic development, enhance our resilience, and build affordable housing.

Thank you for your attention and your commitment to Oregon's future. We will send you the SDPAC annual report in January. Please do not hesitate to reach out with questions about Oregon Treasury's debt management program.

Sincerely,

Tobias Read