

PUBLICLY OFFERED ISSUES: Revision 01/2020

The following information must be included on the cover page of the official statement(s) for any bonds wishing to reference participation in the Guaranty Program:

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the

STATE OF OREGON

under the provisions of the Oregon School Bond Guaranty Act. See “Oregon School Bond Guaranty” within.

The following information must be included in the text of the official statement(s) for any bonds wishing to reference participation in the Guaranty Program. Those sections outlined with brackets “[]” must be completed with updated information provided by the Oregon Office of the State Treasurer: (updates at: [Office of the State Treasurer - OSBG](#))

OREGON SCHOOL BOND GUARANTY

Guaranty Provisions

Article XI-K of the Constitution of the State of Oregon (the “State”) allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally “school district” or “school districts”) in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the “Act”). As provided in ORS 328.326(1)(a):

The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Guaranty Procedures

Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act, shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any

required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds (“Qualified Bonds”), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of moneys paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay a scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State.

State Repayment. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) exercise the rights of a secured creditor in any money or assets pledged by the school district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State’s guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a funds diversion agreement under ORS 238.698.

Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary, the State Treasurer shall pursue any legal action, including but not limited to mandamus or foreclosure of a security interest, against the school district or school district board and may compel the school district to (i) levy and provide property tax or other revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of [REDACTED] the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program: [REDACTED]

Aggregate principal amount outstanding of bonds guaranteed at [REDACTED]

Aggregate debt service amount outstanding of bonds guaranteed at [REDACTED]

Guaranty Contact Person

As of the date of this OFFICIAL STATEMENT, requests for information regarding the Guaranty Program may be directed to:

Tobias Read, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
350 Winter Street NE, Suite 100
Salem, OR 97301-3896
Phone (503) 378-4930 – Fax (503) 378-2237

State of Oregon – Financial and Operating Information

The most recent Comprehensive Annual Financial Report (the “CAFR”) of the State, and its most recent OFFICIAL STATEMENT for its general obligation debt, are currently on file with the Electronic Municipal Market Access (“EMMA”), operated by the Municipal Securities Rulemaking Board (“MSRB”). The financial

and operating information with respect to the State contained in the CAFR, and such OFFICIAL STATEMENT, are hereby included by reference in this OFFICIAL STATEMENT. Additionally, the CAFR and the most recent OFFICIAL STATEMENT for its general obligation debt are available upon request from the State's contact person as indicated under **Guaranty Contact Person** above.

As of the date of this OFFICIAL STATEMENT, the outstanding general obligation bonds of the State are rated " " by Fitch, " " by Moody's Investors Service, and " " by Standard & Poor's Ratings Group.

State of Oregon – Continuing Disclosure

The State has executed a Master Disclosure Certificate (the "Certificate") for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Certificate can be found in Appendix [REDACTED]. The State, in accordance with the Certificate, provides annually copies of its most recent CAFR of the State to the Municipal Securities Rulemaking Board through depositing such information with EMMA. In addition, the State will provide the Municipal Securities Rulemaking Board, through EMMA, event notices as described in the Certificate pertaining to the State of Oregon's guaranty of the bonds. These filings may be accessed on EMMA—MSRB, search Issuers for State of Oregon.

PRIVATELY PLACED ISSUES: Revision 1/2020

The following information must be included in the Lender Letter or similar acknowledgement from the initial bond purchaser and subsequent purchasers for any debt obligation wishing to reference participation in the Guaranty Program:

“The bond is guaranteed under the Oregon School Bond Guaranty Act (ORS 328.321 to 328.356). Under the Act, if the district does not transfer sufficient funds for a debt service payment by the required time to its paying agent, and the State Treasurer receives the notice required by law, the State Treasurer is required to transfer the amount of the deficiency to the paying agent.”