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OREGON STATE TREASURY

Date: December 1, 2005

To: Districts, Educational Service Districts, Community Colleges, & Interested Parties

From: Laura Lockwood-McCall, Debt Management Director

Subject: News for the Oregon School Bond Guaranty Program (OSBG)

Enclosed is a letter from the Securities and Exchange Commission (SEC) granting certain districts exemption from continuing disclosure requirements of SEC Rule 15c2-12(e). The exemption applies only to future issues using the Oregon School Bond Guaranty (OSBG) program.

Realizing that continuing disclosure requirements for OSBG participants may be particularly burdensome for smaller districts, the State Treasurer requested over a year ago that the SEC waive this disclosure requirement. On October 4, 2005 of this year the OSBG program successfully obtained this waiver and exemption from the SEC.

The exemption applies only to:

1. Oregon School Bond Guaranty program participants.
2. Districts with no more than $10 million combined outstanding debt.
3. Bond sales dated after October 4, 2005.

If you are not certain of your disclosure obligations or whether or not your district qualifies for this exemption, your bond counsel will be the best resource in determining your eligibility. If you have any questions regarding the Oregon School Bond Guaranty program, please contact Alice Bibler at 503-378-4930 or Alice.Bibler@ost.state.or.us.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

October 4, 2005

Townsend Hyatt, Esq.
Orrick, Herrington & Sutcliffe LLP
1125 NW Couch Street
Suite 800
Portland, OR 97209

Re: Exemption Request under Rule 15c2-12(e) Filed on Behalf of the State of Oregon

Dear Mr. Hyatt:

In your letter of September 30, 2005 ("Letter"), the State of Oregon ("Oregon" or the "State), which has established a program (the "School Bond Guaranty Program" or the "Program") to provide its full faith and credit and taxing power to guaranty payment of principal of and interest on general obligation school bonds issued by eligible Oregon school districts, community colleges and education service districts (collectively, the "School Districts"), requests an exemption pursuant to Securities Exchange Act of 1934 Rule 15c2-12(e), whereby its outstanding obligations as issuer, and its undertaken obligations as a guarantor of municipal securities issued by School Districts which, with respect to Offerings (as defined in paragraph (a) of the Rule) of such municipal securities, would result in the State being an Obligated Person (as defined in paragraph (f)(10) of the Rule), not be considered by Participating Underwriters (as defined in paragraph (a) of the Rule) of Offerings on behalf of School Districts participating in the Program in determining whether any such Participating Underwriter may rely on the "small issuer" exemption provided by paragraph (d)(2) of the Rule.

Response:

Paragraph (e) of the Rule provides that the Commission may exempt underwriters participating in a transaction or class of transactions from any requirement of the Rule, either unconditionally or on specified terms and conditions. Based on the facts and representations set forth in your Letter, and without necessarily concurring in your analysis, the Commission, by delegated authority,[1] hereby grants an exemption permitting Participating Underwriters to participate in Offerings by School Districts made in reliance on paragraph (d)(2) of the Rule, which are guaranteed in accordance with the

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[1] 17 C.F.R. 200.30—3(a)(48).

Program, if the State is not considered by the Participating Underwriters in determining whether they can rely on the exemption. This exemption will not relieve School Districts from any obligations to make filings required by their continuing disclosure agreements that were due before the date of this letter, including the filing of any annual financial information required by paragraph (b)(5) of the Rule. Any filings that were due before the date of this letter are still required, and any instances in the previous five years in which any School District failed to comply, in all material respects, with any previous undertakings must be set forth in that School District's final official statements as described in paragraph (f)(3) of the Rule.

In reaching this position, the staff notes in particular the following:

1. The State has executed a continuing disclosure agreement ("Disclosure Agreement") that represents the commitment of the State to comply with the provisions of paragraph (b)(5) of the Rule to the same extent as if the Offerings of guaranteed bonds were fully subject to the provisions of paragraph (b)(5) of the Rule.

2. The State will continue to comply with the undertaking set forth in the Disclosure Agreement in accordance with the terms thereof, and specifically, will file annual financial information containing the general type of financial information and operating data that is included (or incorporated by reference) in the Official Statement for bonds guaranteed by the State in accordance with the Program.

3. The annual financial information filed by the State will include audited financial information.

4. The Disclosure Agreement provides that the State shall notify the Oregon state information depository ("SID"), if one is created, and either each nationally recognized municipal securities information repository ("NRMSIR") or the Municipal Securities Rulemaking Board ("MSRB"), in a timely manner, of the occurrence of any of the events specified in paragraph (b)(5)(i)(C) of the Rule, if material, with respect to the State or its guarantee of the bonds.

5. The State, on behalf of the School Districts, will file a notice with each NRMSIR and the Oregon SID, if one is created, indicating that such relief has been granted, with the result of such relief being that certain "small issuer" School Districts (which will be named in the notice) will cease providing annual financial information in reliance upon the exemptive relief, although such School Districts will comply with the Rule to the extent required by the "small issuer" exemption provided by paragraph (d)(2) thereof. Such notice will also provide that the State, pursuant to the Disclosure Agreement, will make annual financial information filings with each NRMSIR and the Oregon SID, if one is created, and will timely file material event notices with each

NRMSIR or the MSRB and the Oregon SID, if one is created, in each case with respect to the Program and the State.

This exemption will apply to any Offering by the School Districts only to the extent that such Offering would then be exempt under paragraph (d)(2) of the Rule, except for the fact that the State is guarantor. This exemption is based solely on the representations that you have made, and any different facts or conditions might require a difference response. Our response is solely limited to the application of Rule 15c2-12 and does not address the form of the undertaking applicable to the State, the adequacy of disclosure concerning any transactions involving the Offerings by the School Districts, and any separate duties that the School Districts, the State, or any other party has under the federal securities laws to inform investors of material facts concerning such transactions or, with respect to an underwriter, to have a reasonable basis for its recommendation to investors. In this regard, your attention specifically is directed to the antifraud provisions of the federal securities laws, particularly Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Division also expresses no view with respect to any additional questions that the issuance of the bonds may raise including, but not limited to, the applicability of any other federal or state laws. Moreover, this exemption is subject to future modification or revocation.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority,

Martha Mahan Haines

Martha Mahan Haines
Assistant Director