

OFFICIAL NOTICE OF BOND SALE

\$2,080,000*

State of Oregon

General Obligation Bonds

(Alternate Energy Projects)

**2014 Series F (Federally Taxable – Qualified Energy Conservation Bonds –
Direct Payment)**

NOTICE IS HEREBY GIVEN that the State of Oregon (the “State”) is soliciting bids to purchase its General Obligation Bonds (Alternate Energy Projects) , 2014 Series F (Federally Taxable – Qualified Energy Conservation Bonds – Direct Payment) (the “2014 Series F Bonds”).

The terms of sale are set out in this Official Notice of Bond Sale (the “Notice”). All bids must be submitted electronically via *PARITY* in accordance with this Notice at the time (using Pacific Time) and in the manner described below on **June 16, 2014**.

Bids for the 2014 Series F Bonds must be submitted by **10:30 a.m.**

The State will act on the bids within four hours.

MATURITIES: The 2014 Series F Bonds will be issued in the principal amount of \$2,080,000*, and will mature on the following dates in the following principal amounts (subject to adjustment as noted below).

<u>Date (October 1)</u>	<u>Principal Amount*</u>
2015	\$120,000
2016	120,000
2017	120,000
2018	120,000
2019	125,000
2020	125,000
2021	130,000
2022	135,000
2023	140,000
2024	145,000
2025	150,000
2026	155,000
2027	160,000
2028	165,000
2029	170,000

*Principal amounts may be adjusted after the sale as described under the heading “ADJUSTMENT OF MATURITIES.”

DESIGNATION AS “QUALIFIED ENERGY CONSERVATION BONDS”: The State has designated the 2014 Series F Bonds as “qualified energy conservation bonds” under

* Preliminary, subject to change.

Section 54D of the Internal Revenue Code (the “Code”), and has elected to receive cash subsidies from the United States Treasury (“Direct Payments”) for the 2014 Series F Bonds pursuant to Section 6431 of the Code. As a result, owners of the 2014 Series F Bonds will not be entitled to receive federal tax credits for the 2014 Series F Bonds.

OPTIONAL REDEMPTION: The 2014 Series F Bonds maturing on or after October 1, 2025 are subject to redemption prior to maturity at the option of the State, in whole or in part at any time on or after October 1, 2024 (with the maturities to be selected by the State and in accordance with DTC’s operational procedures then in effect, or by lot within a maturity) at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

SPECIAL MANDATORY REDEMPTION: The 2014 Series F Bonds are subject to special mandatory redemption, in whole or in part in authorized denominations, at a price of par plus accrued interest, if any proceeds of the 2014 Series F Bonds (including investment earnings) have not been spent by the later of the third anniversary of their date of delivery or the end of any extension period granted by the Secretary of the Treasury. The 2014 Series F Bonds will be redeemed within ninety days after the later of the third anniversary of their date of delivery or the end of any extension period granted by the Secretary of the Treasury. The 2014 Series F Bonds will be redeemed in the amount the State determines is necessary to maintain the status of the 2014 Series F Bonds as qualified energy conservation bonds. Information regarding the expected cost of the project being financed with the 2014 Series F Bonds and the expected completion date of that project is provided in the preliminary official statement under “THE OREGON DEPARTMENT OF ENERGY – The 2014 Projects.”

EXTRAORDINARY OPTIONAL REDEMPTION: The 2014 Series F Bonds are subject to extraordinary redemption at the option of the State in whole or in part on any date at the “Extraordinary Redemption Price,” if the State determines that an “Extraordinary Event” has occurred. The “Extraordinary Redemption Price” is equal to the greater of:

- (i) the issue price of the 2014 Series F Bonds set forth on the cover page hereof (but not less than 100%) of the principal amount of the 2014 Series F Bonds to be redeemed; or
- (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2014 Series F Bonds to be redeemed to the maturity date of such 2014 Series F Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2014 Series F Bonds are to be redeemed, discounted to the date on which the 2014 Series F Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the “Treasury Rate” plus 100 basis points, plus accrued interest on the 2014 Series F Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will occur if the State determines that, for any reason other than an act or omission by the State or the borrower of the proceeds of the 2014 Series F Bonds, one or more interest subsidy payments from the United States in connection with the Series 2014 F Bonds is less than 85% of the amount set forth in section 54D or section 6431 of the Code, as those sections exist on the date of delivery of the 2014 Series F Bonds.

“Treasury Rate” means, with respect to any redemption date for a particular 2014 Series F Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519)) that has become publicly available at least 2 business days, but no more than 45 days, prior to the redemption date (excluding inflation indexed securities or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the 2014 Series F Bonds to be prepaid; provided, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of year will be used.

TERM BONDS: Bidders may designate one or more term bonds, which consist of two or more consecutive maturities with identical interest rates, which mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities, and which are subject to mandatory redemption at par in amounts equal to the consecutive maturities which were combined into term bonds. Each bidder should specify in its bid whether term bonds are desired. If no term bonds are designated in the successful bid, the 2014 Series F Bonds will mature serially as provided in this Notice.

PURPOSE: Proceeds of the 2014 Series F Bonds will be used to fund a loan to Lane County, Oregon for energy saving improvements to a public building, and to pay costs related to the 2014 Series F Bonds.

INTEREST PAYMENTS: Interest on the 2014 Series F Bonds is payable semiannually on April 1 and October 1 of each year, commencing April 1, 2015.

GOOD FAITH DEPOSIT: The successful bidder must provide its good faith deposit in the amount of \$41,600 in immediately available funds wired to the State not later than 1:30 p.m. (Pacific Time) on June 16, 2014 (the day of the sale). The State or the State’s Financial Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the State may award the sale to the next most favorable, qualifying bidder or may cancel the sale. Each good faith deposit will be held by the State to secure the State from any loss resulting from the failure of the successful bidder to comply with the terms of its bid, and will be forfeited to the State as liquidated damages if the bidder withdraws its bid or fails to complete its purchase in accordance with this Notice and its bid.

Interest earnings on the good faith deposit will be the property of the State, and will not be credited against the purchase price of the 2014 Series F Bonds. The successful bidder must pay the balance of the purchase price at closing, in funds immediately available to the State on the date and at the time of closing.

Upon delivery of the 2014 Series F Bonds, their successful bidder will receive a credit against the purchase price in an amount equal to the good faith deposit.

SECURITY: The 2014 Series F Bonds are direct general obligations of the State, and the full faith and credit and taxing power of the State are irrevocably pledged to pay the 2014 Series F Bonds when due.

RATINGS: Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned their municipal bond ratings of "AA+," "Aa1," and "AA+," respectively, to the 2014 Series F Bonds.

DATED DATE AND DELIVERY DATE: The 2014 Series F Bonds will be dated as of their date of delivery. The expected delivery date of the 2014 Series F Bonds is June 26, 2014. Bidders should use June 26, 2014 for purposes of computing their bids.

ADJUSTMENT OF MATURITIES: The State reserves the right to adjust the principal amount specified in the bidding maturity schedule within 4 hours following receipt of bids to properly size the 2014 Series F Bonds and meet cash flow requirements. Any adjustment will preserve the underwriter's spread as a percentage of each adjusted maturity. The successful bidder of the 2014 Series F Bonds will promptly be given notice of any adjustment.

RIGHT TO CANCEL, CHANGE TIMING AND TERMS OF SALE: The State reserves the right at any time prior to the sale to change the date, maturity schedule, amount, timing, and other terms of the 2014 Series F Bonds and terms under which the 2014 Series F Bonds are offered for sale, to postpone the sale to a later date, to cancel the sale based upon market conditions. Notice of any changes will be communicated through i Deal Prospectus or The Municipal Market Monitor (TM3).

BIDDING CONSTRAINTS: Bidders must specify the interest rate or rates which the 2014 Series F Bonds shall bear. Each bid must comply with the following conditions: (1) each interest rate specified in the bid must be a multiple of one-thousandth of one percent (0.001%); (2) each 2014 Series F Bond that matures on the same date shall bear interest from its date to its stated maturity date at a single, fixed interest rate; (3) no bid will be considered unless it offers to purchase all of the maturities of the 2014 Series F Bonds; (4) each bid must be for a purchase price of not less than ninety-eight percent (98%) of the principal amount of the 2014 Series F Bonds; and (5) the reoffering price of each maturity of the 2014 Series F Bonds (which must be consistent with the prices or yields certified by the successful bidder in its "Certificate of Issue Price") cannot exceed a price equal to one hundred percent (100%) of the principal amount of such maturity plus a premium equal to 0.25% multiplied by the number of complete years from the date of delivery of the 2014 Series F Bonds to the earlier of the maturity date or first optional redemption date of such maturity, as set forth in the following table:

<u>Maturity (October 1)</u>	<u>Maximum Reoffering Price</u>
2015	100.25%
2016	100.50%
2017	100.75%
2018	101.00%
2019	101.25%
2020	101.50%
2021	101.75%
2022	102.00%
2023	102.25%
2024	102.50%
2025	102.50%
2026	102.50%
2027	102.50%
2028	102.50%
2029	102.50%

BASIS OF AWARD: Unless all bids are rejected, the 2014 Series F Bonds will be awarded to the responsible bidder whose bid produces the lowest overall true interest cost for the State. The true interest cost for the 2014 Series F Bonds will be determined by doubling the semi-annual interest rate necessary to discount the debt service on the 2014 Series F Bonds to the expected delivery date of the 2014 Series F Bonds, as described in “DATED DATE AND DELIVERY DATE” above, and to the aggregate purchase price bid for the 2014 Series F Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the State will pay on the 2014 Series F Bonds if the bid is accepted.

BOND INSURANCE: The State has not qualified the 2014 Series F Bonds for bond insurance and will not enter into additional agreements for the benefit of bond insurers. Bids may not be conditioned on the delivery of a bond insurance policy and failure to deliver a bond insurance policy will not excuse the winning bidder from purchasing the 2014 Series F Bonds.

BIDS MUST BE SUBMITTED ON “PARITY”: Bids must be submitted electronically via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Notice. No bid will be received after the time for receiving bids specified above. For further information about submitting a bid using **PARITY**, potential bidders may contact **PARITY** at (212) 849-5021. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice, the terms of this Notice shall control. Bidders electing to submit bids through **PARITY** must obtain access to the **PARITY** system and bear all risks associated with using that system, including errors and delays in receipt of bids. In the event there are any technical problems associated with **PARITY**, **PARITY** may fax bids that it receives prior to 10:30 a.m. (Prevailing Pacific Time) as soon as practicable to (503) 402-1331 to the attention of State’s Bond Counsel, Hawkins Delafield & Wood LLP - Attention Harvey Rogers, for consideration by the State. Bids for the 2014 Series F Bonds received by **PARITY**

prior to 10:30 a.m. (Prevailing Pacific Time), but faxed after 10:30 a.m. (Prevailing Pacific Time) as provided in the preceding sentence, shall be considered conforming to the time requirements of this Notice.

RIGHT OF REJECTION: The State reserves the right to reject any or all bids and to waive any irregularities.

BOOK-ENTRY-ONLY: The 2014 Series F Bonds will be issued in registered, book-entry-only form through DTC. Unless the book-entry-only system is discontinued, 2014 Series F Bond principal and interest payments will be made by the State to DTC through the State's fiscal agent, which is currently The Bank of New York Mellon.

STANDARD FILINGS AND CHARGES: The successful bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to Municipal Securities Rulemaking Board ("MSRB") Rules G-8, G-11, and G-36. The successful bidder will be required to pay the standard MSRB charge for the 2014 Series F Bonds purchased. In addition, if the successful bidder is a member of the Securities Industry and Financial Markets Association ("SIFMA") it will be required to pay SIFMA's standard charges.

REOFFERING PRICE, CERTIFICATE OF ISSUE PRICE: The successful bidder for the 2014 Series F Bonds must provide the reoffering yields or prices which will be printed on the inside cover of the final official statement for the 2014 Series F Bonds to the State's Financial Advisor, Kieu-Oanh Nguyen of Western Financial Group, LLC, by electronic means at ko@westernfinancialgroup.com, within one hour after bids are opened. In addition, the successful bidder for the 2014 Series F Bonds must execute, not less than three business days prior to closing, a certificate provided by Bond Counsel, in the form attached as Appendix A to this Notice, containing information reasonably required by the State and Bond Counsel to determine the "issue price" (within the meaning of Treasury Regulations Section 1.148-1) for each maturity of the 2014 Series F Bonds. Failure to provide this information or the certificate may result in cancellation of the sale and forfeiture of the successful bidder's good faith deposit.

LEGAL OPINION: The approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, of Portland, Oregon, will be provided at no cost to the purchasers.

TAXATION OF INTEREST: Interest on the 2014 Series F Bonds is includable in gross income for federal income tax purposes, as provided in greater detail in the preliminary official statement for the 2014 Series F Bonds. Interest on the 2014 Series F Bonds is exempt from Oregon personal income taxation.

DELIVERY AND PAYMENT: The successful bidder for the 2014 Series F Bonds must pay for the 2014 Series F Bonds in funds immediately available to the State on the date and at the time of closing. Delivery of the 2014 Series F Bonds will be made within thirty days after the sale and is expected to occur on June 26, 2014. The State will deliver the 2014 Series F Bonds through the facilities of DTC.

ADDITIONAL INFORMATION AND PRELIMINARY OFFICIAL STATEMENT: The preliminary official statement for the 2014 Series F Bonds is available only in electronic form. Prospective bidders may obtain preliminary official statements from i-Deal Prospectus at www.i-dealprospectus.com. For more information on electronic delivery, please call i-Deal Prospectus at 212-849-5024. Any questions concerning **PARITY** should be directed to (212) 849-5021. Requests for additional information about this sale should be directed to the

State's Financial Advisor, Kieu-Oanh Nguyen of Western Financial Group, 503-249-1412, email ko@westernfinancialgroup.com.

FINAL OFFICIAL STATEMENT; COMPLIANCE WITH SEC RULES: The State will provide the successful bidder for the 2014 Series F Bonds with a sufficient number of copies of the official statement in a form "deemed final" by the State to enable the successful bidder to satisfy its responsibilities under the Securities and Exchange Commission ("SEC") rules, at the expense of the State, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This paragraph will constitute a contract with the successful bidder upon acceptance of their bid by the State, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations (the "Rule").

CONTINUING DISCLOSURE: The State will enter into an undertaking to provide ongoing disclosure for the benefit of the owners of the 2014 Series F Bonds as required by the Rule, in substantially the form shown in the preliminary official statement.

CUSIP: The State will obtain CUSIP numbers for the 2014 Series F Bonds. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be paid by the purchaser.

CLOSING CERTIFICATES: At the time of payment for the delivery of the 2014 Series F Bonds, the State will certify that to its knowledge there is no litigation pending affecting the validity of the 2014 Series F Bonds, and that the portion of the official statement that describes the State does not contain any material misstatements or omissions.

By order of TED WHEELER,
OREGON STATE TREASURER

**APPENDIX A TO OFFICIAL NOTICE OF BOND SALE
CERTIFICATE OF ISSUE PRICE**

**State of Oregon
General Obligation Bonds
(Alternate Energy Projects)
2014 Series F (Federally Taxable – Qualified Energy Conservation Bonds -
Direct Payment)**

On behalf of [successful bidder], the undersigned, as authorized representative of the underwriters for the above-captioned bonds (the “2014 Series F Bonds”) being issued by the State of Oregon (the “State”), based on available records and information which the undersigned believes to be correct, hereby represents that:

1. On the date of the 2014 Series F Bonds’ sale (the “Sale Date”), all 2014 Series F Bonds of all maturities have been the subject of an initial offering to the public at prices not higher than, or, in the case of 2014 Series F Bonds sold on a yield basis, at yields not lower than, those shown in the final Official Statement relating to the 2014 Series F Bonds (the “Official Statement”). For purposes of this certificate, the term “public” excludes bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.

2. On the Sale Date, to the best of our knowledge based on our records, the first price or yield at which at least ten percent (10%) of each maturity of the 2014 Series F Bonds [(except the 2014 Series F Bonds maturing in the years [list maturities for which at least 10% was not sold at the reoffering price on the sale date]), was sold to the public was not greater than the respective price, or was not lower than the respective yield, shown in the Official Statement. [Less than ten percent of the 2014 Series F Bonds maturing in the year[s] [repeat list of maturities for which at least 10% was not sold at the reoffering price on the sale date] was sold to the public following a *bona fide* public offering at the prices or yields shown in the Official Statement.]

3. On the Sale Date, based on our assessment of the then prevailing market conditions, we had no reason to believe that any of the 2014 Series F Bonds would be initially sold to the public at prices greater than the prices, or yields lower than the yields, shown in the Official Statement.

4. The prices and yields of the 2014 Series F Bonds, maturity-by-maturity, shown in the Official Statement, represented our best judgment of the fair market value of the 2014 Series F Bonds.

We understand that the representations contained herein may be relied upon by the State in making certain of the representations contained in the Tax Certificate executed by the State in connection with the 2014 Series F Bonds, and we further understand that the State, the borrower of the 2014 Series F Bond proceeds, and Hawkins Delafield & Wood LLP, as bond counsel to the State for the 2014 Series F Bonds, may rely upon this certificate, among other things, in determining that the 2014 Series F Bonds are eligible to be treated as qualified energy conservation bonds under Section 54D of the Internal Revenue Code of 1986, as amended (the “Code”) and are eligible for interest subsidy payments under Section 6431 of the Code;

provided, however, that nothing herein represents our interpretation of any laws and, in particular, regulations under those sections of the Code.

Dated as of the _____ day of _____, 20__.

[Successful Bidder]

Authorized Officer

Name: _____

Title: _____

[Certificate of Issue Price]