

OFFICIAL NOTICE OF BOND SALE

\$11,445,000*

**STATE OF OREGON
GENERAL OBLIGATION BONDS, 2012 SERIES P
(POLLUTION CONTROL PROJECTS)**

NOTICE IS HEREBY GIVEN that the State of Oregon (the “State”) is soliciting bids to purchase its General Obligation Bonds, 2012 Series P (Pollution Control Projects) (the “2012 Series P 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 times (using Pacific Time) and in the manner described below on **November 6, 2012**.

Bids for the 2012 Series P Bonds must be submitted by **9:00 a.m.**

The State will act on the bids within four hours.

MATURITIES: The 2012 Series P Bonds will be issued in the principal amount of \$11,445,000, and will mature on the following dates in the following principal amounts (subject to adjustment as noted below).

| <u>Due November 1</u> | <u>Principal Amount (\$)*</u> | <u>Due November 1</u> | <u>Principal Amount (\$)*</u> |
|-----------------------|-------------------------------|-----------------------|-------------------------------|
| 2013 | 95,000 | 2023 | 600,000 |
| 2014 | 420,000 | 2024 | 615,000 |
| 2015 | 440,000 | 2025 | 635,000 |
| 2016 | 455,000 | 2026 | 655,000 |
| 2017 | 470,000 | 2027 | 675,000 |
| 2018 | 495,000 | 2028 | 700,000 |
| 2019 | 515,000 | 2029 | 715,000 |
| 2020 | 530,000 | 2030 | 740,000 |
| 2021 | 555,000 | 2031 | 765,000 |
| 2022 | 580,000 | 2032 | 790,000 |

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

OPTIONAL REDEMPTION: The 2012 Series P Bonds maturing on or after November 1, 2023 are subject to redemption prior to maturity at the option of the State, in whole or in part at any time on or after November 1, 2022 (with the maturities to be selected by the State and by lot within a maturity) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

PURPOSE: Proceeds of the 2012 Series P Bonds will be used to: (i) fund the State matching component for federal grants to the Clean Water State Revolving Fund (“CWSRF”) loan program, (ii) fund current “orphan site” environmental clean-up projects, and (iii) pay costs of issuing the 2012 Series P Bonds.

INTEREST PAYMENTS: Interest on the 2012 Series P Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2013.

GOOD FAITH DEPOSIT: The successful bidder must provide its good faith deposit in the amount of \$228,900 in immediately available funds wired to the State not later than 1:00 p.m. (Pacific Time) on November 6, 2012 (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 2012 Series P 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 2012 Series P Bonds, their successful bidder will receive a credit against the purchase price in an amount equal to the good faith deposit.

SECURITY: The 2012 Series P 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 2012 Series P 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 2012 Series P Bonds.

NOT BANK QUALIFIED. The State will *not* designate the 2012 Series P Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended, relating to the deductibility of interest expense by certain financial institutions.

DATED DATE AND DELIVERY DATE: The 2012 Series P Bonds will be dated as of their date of delivery. The expected delivery date of the 2012 Series P Bonds is November 15, 2012. Bidders should use November 15, 2012 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 2012 Series P 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 2012 Series P Bonds will promptly be given notice of any adjustment.

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

and by lot 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 2012 Series P Bonds will mature serially as provided in this Notice.

RIGHT TO CANCEL, CHANGE TIMING AND TERMS OF SALE:

The State reserves the right to change the date, maturity schedule, amount, timing, and other terms of the 2012 Series P Bonds and terms under which the 2012 Series P Bonds are offered for sale, to postpone the sale to a later date, to cancel the sale based upon market conditions, or to make any other changes to this Notice by posting changes to this Notice on i-Deal Prospectus.

BIDDING CONSTRAINTS: Bidders must specify the interest rate or rates which the 2012 Series P 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 2012 Series P 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 2012 Series P Bonds; (4) each bid must be for a purchase price of not less than ninety-eight percent (98.00%) of the principal amount of the 2012 Series P Bonds; and (5) no interest rate bid may exceed five percent (5.00%).

BASIS OF AWARD: Unless all bids are rejected, the 2012 Series P 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 2012 Series P Bonds will be determined by doubling the semi-annual interest rate necessary to discount the debt service on the 2012 Series P Bonds to the expected delivery date of the 2012 Series P Bonds, as described in “DATED DATE AND DELIVERY DATE” above, and to the aggregate purchase price bid for the 2012 Series P Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the State will pay on the 2012 Series P Bonds if the bid is accepted.

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 9:00 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 2012 Series P Bonds received by **PARITY** prior to 9:00 a.m. (Prevailing Pacific Time), but faxed after 9:00 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 2012 Series P Bonds will be issued in registered, book-entry-only form through DTC. Unless the book-entry-only system is discontinued, 2012 Series P 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 2012 Series P 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 2012 Series P Bonds must provide the reoffering yields or prices which will be printed on the inside cover of the final official statement for the 2012 Series P 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 2012 Series P 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 2012 Series P 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.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the State complying with certain covenants relating to the tax-exempt status of the 2012 Series P Bonds, interest on the 2012 Series P Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, as provided in greater detail in the preliminary official statement for the 2012 Series P Bonds. Interest on the 2012 Series P Bonds is also exempt from Oregon personal income taxation.

DELIVERY AND PAYMENT: The successful bidder for the 2012 Series P Bonds must pay for the 2012 Series P Bonds in funds immediately available to the State on the date and at the time of closing. Delivery of the 2012 Series P Bonds will be made within thirty days after the sale and is expected to occur on November 15, 2012. The State will deliver the 2012 Series P Bonds through the facilities of DTC.

ADDITIONAL INFORMATION AND PRELIMINARY OFFICIAL STATEMENT: The preliminary official statement for the 2012 Series P 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 2012 Series P 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 2012 Series P 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 2012 Series P 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 2012 Series P Bonds, the State will certify that to its knowledge there is no litigation pending affecting the validity of the 2012 Series P 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

\$11,445,000*

**STATE OF OREGON
GENERAL OBLIGATION BONDS, 2012 SERIES P
(POLLUTION CONTROL PROJECTS)**

On behalf of [Underwriter], the undersigned, as authorized representative of the underwriters for the above-referenced 2012 Series P Bonds (the “2012 Series P 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 2012 Series P Bonds’ sale (the “Sale Date”), all 2012 Series P Bonds of all maturities have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at prices not higher than, or, in the case of 2012 Series P Bonds sold on a yield basis, at yields not lower than, those shown in the final Official Statement relating to the 2012 Series P Bonds (the “Official Statement”).

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 2012 Series P Bonds (except the 2012 Series P 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 (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) 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 2012 Series P 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 2012 Series P Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields lower than the yields, shown in the Official Statement.

4. The prices and yields of the 2012 Series P Bonds, maturity-by-maturity, shown in the Official Statement, represented our best judgment of the fair market value of the 2012 Series P 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 2012 Series P Bonds, and we further understand that Hawkins Delafield & Wood LLP, as bond counsel to the State for the 2012 Series P Bonds, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the 2012 Series

P Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), provided, however, that nothing herein represents our interpretation of any laws and, in particular, regulations under Section 103 of the Code.

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

[Underwriter]

Authorized Officer

[Certificate of Issue Price]