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**OFFICE OF THE STATE TREASURER**  
**DEBT MANAGEMENT DIVISION**

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TO: School Districts and Community Colleges Business/Finance Officials

FROM: Laura Lockwood-McCall *Laura Lockwood-McCall*

DATE: September 15, 2016

RE: Oregon School Bond Guaranty Program (OSBG) – we are here for you!

We are writing you today to share a recent experience that three Oregon school districts recently went through regarding unanticipated delays in receiving federal tax credit direct payment on a portion of their state guaranteed debt service payments. Because the paying agent did not contact either the issuer or the Oregon State Treasury (OST) in advance of the 6/15/16 payment date, these districts did not make their full debt service payment on time, and consequently needed to post a Material Event notice on EMMA as to their payment delinquency. In addition, they will have to report this material event in their future Official Statements to investors.

(To learn more about this recent event, please see the attached article from the June 2016 Local Government News Report, entitled “A Cautionary Tale...”).

This unfortunate situation **COULD HAVE BEEN AVOIDED** if either the paying agent or the three school districts had contacted OST’s OSBG representative Martha Kellams ([DMD@ost.state.or.us](mailto:DMD@ost.state.or.us)) about the Federal government’s payment delay. We want to ensure that district finance officials know that once a district’s General Obligation bonds have been approved for participation in the OSBG program, the Oregon State Treasury is standing by, ready to help.

The OSBG pledge, which helps lower borrowing cost, means that bondholders are assured that in the event a school or community college is unable to make a debt service payment on a scheduled payment date, the State of Oregon will ensure they are paid in full and on time. But, the State cannot do this unless you contact us in advance of your debt service payment date.

If you participate in the OSBG program and are not sure which of your district’s bonds are guaranteed for repayment by OSBG, please note that OST maintains this list on our website at: OSBG [Guaranteed Issues Outstanding](http://www.oregon.gov/treasury/Divisions/DebtManagement/Documents/OSBG/3%20Guaranteed%20Issues.pdf) (<http://www.oregon.gov/treasury/Divisions/DebtManagement/Documents/OSBG/3%20Guaranteed%20Issues.pdf>). In addition, our office can provide you with copies of your district’s original paperwork for each series of bonds guaranteed through the program, including your Certificate of Qualification, Letter of Confirmation, and Paying Agent Agreement. These documents provide a wealth of information regarding what to do when things go wrong.

We also encourage you to become more familiar with the State laws, rules and procedures associated with the OSBG program by reviewing [ORS 328.341](https://www.oregonlegislature.gov/bills_laws/ors/ors328.html) ([https://www.oregonlegislature.gov/bills\\_laws/ors/ors328.html](https://www.oregonlegislature.gov/bills_laws/ors/ors328.html)) and [Oregon Administrative Rule 170-063-0000\(14\)](http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_170/170_063.html) ([http://arcweb.sos.state.or.us/pages/rules/oars\\_100/oar\\_170/170\\_063.html](http://arcweb.sos.state.or.us/pages/rules/oars_100/oar_170/170_063.html)).